



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

# Life is better in Motion

2023 sustainability  
report

# Johnson Electric in 2023

## Contents

### Introduction

- 2 Improving the quality of life of everyone we touch since 1959
- 3 Our Business Framework
- 4 Our MARBLE values
- 5 Our Sustainability Framework
- 6 Message from the Chairman and Chief Executive
- 8 About Johnson Electric
- 10 Our approach to sustainability

### Our Sustainability key areas

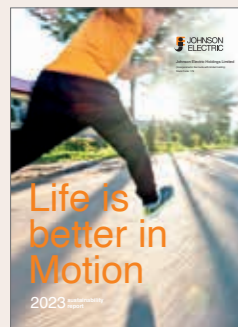
- 16 Products
- 42 Environment
- 58 Employees
- 82 Communities
- 88 Trust and Transparency

### Content indexes

- 102 Sustainable Development Goals
- 109 Hong Kong Stock Exchange ESG Reporting Guide content index
- 113 Global Reporting Initiatives standards content index
- 121 Sustainability Accounting Standards Board content index

### KPIs and appendices

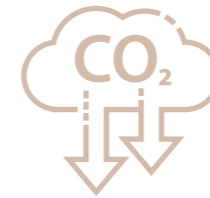
- 123 Key performance indicators
- 132 Appendix
- 140 Verification statement
- 141 About this report



### About the cover

Johnson Electric continues to ensure "Life is Better in Motion" through the provision of innovative motion solutions that bring efficiency, convenience and sustainability 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 page 136 to 139.



Carbon emissions **dropped by 20.7%** compared to FY20/21 baseline



15 operating sites **in 10 countries** are now operating with **100% renewable electricity**



**47% increase** in average training hours per employee



Engaging our **top 300 suppliers** in improving their sustainability performance



Employing over **35,000 people** including more than **1,500 engineers**



Providing **motion solutions** to over **1,600 customers**



Making over **2.8 million** products per day



Generating Total Sales Revenue of **US\$3.6 billion** and Net Income of **US\$158 million**



Operating in **22 countries** across **4 continents**

# 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 64 years, this unspoken purpose has remained our guiding ethos, driving the growth of Johnson Electric from a small Hong Kong business to a multinational company employing over 35,000 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 Business Framework



# Our MARBLE values

<b>M</b> ake 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 <i>their</i> business, as the basis for long-term success in <i>our</i> business.
<b>A</b> tract 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.
<b>R</b> each 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.
<b>B</b> e 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.
<b>L</b> ead 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.
<b>E</b> xcel 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



Introduction  
Products  
Environment  
Employees  
Communities  
Trust and Transparency  
Content  
Indexes  
KPIs and appendices



## 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

Message from the Chairman and Chief Executive



By providing innovative motion solutions that bring efficiency and convenience to every end user we touch, we are also enabling smart and sustainable living for our future generations.



Patrick Shui-Chung Wang SBS, JP  
Chairman and Chief Executive



As the world gradually returns to normal after years of disruption caused by Covid-19, the footsteps we have made in our journey towards sustainability are proving to be of paramount importance.

Over the past year, we have spared no effort in reinforcing all of the core commitments contained in our Sustainability Framework, which covers products, environment, employees, communities, and trust and transparency. We have empowered each business unit, down to the individual employee, to take ownership and drive measurable progress in our sustainability journey.

To support the shared objective of preventing a severe global temperature increase, we are upgrading our near-term carbon emissions reduction target from 25% to 42% (Scope 1 and Scope 2)<sup>^</sup> by 2030, as part of our commitment to the Science Based Targets initiative (“SBTi”). This reduction target is to be validated and approved by SBTi. We achieved a remarkable 20.7% reduction in carbon emissions in FY22/23 compared to our FY20/21 baseline, exceeding our annual target. We also continued to research and re-engineer our global operations to reduce waste at source and step up recycling. As

a result, we are proud to report that we have accomplished zero waste to landfill\*.

Greater use of renewable energy is an important means of reducing our carbon emissions. I am pleased to share that 15 operating sites in 10 countries, including Brazil, China, France, Germany, Hungary, Italy, Poland, Serbia, Switzerland and the United Kingdom, are now operating with 100% renewable electricity. Moreover, our biggest sites in Shajing and Jiangmen in China have also started using renewables. In addition, solar panels have been installed at our Jiangmen, Murten and Hong Kong sites to generate renewable energy and reduce carbon emissions year-on-year. To help preserve a greener world, we have also undertaken water conservation projects and monitored our product carbon footprints.

We understand that it is vital to have proper policies to guide us along our sustainability journey. We have developed a sustainable procurement policy to ensure that we choose suppliers who share our green values. The policy defines an environmental, social and governance (“ESG”) qualification process and requirements for prospective suppliers. This demonstrates our commitment to

making sure our entire supply chain process is sustainable.

We have also introduced a major policy regarding diversity, equity and inclusion. This is part of our commitment to ensure Johnson Electric is a highly inclusive workplace and provides a safe and positive environment for our employees to grow. A working committee with members from all regions has been established to create a roadmap for building an inclusive workplace where everyone feels safe, included and valued, regardless of their race, gender or other attributes.

We will keep empowering our global teams to push forward new sustainability initiatives and breakthroughs, in full alignment with our mission to create innovative motion solutions that offer our customers and communities greater efficiency and convenience. Johnson Electric takes great pride in our efforts to create a more sustainable world for generations to come, in close partnership with our customers and suppliers.

**Patrick Shui-Chung WANG** SBS, JP  
Chairman and Chief Executive  
Hong Kong, June 2023

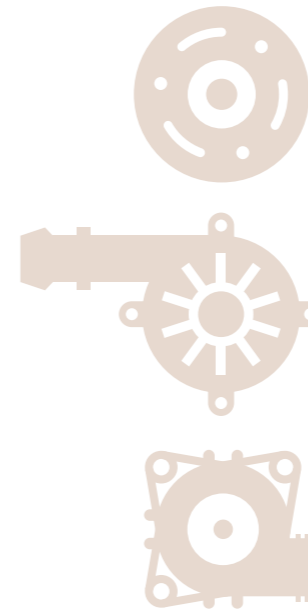
<sup>^</sup> Scope 1 carbon emissions covers emissions from sources that an organization owns or controls directly. Scope 2 carbon emissions are indirect emissions that a company causes indirectly when the energy it purchases and uses is produced.

\* “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

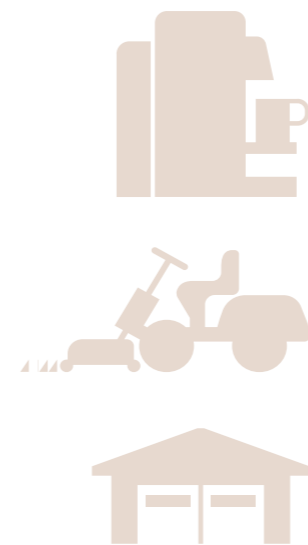
Sustainability is an inseparable part of Johnson Electric’s product, industrial and labour strategies. We aim to seize the most important business opportunities presented by sustainability, creating value for customers and end users with beneficial motion-related products that reduce greenhouse gas emissions and energy consumption, last longer, and require less material for their production. In our operations, we seek to reduce risks to people and the environment.



## 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.



## 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 change and disruption arising from a complex mix of customer demand changes and priorities. We are actively pursuing the opportunities presented by these changes with products that directly or indirectly address environmental and social needs.

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

# 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.



“ We are deeply proud of how we incorporate a sustainability approach in everything we do, how every employee takes ownership, and how we consistently step up and play an active role in driving a sustainable future. This year, we have made significant steps in our sustainability journey. ”

Fernando Lopes  
Head of Sustainability and Environment,  
Health & Safety

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.



## Key sustainability achievements in FY22/23



Reduced absolute carbon emissions by **20.7%**



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



**15** operating sites in **10 countries** now use **100% renewable electricity**



Launched sustainable procurement policy



Incorporated product carbon footprint methodologies in our product design processes



**14.9% reduction** in lost-time accidents



Provided **emergency aid** and **job opportunities** to Ukrainian refugees and helped people in the Türkiye earthquake



Established a Diversity, Equity and Inclusion (“DE&I”) Committee

## 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 FY22/23 for each of the key areas of our Sustainability Framework.

### Products

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

Incorporated product carbon footprint \* methodologies into our product design processes

Identified, quantified and improved a selected product's Global Warming Potential by 53%

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

Completed initial product assessment and classification as per EU's "green taxonomy"

### Environment

- Energy and climate
- Waste
- Water
- Emissions

Reduced our absolute carbon emissions by 20.7% in FY22/23. Upgraded our near-term carbon reduction target from 25% to 42% (Scope 1 and 2) by 2030. Committed to the Science Based Targets initiative (SBTi) #

15 operating sites now use 100% renewable electricity. Increased our use of renewable energy to 21.6% excluding grid mix and 39.7% including grid mix. Increased our use of self-generated electricity by installing solar panels in our Jiangmen, China site

Achieved zero waste to landfill ^

Reduced water consumption by 7.2% and reduced water consumption intensity per sales by 12.3%

Achieved a 30.4% reduction in non-carbon emissions

Implemented a Global Reporting Initiative-certified software tool \* to manage sustainability performance

### Employees

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

14.9% reduction in lost-time accidents

Launched new safety prevention culture program

Continued to offer "JE Career Paths" and "My Career in Motion", helping employees advance their career

Launched the "Leadership Essentials" career development program

47% increase in average training hours per employee

Global launch of Johnson Electric's diversity, equity and inclusion policy

Established a Diversity, Equity and Inclusion ("DE&I") Committee with members from all global regions

Communicated with employees via "JE in Motion" digital platform, MARBLE Snapshot survey, awards, etc.

Established a new policy on freedom of association and the right of collective bargaining, covering all employees

### Communities

- Community engagement

More than 1,500 students have graduated from Johnson Electric Technical College since its inception

Organized community outreach and social engagement programs at all our locations

Staff visited local hospitals in Jiangmen, China to pay tribute to nurses for their tireless pandemic efforts

Over 150 Ukrainian refugees employed at our Poland and Canada sites

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

### Trust and Transparency

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

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

Widened the scope of our compulsory ethics training and self-declaration program to include all staff

5,828 employees took part in our Code of Ethics and Business Conduct training program; 5,990 in anti-corruption training

Joined the Institute of Business Ethics with a view to integrating its ethics toolkits into our operations

No significant instances of non-compliance with laws and regulations

Completed initial steps towards the auto industry's best practice TISAX accreditation for data protection

Launched sustainable procurement policy

Engaged our top 300 suppliers on ESG survey assessment, and helped them to make improvements

\* We have partnered with Sphera and implemented the Sphera LCA tool (formerly known as GaBi) for product carbon footprint and SpheraCloud Corporate Sustainability (formerly known as SoFi) for sustainability data management.

# Our 42% near-term carbon emissions target is subject to validation and approval by SBTi.

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



## 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 Jesse 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 regularly 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 funding of social impact and sustainability initiatives
- Directing the communication and reporting of social impact and sustainability initiatives to relevant stakeholders

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 are incorporating sustainability strategies, KPIs and goals into our strategic plans, 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

## Sustainability disclosure

To promote transparency and communicate effectively with partners and stakeholders, we report and disclose our sustainability performance in line with best-in-class, internationally recognized disclosure frameworks, guidance and 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 Task Force on Climate-related Financial Disclosures (TCFD)
- 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)

## Entering the E-bike sector

Johnson Electric has endeavored to empower the community with e-mobility by partnering with Pendix, a Germany-based company that joined us in 2022. As a technology-driven company under our Group, Pendix is a reputable market player in the e-bike industry, renowned for its innovative prowess and an exceptional level of product reliability. The incorporation of Pendix’s technology enables us to offer a comprehensive range of electric cargo bikes and electric drives for bicycles, covering the entire spectrum from design and manufacturing to retail marketing.

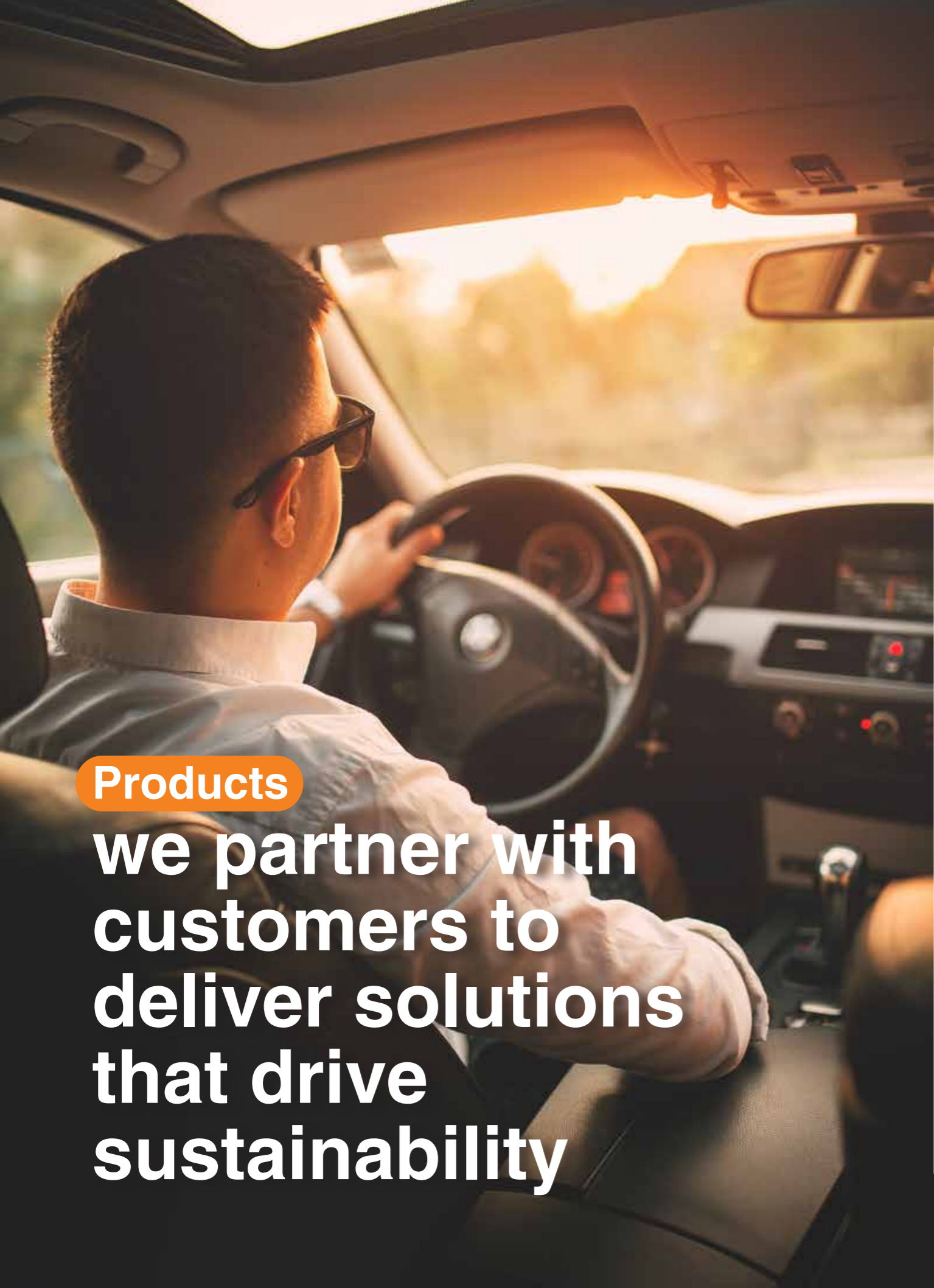


# Products

Core SDGs



Supporting SDGs



Products

**we partner with customers to deliver solutions that drive sustainability**

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.



“ The development and adoption of electric vehicles and battery electric vehicles continues to be a major focus for the automotive industry across the globe. This year, we saw a lot of research and development in fine-tuning the charging infrastructure of electric vehicles and driving the efficient adoption of green energy use in the marketplace. As one of the key players on the engineering front, Johnson Electric has spared no efforts in innovating sustainable solutions catering to the different needs of our global communities.

Kam-Chin Ko  
SVP, Automotive Products Group



“ At Johnson Electric, we believe in the power of technology to drive positive change in the world. Our products at Industry Products Group are designed with a focus on sustainability and efficiency, making a meaningful impact on the environment and communities we serve. By continuously pushing the boundaries of what is possible, we are creating a better tomorrow for generations to come.

Austin Jesse Wang  
Executive Director and SVP,  
Industry Products Group

## 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.

Many of our motion solutions perform critical functions in electric vehicles and battery electric vehicles, helping to drive a green transformation in the mobility industry by reducing fuel consumption and engine emissions. 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. As of this year, 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.

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.

## Main topics and key highlights



<b>Sustainable products</b>	Completed initial product assessment and classification as per EU’s “green taxonomy”
<b>Product carbon footprint</b>	Incorporated product carbon footprint (“PCF”) and life cycle assessment (“LCA”) methodologies into our product design processes  Identified, quantified and achieved a 53% reduction in Global Warming Potential of a selected product by using LCA and PCF during its design
<b>Product quality and product safety</b>	Zero product safety and non-compliance incidents, zero product recalls for health and safety reasons
<b>Material management and use</b>	Initiated the returnable packaging services to customers, reducing 383 tonnes of packaging material

## 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 Automotive Products Group (“APG”)’s products.

		BEV	Hybrid
<b>Thermal management</b>	Electric water pump and valve electrify water cooling system for all vehicles  Electric water pump, coolant valve, cooling fan module, integrated thermal management and other cooling components  	<ul style="list-style-type: none"> <li>✓ Increased driving range</li> <li>✓ Greater longevity of critical components</li> <li>✓ Critical components to control temperature</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reduced fuel consumption</li> <li>✓ Lower engine emissions</li> </ul>
<b>Braking and suspension</b>	Electric brake booster provides braking force, replacing conventional braking  Brake booster, e-parking lock, e-parking brake, brake-by-wire and electric vacuum pump  	<ul style="list-style-type: none"> <li>✓ Generation of braking force without ICE</li> <li>✓ Energy saving</li> <li>✓ Support higher level of autonomous driving</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reduced fuel consumption</li> <li>✓ Lower engine emissions</li> </ul>

		BEV	Hybrid
<p><b>Transmission and driveline</b></p> <p>Electric oil pump for cooling and lubricating and e-Axle</p> <p>Mechatronics e-pump, e-clutch, e-shifter and resolver</p> 		<ul style="list-style-type: none"> <li>✓ Increased driving range</li> <li>✓ Greater longevity of critical components</li> <li>✓ Critical components of traction motors</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reduced fuel consumption</li> <li>✓ Lower engine emissions</li> </ul>
<p><b>Headlamp adjuster</b></p> <p>Headlamp adjuster provides longer vision for driver</p> 		<ul style="list-style-type: none"> <li>✓ Reduced road traffic accidents</li> <li>✓ Support higher level of autonomous driving</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reduced road traffic accidents</li> </ul>
<p><b>Weight reduction</b></p> <p>Powder-metal suspension components provide a durable alternative and reduce weight compared to conventional die-cast parts</p> 		<ul style="list-style-type: none"> <li>✓ Increased driving range</li> <li>✓ Better power to weight ratio</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reduced fuel consumption</li> <li>✓ Lower engine emissions</li> </ul>
<p><b>Safety</b></p> <p>Haptic motor to give driver alerts through the seat</p> 		<ul style="list-style-type: none"> <li>✓ Reduced frequency and severity of road traffic accidents</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reduced frequency and severity of road traffic accidents</li> </ul>
<p><b>Noise and electromagnetic interference (“EMI”) reduction</b></p> <p>Heating, ventilation and air-conditioning actuators for quiet delivery of air to the passenger cabin</p> 		<ul style="list-style-type: none"> <li>✓ Our products meet tough noise and electromagnetic compatibility (“EMC”) requirements</li> </ul>	<ul style="list-style-type: none"> <li>✓ Our products meet tough noise and electromagnetic compatibility (“EMC”) requirements</li> </ul>

For more information on APG’s products for NEV, please see our annual investor briefing and our automotive solutions on [www.johnsonelectric.com](http://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 barriers to equal access 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); actively encourage energy awareness; lower barriers to equal access, and improve health and well-being (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 IPG products.

Climate change and energy efficiency	Noise	Equality	Health and well-being	Waste prevention
--------------------------------------	-------	----------	-----------------------	------------------

<b>Brushless motors for power tools</b>  <ul style="list-style-type: none"> <li>✓ Energy-efficient</li> <li>✓ Quieter than brushed motor tools</li> <li>✓ Long life cycle</li> </ul>				
<b>Window automation</b>  <ul style="list-style-type: none"> <li>✓ Better management of natural light, heat and ventilation</li> <li>✓ No cord – child friendly</li> <li>✓ Long life cycle</li> </ul>				
<b>Smart meters and gas valves</b>  <ul style="list-style-type: none"> <li>✓ Increased consumer responsibility for energy choices</li> <li>✓ Designed for safety first</li> <li>✓ Long life cycle</li> </ul>				
<b>Lawn and garden, agriculture and forestry</b>  <ul style="list-style-type: none"> <li>✓ Direct replacement of ICE mowers and outdoor tools</li> <li>✓ Low noise is a basic requirement for lawn and garden products</li> <li>✓ Lighter and easier to use</li> <li>✓ Chainsaw on-off at the touch of a switch</li> <li>✓ Long life cycle</li> </ul>				
<b>Air-moving solutions</b>  <ul style="list-style-type: none"> <li>✓ Energy-efficient for all-day use</li> <li>✓ Low noise for unobtrusive all-day use</li> <li>✓ Improved air quality</li> <li>✓ Long life cycle</li> </ul>				
<b>Drives for minimally invasive surgery</b>  <ul style="list-style-type: none"> <li>✓ Reduced weight that enables female surgeons to engage in long hour operations</li> <li>✓ Precise and consistent actuation</li> <li>✓ Robust and highly reliable</li> <li>✓ Long life cycle</li> <li>✓ High power in compact package</li> </ul>				
<b>E-bike solutions</b>  <ul style="list-style-type: none"> <li>✓ Direct replacement of ICE delivery vehicles</li> </ul>				

### 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 well-being; 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 applied 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 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 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.




**Left: Automotive EC Motors**  
**Right: Industry EC Motors**  
(EC: Electronic Commutated, also called Brushless Direct Current – BLDC)

Our brushless-motor solutions are ideal for demanding applications in which energy efficiency, continuous variability, precision and control, or the durability to withstand constant use are critical. Our brushless, electronically commutated motors have a higher power density for increased energy efficiency as well as a much longer operating life than brushed motors. We will continue to promote brushless-motor technology and innovate for improved efficiency and increased longevity.

We also offer products for vehicle interiors, power closure and other automotive applications that are suitable for all vehicle types. Although many battery-electric vehicles use these products, they are not strictly considered “green” as they are also used in ICE vehicles.

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 well-being.

### Performance in FY22/23

We have performed an initial assessment of eligibility as per the EU Taxonomy, classifying our products as “green”, “transitional” and “health and safety” related.

We have also implemented software tools and processes to calculate the carbon footprint of our products (see next section).

## 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 make appropriate business decisions, prioritize, and assess opportunities.

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.

PCF, meanwhile, is a subset of LCA that focuses on a single metric (carbon), whereas LCA involves analysing a group of complex environmental metrics such as ozone depletion potential and eutrophication to understand the relative trade-offs involved in a particular activity.

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. We have partnered with Sphera and implemented its product sustainability tool Sphera LCA (formerly known as GaBi) 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 LCA, PCF and EPD (life cycle assessment, product carbon footprint and environmental product declaration).

### Contributing to customers’ sustainability

We contribute to the sustainability of the companies that we are suppliers to and help them to achieve their corporate social responsibility commitments – not only our direct customers but their customers too. We do this not only through our products, but also through improving the sustainability of our operations and supply chain. As customers set increasingly rigorous expectations for the sustainability of their suppliers, we are proud of our performance in this area.

### Performance in FY22/23

We launched our first LCA/PCF/EPD project during the year. Already, we have been able to identify, quantify and achieve a 53% reduction in the Global Warming Potential of a selected product during its design, through materials selection and the use of renewable energy. This represents a major step forward in building our portfolio of sustainable products by design.

## 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 fully compliant with relevant international standards \*, allowing 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.

\* These international standards include:

- ISO 9001 for quality management systems
- IATF 16949 (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 RoHS, ELV and REACH
- ISO 13485 quality management system for meeting regulatory requirements for the medical devices industry
- ISO 17025 for testing and calibration laboratories

### 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.

### 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

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

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**

- 5% reduction in customer complaints as a ratio of sales each year through to 2028
- 7% reduction in internal defects each year through to 2028
- Continuous cycle of knowledge and learning fed back into new product and process development

**Performance in FY22/23**

We manufacture over 2.8 million products per day and the ratio of complaints to sales is low. In FY22/23, there was:

- A 2.2% reduction in the number of complaints, or a 7% reduction in the number of complaints as a ratio of sales. In total, we received 971 valid customer complaints. Complaints may range from a single faulty motor in a delivery, an incorrect motor picked and shipped, to larger issues.
- A 11.9% reduction in average monthly internal defect costs related to process scrap, scrap sorting and material scrap due to quality issues, as compared with the same period of FY21/22
- Zero product safety and non-compliance incidents
- Zero recalls of products sold or shipped due to health and safety reasons

**Material management and use**

**Our approach**

Our manufacturing processes consume raw materials such as steel, copper, aluminium, and plastic resins. We address the environmental challenges related to this by:

- Using green suppliers and renewable energy wherever possible
- Purchasing recycled materials wherever possible
- Reducing our consumption
- Recycling waste from our own production processes
- Reusing materials wherever economically or technically feasible, and otherwise selling for offsite recycling

We seek to use materials in the most effective and productive way with an emphasis on consuming less, reducing toxic chemicals and lowering environmental impact throughout the material's life cycle. In this way, we ensure that we have sufficient resources to meet today's needs and those of the future.

Where needed by the business, we refurbish and adapt machines to improve their capabilities, repurpose them, incorporate them in our automated lines or otherwise enhance their working life, contributing to a lower rate of replacement and reduced waste.

**Commitments and targets**

- Measure the quantity of waste recycled and recovered onsite through direct reuse in our operations
- Measure the percentage of recycled materials used as inputs (“percentage recycled content”), including material recovered from our own operations as well as purchased recycled materials. This establishes a baseline for measuring our progress in increasing recycled content in our products
- Analyse and incorporate customers' material requirements such as the EU's directive on end-of-life vehicles, forbidden materials and substances, and content requirements
- For information on conflict materials, please see “Trust and Transparency – Supply chain” section

**Providing returnable packaging for shipments to customers**

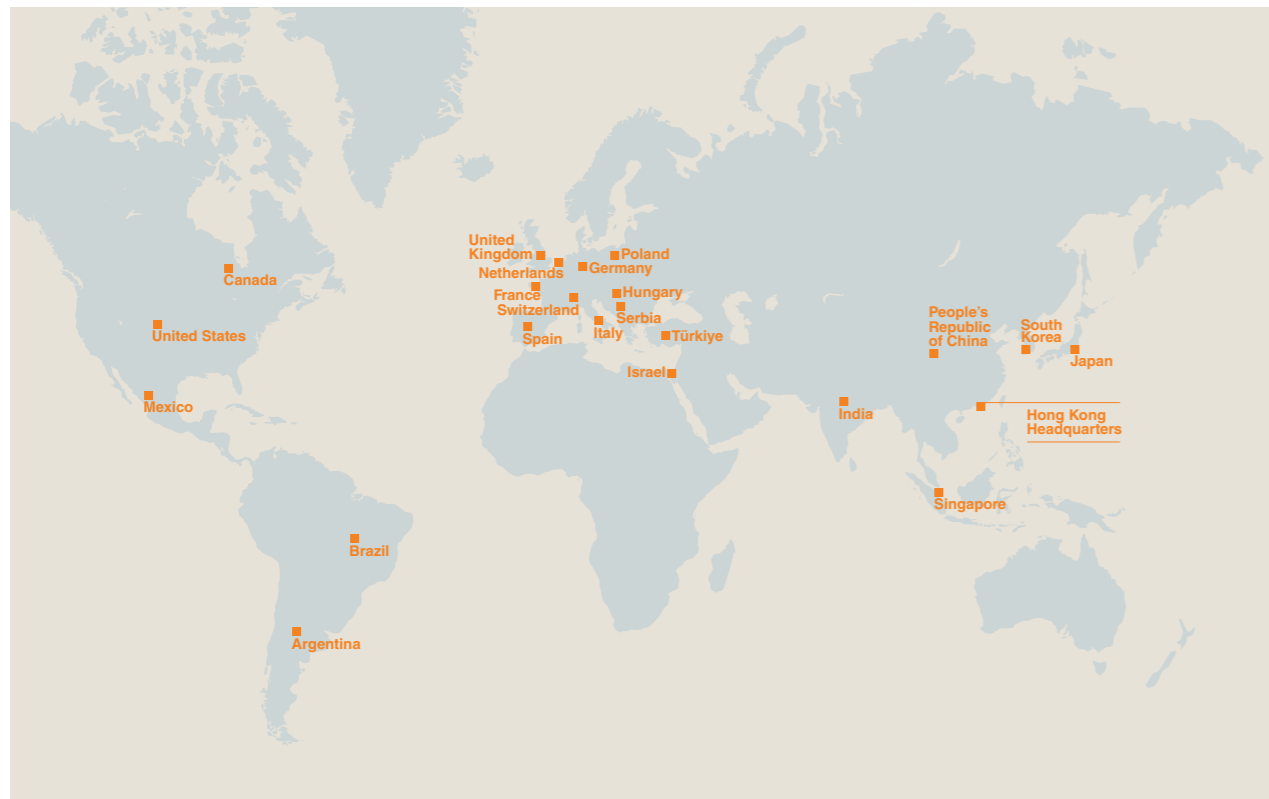
We have reduced our consumption of packaging materials including plastic, cardboard and wood (pallet) through the use of returnable packaging for in-region shipments to certain customers in Asia, Europe and the Americas. In one such case, by providing returnable packaging for shipments to four customers in Liuzhou,

Shanghai, Shenzhen, Wuhan, Wuxi and Yantai in China, from 2020 to date, we have avoided the consumption of 383 tonnes of packaging materials. We are exploring the opportunity to expand this initiative to more customers.

### Building a global-local manufacturing footprint

We aim to support our customers by being close to where they operate and by 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 and Europe, 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.

#### Our operations in 22 countries, across 4 continents

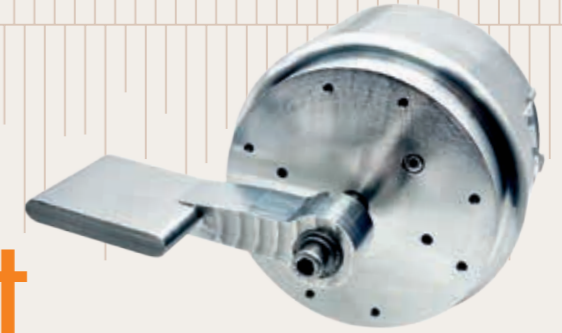


\* We contribute to the exports of Argentina, Brazil, China, Hungary, India, Mexico, Poland, Serbia and Türkiye, all listed as developing economies in the International Monetary Fund's World Economic Outlook Database, April 2022.

#### Positive impacts from closer proximity to customers

Action	Economic impact	Environmental impact	Social impact	Governance impact
Shortening logistics routes	<ul style="list-style-type: none"> <li>✓ Lower freight costs</li> <li>✓ Reduced inventory levels</li> <li>✓ Swifter response to changes in demand</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lower carbon emissions from transportation</li> </ul>	<ul style="list-style-type: none"> <li>✓ More connections to local communities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Closer engagement with customers</li> </ul>
Increasing localization of internal and external supply chains	<ul style="list-style-type: none"> <li>✓ Lower exposure to tariffs and duties with increased local content</li> <li>✓ Lower exposure to exchange rate fluctuations</li> <li>✓ Strengthening local economies</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reduced packaging materials</li> </ul>	<ul style="list-style-type: none"> <li>✓ Creating local employment and developing technical capabilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Mitigation of risks from global trade issues</li> </ul>
Developing a diverse manufacturing footprint, with the ability to source materials and components from other regions in the event of localized disruption	<ul style="list-style-type: none"> <li>✓ Capacity building, including in developing countries</li> <li>✓ Stable spend line</li> </ul>	<ul style="list-style-type: none"> <li>✓ Disseminating resource and energy-efficient manufacturing technologies to our factories, including those in developing countries</li> </ul>	<ul style="list-style-type: none"> <li>✓ Building a more diverse workforce</li> <li>✓ Upgrading the technical capabilities of local industrial sectors</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increased business resilience from reduced reliance on any single country or factory</li> </ul>





# Intelligent e-commerce solutions

E-commerce has continued to grow and evolve, with the Covid-19 pandemic driving the sector to new heights in market penetration. A consequence has been growing demand for warehouse automation technology that can deliver faster throughput with minimal downtime. Our innovative high-speed rotary solenoid products incorporate electromagnetics, electronics and software that enable dramatically higher throughput and prolonged performance life. Coupled with integrated artificial intelligence that provides early warning of potential downtime, Johnson Electric's solution is set to be a key enabler for the next generation of warehouse automation systems.

# Fully integrated motors for smart appliances

Electrical appliances for the home are becoming “smarter”, with more features, higher controllability, improved energy efficiency, greater reliability, and lower noise levels. Powering these new consumer products are a new generation of Johnson Electric Brushless DC motors that are designed to reduce overall system cost by accepting mains AC power through the controller. They also provide powerful and stable torque output, making these motors suitable for a wide range of applications, including electric window shutters, smart furniture, and coffee machines.





# A brighter idea in headlamp controllers

Our patented LuMEMS vehicle headlamp technology automatically controls the level of the beam using MEMS (Micro Electro-Mechanical System) sensors and a microcontroller. Offering a very high level of accuracy, it can be integrated into the interior of almost any type of vehicle to measure pitch angles relative to the road's gradient in real time. This means better illumination and reduced glare for oncoming traffic, as well as longer performance life since it is not exposed to harsh environmental conditions as is the case with most external chassis sensors.

# Hydrogen fuel cells to power the future



Hydrogen fuel cells are rapidly becoming a viable and sustainable alternative for delivering energy in a clean, cost-effective, and reliable manner. Solid oxide fuel cells (SOFC) are used to convert natural gas, biogas, or hydrogen into electricity without combustion, resulting in low or no CO<sub>2</sub> emission. Solid oxide electrolysis cells (SOEC), meanwhile, are designed to produce an electrochemical pathway to produce hydrogen from renewable energy sources.

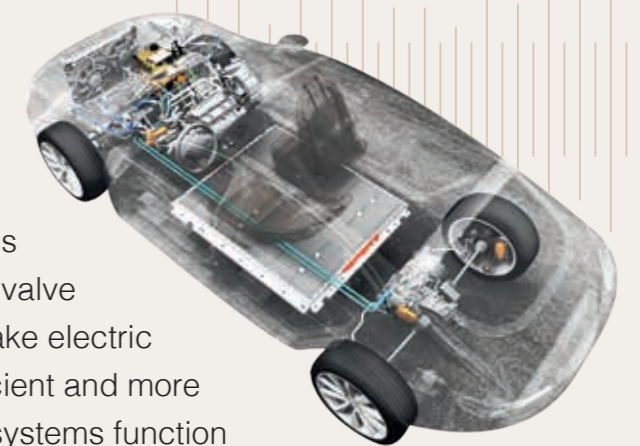
Our Stackpole Powder Metal business unit is providing mission-critical components to one of the world's leading providers of SOFC and SOEC energy solutions. By partnering with innovative customers, we are committed and proud to be playing a role in helping to transition the world to cleaner, more sustainable energy supplies.





# Enabling EVs to drive further, safer and more comfortably

At Johnson Electric, we create the most advanced thermal management subsystems with electric pumps and valve actuators that help to make electric vehicles (EVs) more efficient and more comfortable. These subsystems function much like our human circulatory system in the way that they provide cooling and heating that extend an EV's driving range and support the optimal cabin temperature. They also contribute to longer battery life and shortened charging times when using high voltage DC fast chargers.



To help EV drivers enjoy a safe and smart driving experience, we also provide electric parking brake and lock actuators that enable auto-hold/parking functions in an EV parking system. An additional product innovation is the steering column adjuster that supports smart cabin features such as easy entry/exit mode and cloud-based synchronized settings.



# A new range of e-mobility solutions



We are excited to expand our range of mobility solutions with Pendix, an innovative electric bike company that became part of the Group in 2022. Based in Germany, Pendix designs and manufactures complete electric cargo bikes and highly reliable electric drives for bicycle OEMs. By combining this e-bike technology and application expertise with Johnson Electric's global scale and resources, we are intent on building a differentiated and cost-competitive range of solutions to meet the rapidly growing demand for eco-friendly and efficient mobility.

# 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.



Johnson Electric is taking concrete actions to protect our environment and will continue to reach for ambitious targets. 15 of our operating sites already operate with 100% renewable electricity, and we are also installing solar panels in several locations. Each plant has a detailed action plan to contribute to Johnson Electric's sustainability objectives and fulfil our promise to protect the environment for future generations.

Laurent Edmond  
Gerard Cardon  
SVP, Global Operations

**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 well-being. This challenge has been keenly embraced by everyone at Johnson Electric, from senior leaders to engineers and front-line staff.

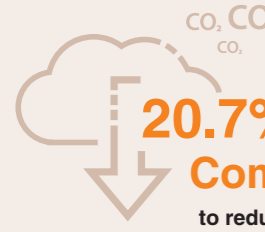
Our key environmental priorities are reducing carbon emissions, increasing renewable energy use and energy efficiency, cutting waste and pollution, and using natural resources sustainably. We have now adopted product carbon footprint and life cycle assessment methodologies to help us quantify and reduce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

**Environment**

**we promise to protect the environment for future generations**

# Main topics and key highlights



**20.7% carbon reduction & Committed to SBTi**  
to reduce carbon emission by 42%

## Energy and climate

- Reduced our absolute carbon emissions by 20.7% in FY22/23 compared to our baseline year of FY20/21
- Upgraded our near-term carbon reduction target from 25% to 42% (Scope 1 and 2) by 2030
- Committed to the Science Based Targets initiative (SBTi)
- 15 operating sites now operate with 100% renewable electricity
- Increased our use of renewable energy to 21.6% excluding grid mix and 39.7% including grid mix
- Installed solar panels in our Jiangmen, China site



**15 operating sites are now operating with 100% renewable electricity**

## Waste

Achieved zero waste to landfill \*  
Recycled 93.3% of our waste, compared with 83.9% in the previous year

**Achieved zero waste to landfill**




**7.2% less water consumption**

## Water

Reduced water consumption by 7.2%, in line with target  
Reduced water consumption intensity per sales by 12.3%

## Emissions

30.4% reduction in non-carbon emissions

## 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

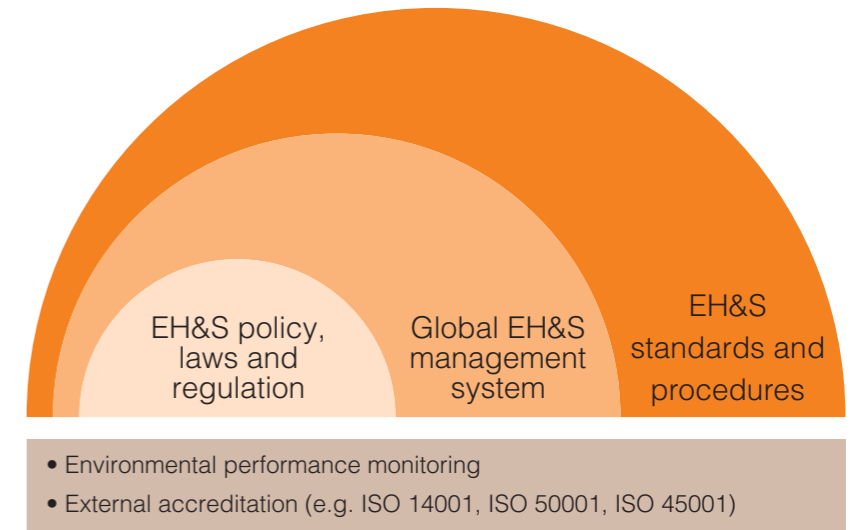
Our EH&S policy is available for download from the Johnson Electric website and on our internal employee portal, in various local languages.

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 FY22/23, 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 wastewater discharge, air emissions and waste
- 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.

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



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 (previously known as GaBi) for life cycle assessment, product carbon footprint and environmental product declarations.

**ISO 14001 and ISO 50001**

All (100%) of our manufacturing sites have been certified to meet the ISO 14001:2015 standard, 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. 11 of our operating sites, including our biggest sites, hold ISO 50001:2018 certification for energy management systems. Our manufacturing site in Niš, Serbia successfully certified with ISO 50001 in March 2023.

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 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 policy of planting only native species of flora. This in turn will provide an environment that is hospitable to native wildlife. This policy applies to landscaping for new or extended facilities and to maintenance of landscaping around our existing facilities. Through this, we aim to contribute to the preservation of biodiversity wherever we operate. Our pollution prevention and waste control measures are designed to eliminate or minimize the risk of damage to ecosystems such as 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 our 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 a role to play in delivering these goals.

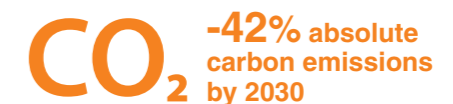
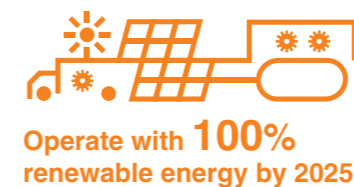
Our energy and climate targets demonstrate our commitment to driving sustainable growth and taking climate action. These targets include:

- 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 and reaching net-zero global emissions by 2050. We have upgraded our previous target of a 25% reduction by 2030 in the light of our outstanding progress in decarbonization in FY22/23. Our new 42% reduction target forms part of our commitment to SBTi's Business Ambition for 1.5°C campaign, and is to be validated and approved by SBTi
- Running a Scope 3\* carbon emission inventory and setting Scope 3 carbon emission reduction targets
- Reducing the intensity per sales of purchased energy consumption in our operations by 15% by 2030 (compared to baseline year FY19/20)

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 (formerly known as Carbon Disclosure Project).

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.



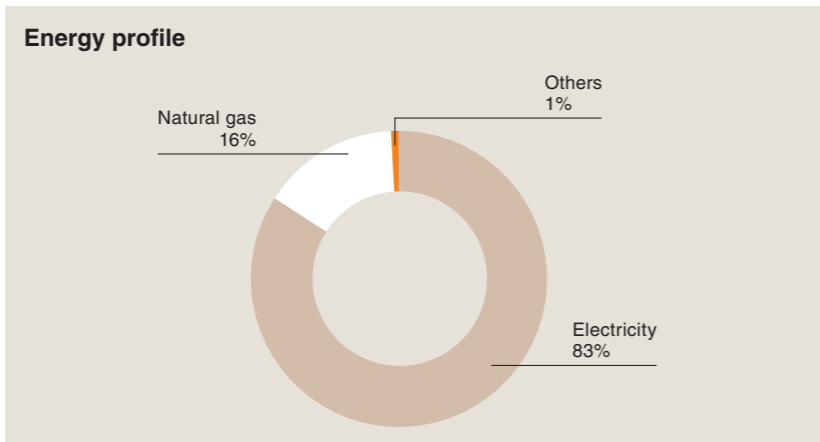
\* Scope 3 carbon emissions are the other indirect emissions that the organization is indirectly responsible for, up and down its value chain.

### Energy profile

Our energy profile helps us understand how our operations use energy and where we can pursue improvements through energy and carbon reduction.

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.

Natural gas accounts for 16% of our overall energy consumption with our sites in Canada accounting for 68.5% 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.



### Performance in FY22/23

Our carbon emissions (Scope 1 and Scope 2) dropped by 20.7%, compared with our baseline year of FY20/21. Scope 1 carbon emissions fell by 3.6% as compared with last year while at the same time increasing by 3.8% as compared with the baseline year of FY20/21. Scope 2 carbon emissions dropped by 23.0% as compared with the baseline year FY20/21. This was primarily owing to increased use of renewable energy, which now represents 21.6% of our total energy consumption excluding grid mix and 39.7% including grid mix.

In FY22/23, our carbon reduction program recorded several key achievements:

- Our operating sites in Brazil, Chengdu (China), France, Germany, Hungary, Italy, Poland, Serbia and Switzerland moved over to 100% renewable electricity from early 2022. During the year, our research and development site in the United Kingdom also started its journey towards purchasing 100% renewable electricity in 2023
- Our China-based manufacturing sites in Shajing and Jiangmen partially switched to renewable energy, purchasing a total of 120,000 MWh of renewable electricity, equivalent to around 30% of their total electricity consumption, which reduced our carbon emissions by 69 kilotonnes

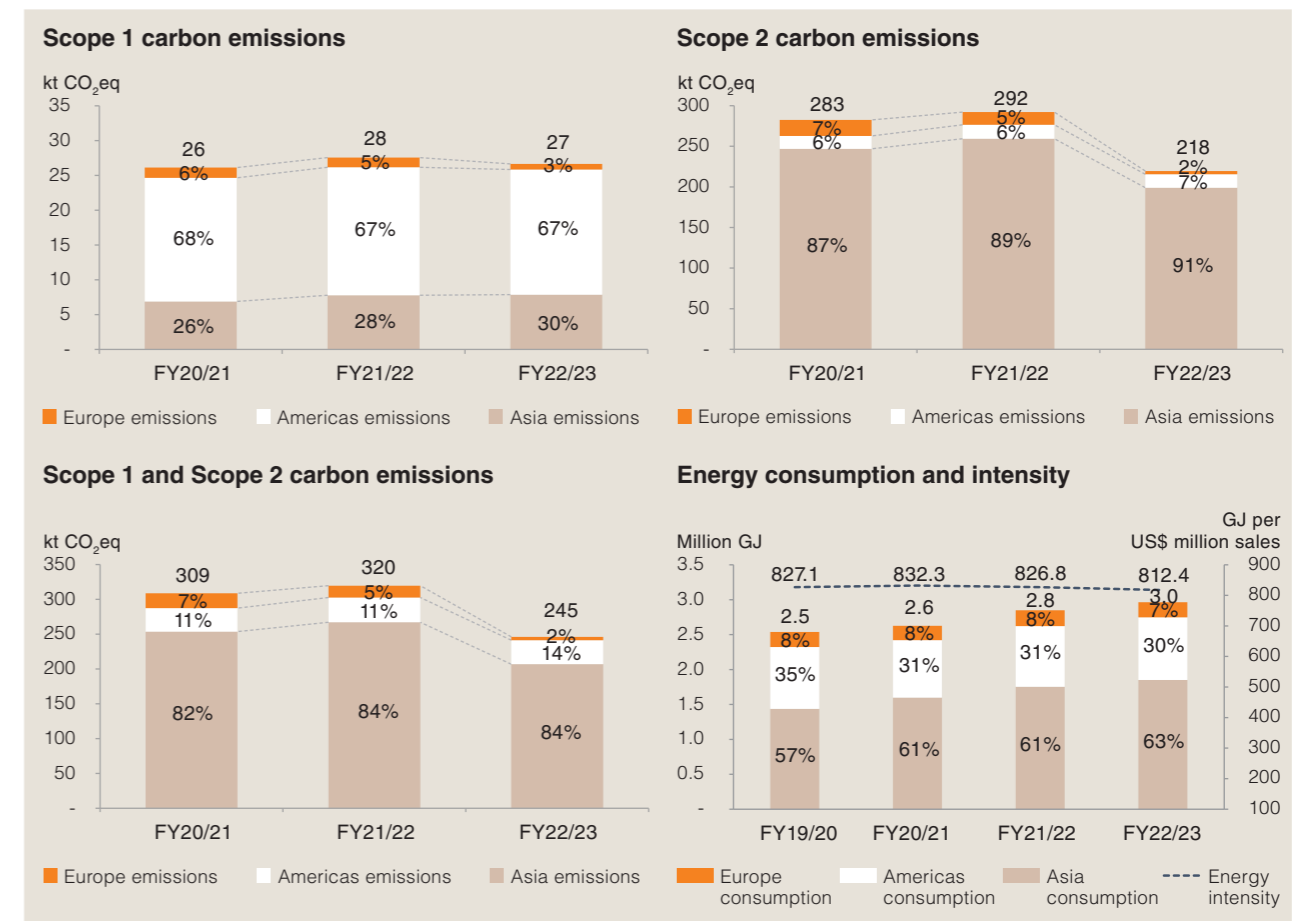
We aim to extend the use of renewable energy to all our plants to support our commitment to use 100% renewable energy in our operations by 2025, as available and feasible at each site.

Our energy intensity per sales dropped by 1.7% compared to FY21/22 and dropped by 1.8%

compared to the baseline year of FY19/20. However, the underlying calculation was affected by significant foreign exchange rate movements during the year, which had an unfavourable impact on the Group's sales revenue (as measured in USD equivalent) and hence on our energy intensity. Without the effect of the reduction in USD-equivalent sales revenue caused by the depreciation of several currencies (especially the Euro and Renminbi) against the US Dollar, our energy intensity would have decreased by 6.5% as compared to FY21/22 as a result of our energy efficiency improvements. We will continue to develop energy efficiency measures, including by promoting the best practices and lessons learnt from our ISO 50001:2018 certified sites.

11 of our operating sites have obtained ISO 50001:2018 certification for their energy management systems, including our two largest production sites in Shajing and Jiangmen. We are working on obtaining this certification for other selected sites.

### Overview of energy and climate targets and performance



Target summary	Baseline (base year)	Target (target year)	FY22/23 progress (% compared with baseline)
42% reduction in absolute Scope 1 and Scope 2 carbon emissions by 2030 <sup>^</sup>	309 kt CO <sub>2</sub> eq. (FY20/21)	179.2 kt CO <sub>2</sub> eq. (by 2030)	245 kt CO <sub>2</sub> eq. (-20.7%)
42% reduction in absolute Scope 1 carbon emissions by 2030 <sup>^</sup>	26 kt CO <sub>2</sub> eq. (FY20/21)	15.1 kt CO <sub>2</sub> eq. (by 2030)	27 kt CO <sub>2</sub> eq. (+3.8%)
42% reduction in absolute Scope 2 carbon emissions by 2030 <sup>^</sup>	283 kt CO <sub>2</sub> eq. (FY20/21)	164.1 kt CO <sub>2</sub> eq. (by 2030)	218 kt CO <sub>2</sub> eq. (-23.0%)
Operate with 100% renewable energy by 2025	Renewable energy without grid mix*: 6.3% Renewable energy with grid mix*: 32.6% (FY21/22)	100% renewable energy (by 2025)	Renewable energy without grid mix*: 21.6% Renewable energy with grid mix*: 39.7%
15% reduction in energy intensity by 2030	827.1 GJ/ US\$ million sales (FY19/20)	703.0 GJ/ US\$ million sales (by 2030)	812.4 GJ/ US\$ million sales (-1.8%)*

<sup>^</sup> The Group has strengthened our original 25% reduction target to 42% as part of our commitment to SBTi, with the target to be validated and approved by SBTi.  
<sup>\*</sup> Renewable energy as a percentage of total energy consumed, both including and excluding the percentage of renewable electricity in the grid mix in each of our operating locations.  
<sup>\*</sup> The calculation of intensity was affected by significant foreign exchange rate movements during the year which had an unfavourable impact on the Group's USD-equivalent sales revenue and hence on its energy intensity. Without the effect of USD-equivalent sales revenue being reduced by the depreciation of several currencies (especially the Euro and Renminbi) against the US Dollar, our energy intensity would have decreased by 6.5% as compared to FY21/22 as a result of our energy efficiency improvements.

**Energy and climate initiatives in FY22/23**

**Solar panels at our Jiangmen site to generate renewable electricity**

6,600 solar panels were installed at our site in Jiangmen, China in October 2022. These are expected to generate over 3,700 MWh of renewable energy and reduce 2,200 tonnes of carbon emission each year.

Solar panels were also installed at our manufacturing plants in Hong Kong, Shajing and Nanjing, China and Murten, Switzerland. The panels in Hong Kong and Murten generate 410 MWh of electricity annually, while the energy generated in Shajing and Nanjing is specifically used for heating water for use in employee dormitories.



Solar panels installed in our site in Jiangmen in 2022

**Solar tubes at our Zacatecas manufacturing plant to reduce daytime lighting use**

We maximized the use of natural light when expanding our facility at Zacatecas, Mexico. Solar tubes were installed for indoor illumination, harnessing natural sunlight and allowing 252 electric lamps to be turned off during the day.



Solar tubes installed in our site in Zacatecas

**Workplace charging stations for electric vehicles**

In Canada, Germany and Switzerland, we installed charging stations in the workplace. The charging station at Germany and Switzerland sites provide employees and guests with 100% renewable electricity.



Electric vehicle charging station at our site in Murten, Switzerland

**LED light replacement**

LEDs use much less energy than fluorescent tubes. More than 1,000 LED lights have replaced fluorescent tubes in our operating premises in Mississauga, Canada; Hatvan, Hungary; Shanghai, China; Asti, Italy; and the United Kingdom.



LED lights equipped in our site in Asti, Italy



Autoline in our sites in Jiangmen, China

**Energy saving projects in Shajing, China**

Our Shajing manufacturing plant is one of several operating sites certified with ISO 50001 for energy management.

We implemented 11 energy saving projects in Shajing in FY22/23, saving 2,286 MWh (equal to 8,230 GJ / 1.31 kt CO<sub>2</sub> eq.). This included energy savings gained from improvements to production lines, production processes and production efficiency, as well as upgrades to the air conditioning system.

**ISO 50001 Energy Management System certification in Niš, Serbia**

Our manufacturing site in Niš, Serbia obtained the ISO 50001 certification for energy management in March 2023. This reflects the site's dedication to reducing energy consumption and improving energy efficiency by optimizing its operations.



Our site in Niš obtained the ISO 50001 energy management certificate

**Reuse of compressor hot air and heat recovery in our sites in France**

Following French government recommendations on the EU energy situation, two energy savings projects were carried out in Saint Remy, France: chillers/heat exchangers with reversible heat extraction, and heat recovery from a compressor room. These two projects helped reduce gas consumed for heating.

In Hirson, France, a newly installed compressed air system enables hot air recovery to warm the facility in winter, substantially reducing total energy use.



Refrigerated heat exchangers installed in our site in Saint Remy, France

Waste

Our approach

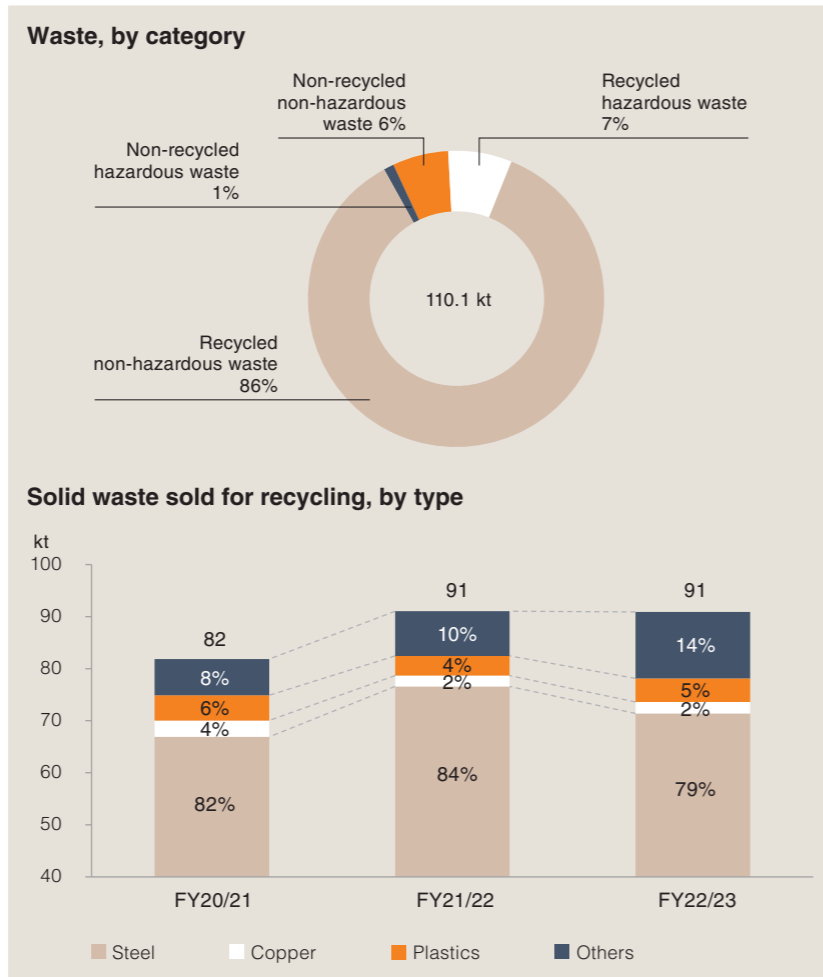
Reducing waste is an important part of our overall efforts to improve our environmental impact.

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 electro-mechanical 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. All our main waste streams are segregated for reuse and recycling, wherever feasible.

Wherever economically and technically feasible, waste such as aluminium, coolant, epoxy powder and plastic from injection sprues and cores is recovered from our manufacturing lines and reused directly in our production processes. Recovered waste that cannot be reused directly in our factories is sold for recycling.



Commitments and targets

This year, we adopted an improved waste data management system that classifies waste as hazardous, non-hazardous, recycled and non-recycled. This has allowed us to set better targets for waste reduction. Our targets include:

- Send zero solid waste to landfill
- Reduce solid waste generated by 4% year-on-year in FY22/23
- Measure the weight of waste recycled and recovered onsite through direct reuse in our operations

- Reduce hazardous waste in our operations, primarily by adopting clean technologies in our production processes

Performance in FY22/23

During the reporting period:

- We achieved our target of sending zero waste to landfill\*
- Our waste intensity improved by 4.1%, from 31.5 t/US\$ million sales in FY21/22 to 30.2 t/US\$ million sales in FY22/23. In total, we generated 110.1 kilotonnes of waste, and increase of 1.5% due to overall increase in production across our sites
- 93.3% of our waste was recycled, compared with 83.9% in the previous year. The majority of this was material recovered from production including steel, copper, process plastic and packaging plastic
- Hazardous waste only accounted for 8.7% of total waste generated. Hazardous waste was 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 solutions

Waste reduction projects

Waste reduction projects in FY22/23 included:

- Setting up recycling facilities for the recycling of circuits and motors in Hirson, France
- Reusing packaging materials from suppliers such as cardboard covers, packaging straps and wood, as practised by our sites in Türkiye, the United States and Switzerland
- Using returnable boxes instead of single-use cartons for product delivery in Wuxi, China
- Launching a program to recycle gloves, wipers and rags for our powder-metal operation in Mississauga, Canada. Once collected, these items are sent out each week for high-temperature cleaning before

being re-used, thus helping to reduce material consumption at the plant

- Building an emulsion treatment facility at our site in Beijing to treat oily wastewater, which helped reduce the site’s hazardous waste generation by 61%
- Installing a food waste composter at our site in South Korea

Targets for FY23/24 in waste are:

- Maintain zero waste to landfill in the Group
- Reduce waste intensity per sales generated
- Reduce hazardous waste

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

**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.

**Commitments and targets**

We have set targets to:

- Reduce absolute water consumption by 2% annually
- Monitor water consumption intensity per sales generated
- Assure 100% compliance with wastewater parameters

**Performance in FY22/23**

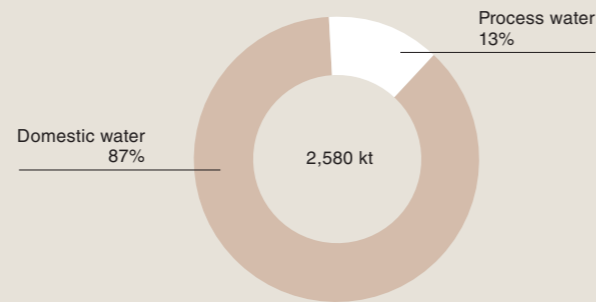
During the reporting period:

- We consumed 2,580 kilotonnes of water, a 7.2% reduction from the prior year
- 13% of our water use was for manufacturing processes, while the rest was for domestic use in our dormitories and for hygiene facilities in our manufacturing plants and offices

**Presence in areas of water stress level**

	Operating sites	Economic activity	Water consumption
High stress	5.1%	2.5%	1.5%
Medium Stress	2.6%	0.3%	0.2%
Low Stress	56.4%	68.9%	90.7%
No stress	35.9%	28.3%	7.6%

**Water consumption, by type**



- 98.3% of our water consumption was in countries with no or low water stress
- Our water consumption intensity per sales dropped 12.3% from the prior year as we benefitted from projects to reduce usage and recycle and reuse process water
- There were no significant instances of water related non-compliance with laws and regulations

Our targets for FY23/24 in water will be:

- Reduce water consumption intensity per sales generated
- Assure 100% compliance with wastewater parameters

**Water conservation and monitoring projects**

**Monitoring, recycling and reusing production wastewater in Shanghai**

In Shanghai, China, a total of 3.8 kilotonnes of nickel-containing and tin-containing wastewater was recycled and reused in production lines after being treated in 2022.

Sewage monitoring devices were also installed to monitor wastewater quality and ensure compliance with local regulations. Monitoring indicators include chemical oxygen demand and ammonia-nitrogen.



Wastewater monitoring devices in Shanghai, China



Wastewater treatment facility in our site in Jiangmen, China

**Rainwater recycling and wastewater treatment in Jiangmen**

In Jiangmen, China, we built a rainwater recycling station in 2021 and wastewater treatment facility in 2022. To date, a total of 14.5 kilotonnes of rainwater has been collected and 10.6 kilotonnes of wastewater has been treated and used for on-site toilet flushing.

**Wastewater treatment facilities in Changzhou and Bedzin**

Wastewater treatment facilities have been installed in our Changzhou, China and Bedzin, Poland manufacturing plants. Wastewater is treated through evaporation or purification before being reused in product washing processes.



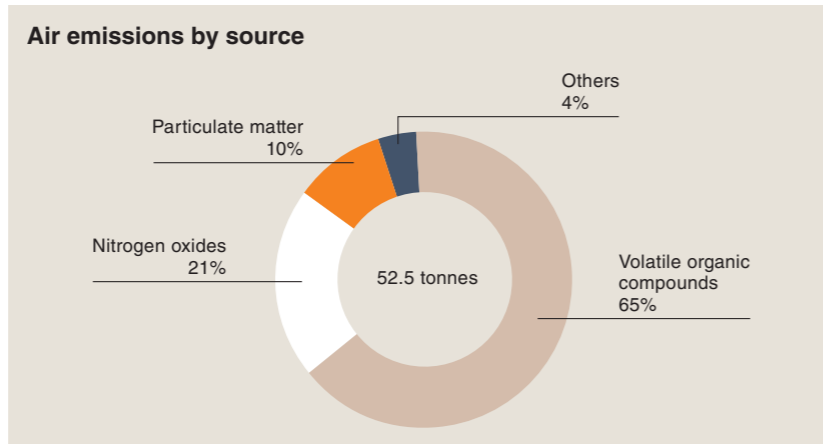
Wastewater treatment facility in Changzhou, China

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

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.



Commitments and targets

We have set targets to:

- Classify and monitor emissions at all operating locations
- Ensure 100% compliance for air emissions
- Prioritize air emissions reduction and elimination

Performance in FY22/23

During the reporting period:

- Air emissions levels at all operating sites were below the permitted emissions levels
- We generated 52.5 tonnes of non-carbon emissions, 30.4% less than the previous year. Our non-carbon emissions are mainly volatile organic compounds ("VOC"s) from glues used in product assembly and solvents used for parts cleaning, injection moulding and ink printing
- 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 11.1 tonnes of nitrogen oxides ("NOx"), specifically from the rotary kiln and die-casting furnace in our manufacturing plant in Jiangmen, China
- We generated 5.2 tonnes of particulate matter emissions from various powder processes. We have previously implemented process improvements to capture and reuse epoxy particulate matter. We also introduced a method to capture and reuse copper powder from our copper bushing process

Emissions control and monitoring projects

We take various steps to ensure that our air emissions and occupational exposure indicators are below regulatory limits. In FY22/23:

- Three new improved treatment facilities and 69 sets of improved exhaust ventilation systems were installed across our operating sites in Shajing and Jiangmen, China

- We carried out measuring, testing, analysis and certified external auditing of air emissions at all operating sites. The results proved that all sites meet regulatory compliance standards for air emissions such as VOC, ammonia and NOx
- We installed a treatment facility for oil mist filtration connected to an oil heating machine at our site in Changzhou, China



Air emission treatment facilities at our site in Shajing, China

Our targets for FY23/24 in emissions are:

- Continue to prioritize air emissions reduction and elimination
- Ensure 100% compliance for air emissions

Climate risks

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

The year 2019 was the second warmest on record and the end of the warmest decade (2010-2019) ever recorded. Carbon dioxide levels and other greenhouse gases in the atmosphere reached new heights in 2019. Weather patterns are changing, sea levels are rising

and the weather around the world is becoming more extreme. The global pandemic meant that greenhouse gas emissions dropped in 2020, but that drop was only temporary. As the United Nations says, climate change is not on pause. As the global economy recovers, emissions are expected to return to still higher levels\*.

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

<p>Increased risk of flooding caused by extreme weather events and rising sea levels, and the impact on facilities and production</p>	<p>Increased risk of extreme weather events and the impact on supply chains, production demands and facility infrastructure</p>
<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>• Production disruption</li> <li>• Cost of damage to facilities</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• Implement best practices in water damage prevention</li> <li>• Emergency preparedness procedures, regular emergency drills</li> <li>• Regular contact with authorities on potential risks and mitigation</li> </ul>
<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>• Business disruption caused by disruption to supply chain or facilities</li> <li>• Cost of damage to facilities</li> <li>• Increased risk of health and safety injury</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• Business continuity planning for production and suppliers</li> <li>• Developing a manufacturing and supply chain footprint in each region, to increase the resilience of, and reduce reliance on, any single site</li> <li>• Emergency preparedness procedures, regular emergency drills</li> <li>• Enhance workplace systems (such as ventilation systems)</li> </ul>

Transition risks

<p>Increased global climate change and sustainability policy and stakeholder requirements, impacting business and operational costs</p>	<p>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</p>
<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>• Loss of competitive advantage</li> <li>• Not being able to quote for new projects</li> <li>• Loss of reputation</li> <li>• Increased operation costs for meeting requirements</li> <li>• Reduced access to green financing</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• Setting targets for reducing carbon emissions from our operations, using 100% renewable energy, reducing energy intensity, and assessing the carbon footprint of our products</li> <li>• Green plant initiatives</li> <li>• Align with stakeholder requirements</li> <li>• Align with guidance from ESG rating agencies</li> </ul>
<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>• Strong negative business impact if not well aligned to product portfolio strategy</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>• Developing products that directly target zero and low carbon applications, and offering solutions for health, safety and well-being</li> <li>• Implementing product carbon footprint and life cycle assessments</li> <li>• Business opportunity to increase green products (in line with EU Taxonomy)</li> </ul>

More information on Sustainability Risks and Risk Management can be found in the Johnson Electric Annual Report 2023, page 49 to 56.

# Employees

**Core SDGs**



**Supporting SDGs**



## Employees

**we inspire our employees to grow and find fulfilment and meaning in the work they do**

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, enterprise, mentorship and teamwork.



Employee expectations have changed a lot over the years, especially since the onset of the pandemic. Faced with today's competitive labour market, we continue to strengthen our focus on improving employee well-being and career development, as well as championing diversity, equity and inclusion in our workforce, so as to ensure that Johnson Electric is always recognized as an 'Employer of Choice'.

Christian Moeller  
SVP and Chief Human Resources Officer

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



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



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

## Our approach

People are the bedrock 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 p.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 tirelessly to protect the health, safety and well-being of every employee by implementing a strong safety prevention culture and abiding by strict health and safety standards in every one of our locations.

### Main topics and key highlights

<b>Health and safety</b>	14.9% reduction in lost-time accidents; 17.9% reduction in recordable injuries. The lost-time accident rate and recordable injury frequency remain very low compared to industry averages  Launched new safety prevention culture program and adopted “safety pyramid” approach, encouraging employees to communicate safety alerts
<b>Talent attraction and retention</b>	Launched the “Leadership Essentials” career development program  Continued to offer “JE Career Paths” and “My Career in Motion”, to provide employees with avenues to reach their individual career goals
<b>Training and development</b>	Continued to provide programs to develop employees’ skills: <ul style="list-style-type: none"> <li>• “JE HR Top Diploma” to upskill human resources capabilities in support of business goals</li> <li>• Functional and digital skills training to enhance operational efficiency</li> </ul> Average employee training hours increased 47% from 4.7 hours in FY21/22 to 6.9 hours in FY22/23
<b>Diversity, equity and inclusion</b>	Launched Johnson Electric’s diversity, equity and inclusion policy globally  Established a Diversity, Equity and Inclusion (“DE&I”) Committee with members from all global regions, to create a roadmap for DE&I activities
<b>Communication</b>	Communicated with employees through “JE in Motion” digital platform, MARBLE Snapshot employee engagement survey, and various staff awards to celebrate employee excellence
<b>Labour rights</b>	Established a new policy on freedom of association and the right of collective bargaining, covering all employees

## 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 well-being 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. The policy was updated in March 2022 to align more closely with our Business Framework, specifically its purpose and promises. It stipulates a clear focus on safety responsibility and ownership at all levels.

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

### EH&S culture training program

This year we have initiated a three-step health and safety culture training 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. It also trains employees to be positive and considerate when giving or receiving feedback related to potentially unsafe acts or working conditions.

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.

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



**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 well-being 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.

Our EH&S management system also translates all health and safety procedures 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

**Health and safety compliance**

In FY22/23, 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

### Our safety pyramid and safety performance

This year, we launched a new safety prevention culture program and introduced 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.

	Performance		% difference
	FY21/22	FY22/23	
<b>Fatalities</b>	0	0	0%
<b>Lost-time accidents</b>	47	40	-14.9%
<b>Recordable injuries</b>	95	78	-17.9%
<b>First aids</b>	356	419	+17.7%
<b>Near-misses</b>	387	782 <sup>^</sup>	+102.1% <sup>^</sup>
<b>Hazards</b>	N/A <sup>*</sup>	7,227 <sup>^</sup>	N/A <sup>*</sup>

<sup>^</sup> Increasing the number of near-misses and hazards 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

<sup>\*</sup> The safety hazards identification program started in late FY21/22 and safety hazards data reporting started in FY22/23. Therefore, the number of hazards in FY21/22 was not available.

### Commitments and targets

Our health and safety targets include:

- Zero fatalities
- Zero lost-time accidents
- Reduce the number of recordable injuries
- Reduce first aid injuries
- Identify and communicate near-misses<sup>#</sup>
- Identify and communicate hazards<sup>#</sup>
- Monitor improvement of each level of the safety pyramid year-on-year
- Focus on incident problem-solving, investigation, effective action, and learning lessons by

“looking across” to other locations

Targets for hazard and near-miss incidents have been allocated to each team, thus encouraging all employees to engage in safety prevention culture and understand the importance of safety alert identification, communication, problem solving and “look-across” learning.

We use recordable injury frequency (“RIF”) and lost-time accident (“LTA”) rates as defined by the US Occupational Safety and Health Administration (“OSHA”), calculated as the rate per 100 employees.

### Performance in FY22/23

The more that safety alerts are identified and communicated by all employees, the better our

safety culture and the more prevention opportunities we have.

In the first year of our safety prevention culture program, over 8,000 safety alerts (hazards and near-misses) were identified and communicated by our workforce. This exceeded our best expectations and proved that we have a workplace environment where each employee feels comfortable and empowered to speak up about safety.

In FY22/23, there were:

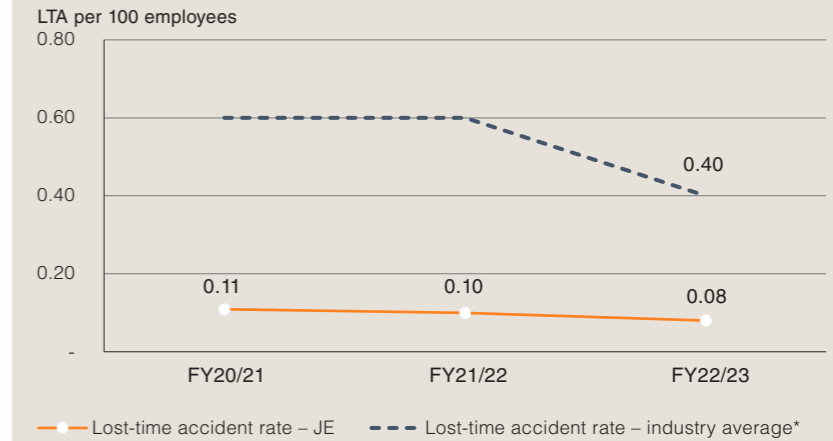
- Zero fatalities
- 40 lost-time accidents (recordable injuries with lost time of more than one working day), a 14.9% reduction compared with the prior year. The annual LTA rate is 0.08 per 100 employees
- 78 recordable injuries across the Group, a 17.9% reduction compared with the prior year. The annual RIF is 0.17 per 100 employees

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\*.

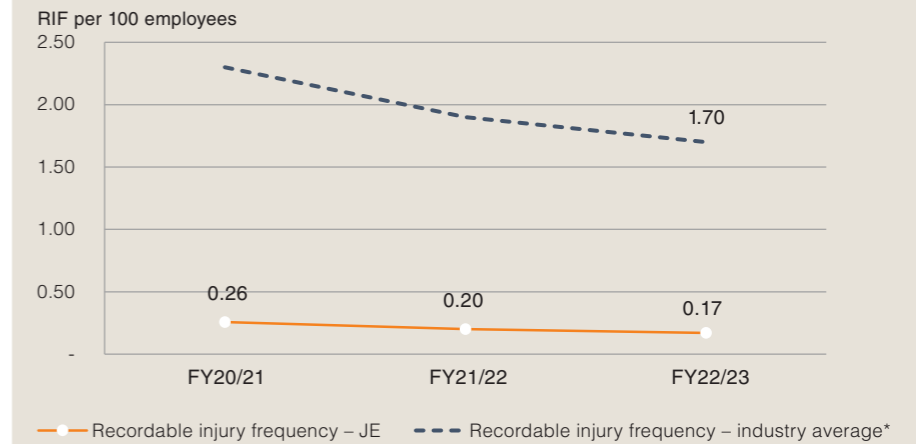
26% of lost-time accidents occurred during non-planned interventions or “quick fixing”, 17% were related to slips, trips and falls and 11% happened during maintenance. Actions developed in response include:

- Enhancing employees’ health and safety skills and training
- Risk assessment prior to starting maintenance operations (“take two safety training”)
- 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”

### Lost-time accident rate



### Recordable injury frequency



As part of our effort to develop a safety culture of identifying, communicating and resolving safety alerts to prevent injuries, we will focus on building our employees’ safety problem-solving capabilities in the coming year.

<sup>#</sup> Target to increase each year

\* 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). We compared our performance to the 2021 industry averages, the most up-to-date information available at the time of producing this report.

# Eyes For Safety | Minds on Prevention

## Safety Month 2022

A safety alert reporting mechanism has been set up at our Hong Kong office and manufacturing plant. Employees can report safety alerts online. Follow up on the reported alerts will be carried out by the relevant departments



Ergonomic assessment of workstations by a dedicated ergonomics team in Bedzin, Poland



Our Asti, Italy site was recognized with a safety performance award during Safety Month



Yoga classes were arranged in Stuttgart, Germany to promote employee mental health



First aid training was arranged in multiple operating sites

### Safety Month

June is Safety Month at Johnson Electric. Each year, we organize a month of activities across the entire Group to engage employees and raise awareness about health and safety. Safety Month is an important part of our efforts to drive continuous improvement in our working practices and nurture a strong safety culture.

In 2022, the theme for Safety Month was "Eyes for Safety". This focused on the importance of accident prevention and highlighted the

need for every individual at every level to bear responsibility for their own and others' safety – a culture change that is necessary to reach our target of zero incidents.

Safety Month successfully raised employee safety awareness, with more than 80 activities organized across our operating sites in 2022. Examples include:

- A "safety ambassador" program to promote high safety standards among employees

- Safety training to raise awareness and identify safety alerts
- Ergonomic assessments of the workplace
- Workshops on machine safety

Employees identified more than 500 safety alerts through local "hazard hunt" activities during Safety Month. To maintain this momentum, safety alert reporting mechanisms have been set up at our sites to facilitate the effective investigation and subsequent communication of lessons learnt across business units and sites.

Several operating sites took the opportunity of Safety Month to launch new initiatives to boost employee well-being, a focus area of our new EH&S policy. Our safety performance award program also recognized 18 manufacturing sites with an excellent health and safety performance, measured by the number of years without lost-time accidents.

### What employees say about safety

During Safety Month, we invited some of our employees to share their thoughts about the company's health and safety performance.

“The company organized CE-standard training on the general requirements for electrical equipment of machines.”  
Zhang Xian Lan *Shajing, China*

“The company partnered with the safety consultants to ensure all safety standards are met.”  
Wassim Hayek *Halver, Germany*

“The company informs all sites when an accident occurs, to take the risk into account.”  
Christelle J. *Hirson, France*

“The company provides required training to ensure a safe work environment, such as first aid, lock out / tag out, hot work, emergency maintenance shut down drills and fire drills.”  
Gershon Quashigah *Mississauga, Canada*

“The company invested in a safe cage for the plastic injection moulding machines to block off the danger area and protect employees from the robot gripper.”  
Sebastien Vilarino *Murten, Switzerland*

### Safety ambassador program in Bedzin, Poland

A safety ambassador program has been rolled out in several of our operating sites in a bid to embed a culture of safety in the workplace and promote safe behaviour. In FY22/23, our manufacturing site in Bedzin, Poland recruited safety ambassadors from among its employees to promote high safety standards. Based on the training provided, they conduct reviews in accordance with safety standards, report unsafe acts and behaviour, contribute to the development of occupational risk assessments and raise employee safety awareness.



Safety ambassadors in Bedzin, Poland

### Health and safety training

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 employees complete their training via our corporate learning management system, while manufacturing operators are trained by an appropriate supervisor.

### Health and safety training highlights in FY22/23

#### Fall prevention training in Le Bourget, France

Personnel working at heights are required to be trained in the prevention of falls. At our Le Bourget, France facility, fall-prevention training was arranged in June 2022 to build awareness and good practice.



Prevention of stumbling training for employees in Murten, Switzerland

#### Comprehensive health and safety training program in Murten, Switzerland

A detailed training needs analysis was conducted to develop a three-year (2022 to 2024) comprehensive health and safety training program for employees in Murten, Switzerland.

In partnership with the Swiss National Accident Insurance Fund (SUVA), training in FY22/23 covered the areas of stumbling hazards, personal accident prevention and safety leadership, with 480 employees participating.

#### Ergonomic training on the use of forklifts in Bedzin, Poland

Workers in Bedzin, Poland were given training on the ergonomics of forklift use. Employees learned best practices for the prevention of back injuries.



Best practice training for the use of forklifts in Bedzin, Poland

### Continuous health and safety improvement

To protect employees' health and well-being, we devote substantial efforts to continuous improvement in safety performance at all our sites around the world. Continuous improvement allows us to maintain strong controls over safety risks, build and maintain a safety culture, and enhance our EH&S management.

#### Provision of personal protective equipment ("PPE")

We are committed to providing a safe working environment for all our employees. We ensure all personnel have the appropriate PPE, based on hazard assessment, and that they are appropriately trained in its use and care.

- We provided 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
- Since 2019, PPE vending machines have been set up at our manufacturing sites in Canada and Poland, enabling instant access to critical PPE for our employees
- In 2022, we equipped our Bedzin, Poland site with a vending machine for shoes or shoe covers for guests and customers



Individual corrective and protective glasses for employees in Bedzin, Poland



Customized hearing protection for employees in Murten, Switzerland



Test-to-fail approach for machine safety assurance implemented in Jiangmen, China

#### Machine safety

Machines used at every facility around the globe must comply with relevant national and local regulations and requirements. Our machine safety compliance program establishes the necessary roles and responsibilities within the company to ensure compliance. Safety ambassadors have been chosen to help educate frontline workers about machine safety requirements and expected behaviour.

In FY22/23,

- We partnered with TÜV Rheinland to organize training sessions focusing on CE-mark requirements. Obligatory machine safety training was arranged for all maintenance technicians and operators. We have an employee certified in machine safety at each of our manufacturing sites
- We developed a machine safety list of requirements ("LOR") for both existing equipment used in-house and new machine purchases, and asked our machine suppliers to strictly follow these requirements. Measures included verifying design drawings to ensure safety requirements are met, conducting supplier on-site safety inspections and conducting acceptance safety tests upon machine arrival
- In Shajing and Jiangmen, China, we initiated a "test-to-fail" program to test machine safety. A rubber hand was used to access dangerous parts of the machine, to test whether the machine would stop under these conditions

**Manual handling safety**

We are committed to ensuring that adequate controls are in place to reduce or eliminate the risk of injury to our employees when carrying out manual handling operations.

In Wuxi, China, we introduced the use of automated guided vehicles (“AGVs”) in the assembly workshop to replace manual handling.

AGV is a safe alternative to manual handling. By following guide paths, AGVs stay strictly in their zones and are equipped with safety sensors. The substitution of AGVs for manual labour can reduce common occupational injuries, such as back strain caused by repeated loading and handling.



Our Wuxi, China plant has started using AGVs to eliminate manual handling risks

**Occupational health and safety**

We do our utmost to ensure appropriate measures are in place to protect our employees against hazards in the workplace. For example, in FY22/23 we:

- Developed guidelines on ergonomic safety at workstations to help identify and rectify problems associated with working conditions
- Replaced all standard office desks with height-adjustable desks in Stuttgart, Germany. This allows employees to adjust their posture throughout the day, thus reducing back problems
- Conducted a detailed ergonomic risk assessment of assembly lines in Asti, Italy to reduce the risk of musculoskeletal disorders
- Installed anti-fatigue mats and purchased new dollies and special pallets at our warehouse in Hirson, France to decrease the number of manual handling operations
- Installed table lifts and height-adjustable platform carts at our manufacturing site in South Korea to facilitate better ergonomic working practices
- Helped our operating sites in France, Germany, Poland, Serbia and Switzerland to participate in the “Healthy Workplace Lighten the Load” campaign, organized by the European Agency for Safety and Health at Work (EU-OSHA). The campaign focused on the prevention of work-related musculoskeletal disorders, a common work-related health problem in Europe
- Health Weeks and Health Days were organized at our sites in Arujá, Brazil and Vandalia, United States. Health check-ups, flu and coronavirus vaccinations, safety training games and mental health awareness sessions were arranged for employees



Chemical spill drill in Shanghai, China

**Safety with chemicals**

We ensure that the safe handling of chemicals, including storage, use and disposal, is compliant with relevant local and national regulations.

In FY22/23, we conducted chemical spill drills at all our operating sites in China to test spill response procedures and identify areas for improvement.

**Contractor safety**

We always ensure the health and safety of our contractors. We employ third-party specialists for on-site risk assessment and hazardous work, and assign a dedicated health and safety coordinator to our subcontractors to ensure their safety.

For example:

- Many Ukrainians have come to Poland because of the ongoing conflict. To ensure the safety of Ukrainian-speaking contractors, we printed health and safety leaflets and made new warning signs in Ukrainian
- In Arujá, Brazil, we have a structured contractor management system that assesses necessary safety training for hot work, working at heights and in confined spaces. We also brief contractors about the relevant health and safety rules and regulations



Warning sign in Ukrainian in Bedzin, Poland



Height-adjustable desks improve posture for office workers in Stuttgart, Germany



Participants of Health Week in Arujá, Brazil. More than 150 employees took part

**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. Drills are conducted regularly at all operating sites.

In FY22/23:

- Our operating sites in the United States, Brazil, China, Germany, Poland and the United Kingdom organized first aid training to equip employees with vital life-saving knowledge and skills
- A fire protection virtual reality training game took place at our Aachen, Germany facility to train staff in the use of fire extinguishers
- Automated external defibrillators (“AED”) are provided at our major operating sites. Training on how to use them was arranged for more than 80 employees during the year, with more training sessions planned in the future



First-aid training at our site in the United Kingdom



AED unit at our manufacturing plant in Shajing, China

**Health and safety awards and recognition**

**ISO 45001:2018**

34 of our operating sites have obtained the ISO 45001:2018 certification for occupational health and safety management systems, which recognizes our continuous improvement in employee safety, reducing workplace risks and creating better and safer working conditions. A list of subsidiaries with ISO 45001:2018 is on page 133 to 134 of this report and can be downloaded from our website.



Our manufacturing site in Shanghai, China was recognized as an outstanding safety unit in the AnKang Cup, organized by the Shanghai QingPu District Emergency Management Bureau, Safety Committee and Labour Union.



Our Hong Kong facility has been recognized as a mental health-friendly organization and a chartered signatory of the Joyful@Healthy Workplace Charter and Mental Health Workplace Charter launched by the Department of Health, the Labour Department and the Occupational Safety and Health Council of the Hong Kong Government. The scheme aims to promote a joyful, healthy, inclusive and friendly work environment.



**Using wearable technology to improve worker health in Shajing and Jiangmen, China**

With the support of our on-site doctors and nurses, employees with health issues such as hypertension volunteered to use wearable devices to monitor their blood pressure, blood oxygen saturation level and pulse rate. Medical advice was shared with them if further treatment proved necessary. We received positive feedback from employees regarding the program, as it helped them identify health problems early and improve their overall health.

**Employee Activity Centre in Jiangmen, China**

We established the Employee Activity Centre in our Jiangmen site. This new facility is located within the living area of our plant and features a wide range of amenities, including a gym room, multi-functional room, aerobics room, basketball court, and relaxation room. We believe this will enhance our employees’ overall well-being and productivity.



**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
- Other key people initiatives

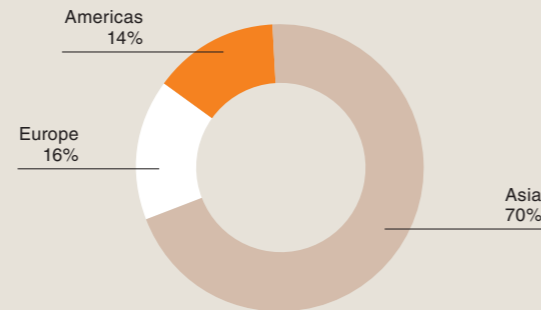
**Talent management and development**

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 assessment and calibration is used to identify high-potential employees. Such employees are offered additional development opportunities and are

**Global workforce**

As of 31 March 2023, the Group’s total global headcount stood at more than 35,000 across Asia, Europe and the Americas.



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 mission-critical positions. We monitor both our internal promotion rate and the number of senior positions with “ready now” and “ready soon” successors. In 2022, we increased the number of critical roles covered by our succession reviews, with 89% of such roles having a succession plan in place, up from 71% in 2021. Furthermore, to support the development of our global-local footprint, we are enhancing our regional talent acquisition capabilities.

**Performance in FY22/23**

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.

We also launched a new global leadership development program, “Leadership Essentials”, that supports employees with the potential to progress into line manager positions. It develops critical skills and competencies that prepare employees to take on roles of increasing complexity across the organization (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. 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.

**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, launched in several sites around the world, provides structured internal training to upskill technical workers to support our digital transformation. There are currently 352 participants globally, including 79 graduating in China.

Our Leadership Essential 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.

**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”
- Increasing average employee training hours, which rose from 4.7 hours in FY21/22 to 6.9 hours in FY22/23, an increase of 47%

### Performance in FY22/23

In addition to achieving an increase of 47% in average employee training hours, we launched and expanded a number of key programs in 2022.

A brand-new “Leadership Essentials” program was introduced with a focus on developing future leaders. This experiential curriculum is available to all people managers and selected future leaders to help provide a common understanding of what it means to be a leader at Johnson Electric.

We also launched a new function-specific skills training program by partnering with subject matter experts from key functional areas such as business development, finance, operations and project management. This training series helps to ensure that the most efficient and effective common processes are followed by current employees, new employees and partner organizations around the globe.

We continued to expand our “JE HR Top Diploma” program for human resources (“HR”) employees. This helps them understand how to add value to the



In March 2022, we were named Learning Champion at the LinkedIn #TalentAwards2022

business by acting as change agents, identifying strategic challenges and creating integrated HR practices.

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

In March 2022, we were named “Learning Champion” at the LinkedIn #TalentAwards2022, recognizing our commitment to fostering a learning culture and investing in staff development by connecting them to relevant and applicable skills.

## 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 FY22/23, women made up 41% of our workforce and 19% of our management. All members of our

senior management team are male. 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

Our leaders’ understanding and appreciation of DE&I is critical to building an inclusive culture at Johnson Electric.

We are also planning to establish Employee Resource Groups (“ERGs”) to serve as internal communities, providing personal connections and affiliation for their members and with the organization. ERGs support excellence in DE&I by serving as a common voice for employees and their allies who identify with a particular aspect of diversity.

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 major countries, including parental and care leave as well as childcare services and allowances.

### Performance in FY22/23

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

- Launched our DE&I policy, which sets out our commitment to develop a diverse workforce and inclusive culture that supports high performance
- Ensuring Johnson Electric’s recruitment process is fair and non-discriminatory. When conducting senior-level executive search, Johnson Electric also requires external recruitment firms to identify candidates with diverse backgrounds, in line with our values
- 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
- Establishing a Diversity, Equity and Inclusion Committee with members from all global regions, to create a roadmap for DE&I activities and accelerate progress



### 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.

<p>"Gender diversity is a key element of our overall DE&amp;I activities at Johnson Electric. We believe an inclusive environment is key for business success and our environment at work."</p> <p><b>Christian Moeller</b> SVP &amp; Chief HR Officer Hong Kong</p> <p>International Women's Day</p>	<p>"Proud to work in a multicultural environment that motivates passion for reaching fullest potential and drives people to inspire the best within others."</p> <p><b>Marina Simic Brankovic</b> Customer Service Manager Serbia</p> <p>International Women's Day</p>
<p>"As a manufacturer in the automotive sector, we are proud that 60% of our management team are women. With women leaders in male-dominated departments, namely Engineering, Quality, Production, and PC&amp;L, we embrace equity in the company."</p> <p><b>Burcu Uzun, Quality Manager</b> <b>Tuğçe Demir, Production Manager</b> <b>Esra Korap Gediz, Engineering Manager</b> <b>Duygu Taner, HR Manager</b> <b>Kübra Bayoğlu, PC&amp;L Manager</b> <b>Ayçin Yağlıtas, Finance Manager</b> Türkiye</p> <p>International Women's Day</p>	<p>"Adjectives like smart, successful, and loyal have no gender."</p> <p><b>Orl Sinal</b> Logistic &amp; Planning Manager Israel</p> <p>International Women's Day</p>
<p>"Johnson Electric offers a multicultural environment where we respect others innovative ideas. Glad to work for a company that provides a friendly environment where women can thrive."</p> <p><b>Christina Liu</b> Senior Engineer China</p> <p>International Women's Day</p>	<p>"For me equity means fairness. All of us need to be compassionate and open-minded to make equity a reality."</p> <p><b>Alan Morey</b> Principal Development Engineer UK</p> <p>International Women's Day</p>
<p>"Proud to be a woman. Fulfill the duties with integrity and sincerity both in family and workplace. Be THE BEST, irrespective of what others perceive or receive you are."</p> <p><b>Phoornima K</b> Sr. Manager, Finance &amp; Control India</p> <p>International Women's Day</p>	<p>"At Johnson Electric, we strive to create an environment where everyone can participate, prosper and reach their full potential."</p> <p><b>Jessica Null</b> Assistant Manager, Manufacturing USA</p> <p>International Women's Day</p>

### 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 "Sustainability – Our Way Forward", highlighting our corporate commitments and employees' role in advancing sustainability
- "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, held virtually where necessary owing to the pandemic
- 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. We have implemented more than 500 actions in response to the last survey
- Employee recognition programs to reward and recognize staff achievements. The monthly JEWel awards encourage the sharing of best practices; the MARBLE Awards recognize employees living Johnson Electric's core values, and the Annual Chairman's Awards celebrate outstanding performance and leadership
- 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.



"Sustainability – Our Way Forward" was the global theme of the 2022 One Johnson Global Celebration

**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.

**Preventing child and forced labour**

Johnson Electric has established a clear global policy relating to child labour and forced labour, 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 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.

**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 17 cases were reported by employees in FY22/23. 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 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.

**Freedom of association and right of collective bargaining**

Johnson Electric adheres to the directives set by the International Labor 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.

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

# Communities

Core SDGs



Supporting SDGs



## Communities

# we promise to enrich our local communities

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.



“ We understand that our impact extends far beyond the products we create. From reducing waste and promoting clean energy, to creating jobs and supporting local economies, we are proud to be a leader in creating a better future for all. ”

Austin Jesse Wang  
Executive Director and SVP,  
Industry Products Group

### 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 need.

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 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 humanitarian 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.

Community engagement

JGenerations

Launched in 2021, the JGenerations program encourages all of our employees around the globe to get involved in social impact and community outreach activities that enrich our local communities through volunteering.

JENERATIONS

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

The Group only supports or funds activities or groups that are legal (as defined by local laws), unrelated to any political or religious purposes, and that do not go against Johnson Electric's Code of Ethics and Business Conduct.

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.



Junior Engineer activity in China

Johnson Electric Technical College

The first Johnson Electric Technical College ("JETC") was established in 2004 in Shajing, China, offering students a three-year, fully funded education and comprehensive technical training course within a supportive social environment that promotes self-discipline.

In 2016, a second JETC campus was opened in Zacatecas, Mexico, providing the same curriculum and development opportunities.

JETC cooperates with educational institutions 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.

Since its inception, more than 1,500 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.

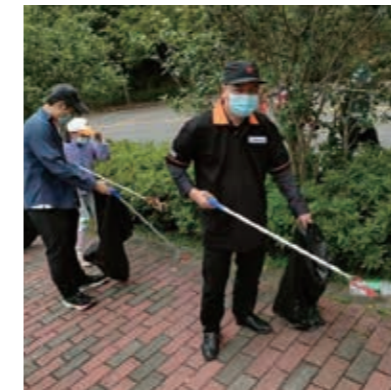
In Serbia, using similar concepts to JETC, the Group works in partnership with a local technical high school, providing access to Johnson Electric's facilities and staff to assist students in receiving a high-quality technical education.

Junior Engineer program

This simple but effective global community outreach program targets children aged 6 to 12 to encourage an early interest in science, technology, engineering and mathematics ("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.

Social impact activities around the world

During FY22/23, 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 health education; support for children, the elderly and the underprivileged; humanitarian aid; pandemic relief, and environmental protection.



Our JGenerations team in Jiangmen, China picked up litter along hiking trails

All operating sites supported WWF Earth Hour 2022

In March 2022, we joined with millions around the globe by switching off non-essential lights at our facilities in support of the World Wide Fund for Nature's (WWF) Earth Hour Campaign.

This year, the theme of Earth Hour was "Shape Our Future". To support this, we organized activities to promote a sustainable lifestyle. This included encouraging our employees to take public transport to work, collecting recycling PET bottle caps to be redeemed for wheelchairs for disabled people, and supporting book donations to extend the life of resources. Some employees went even further and recovered plastic litter from outdoors.

Clean-up activities around the world

JGenerations teams in Hong Kong and Jiangmen (China), Ochang (South Korea), Niš (Serbia) and Vandalia (USA) rolled up their sleeves to collect rubbish from beaches and other public spaces.



Rare native plants cultivation in Dresden

Employees in our Dresden, Germany site partnered with a local environmental non-governmental organization to support the cultivation of rare native plants, thus contributing to the preservation of natural habitats and biodiversity.



JGenerations team in Hong Kong collected rubbish from beaches

### Plymouth, USA: Breakfasts for the needy

The Plymouth JGenerations team prepared 150 breakfasts for those in need.



### Wuxi, China: Blood donation drive

The Wuxi JGenerations team in China organized a blood donation drive in response to the needs of patients in the local community.

### Around the world: Humanitarian aid

JGenerations teams around the globe joined hands to help those affected by war and natural disasters.

The Poland JGenerations team arranged support, including food, clothing, transportation and accommodation, to help refugees who had left Ukraine support by donations from the global Johnson Electric team.

Efforts are also underway to hire Ukrainian refugees as per production needs. **More than 150 refugees have been employed at our Polish and Canadian facilities.**

To help the people of Türkiye following the tragic 7.8-magnitude earthquake that hit on 6 February 2023, a global donation drive was initiated to provide temporary shelter.

The Shajing JGenerations team raised donations in support of the humanitarian aid work overseen by the Red Cross Society of China in response to the Sichuan Luding earthquake.



### Isle of Wight, UK: STEM education support

The UK JGenerations team invited 27 primary schools to take part in a balloon car competition using recycled materials. As well as being fun, the activities taught the children about physics, engineering and motion technology. The team also partnered with CECAMM College of Engineering to support STEM learning by donating a robotic arm.

In addition, the team supported the Noël Turner Science Festival, arranging a video explaining the concept of capacitance and a live demonstration of how a phone screen works.



### Jiangmen, China: Giving thanks to medical staff

The Jiangmen JGenerations team visited local hospitals and communities to pay tribute to nurses for their efforts during the pandemic.



### Izmir, Türkiye: Farm volunteering for LÖSEV

The Izmir JGenerations team volunteered for work at a farm managed by LÖSEV, The Foundation for Children with Leukemia. The team collected and sorted tangerines and packaged them for sale. The farm's income goes towards supporting the foundation's work.



### 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.



“

Good ethics are good business. It's important to us that our employees can take pride in working for Johnson Electric, safe in the knowledge that they can depend on each one of their colleagues to act with integrity at all times. This fundamental requirement is reflected in our MARBLE values, which call upon us to 'lead by example' by promoting a safe, healthy and fair environment for our people.

”

Amit Chhabra  
SVP and Chief Financial Officer

### Our approach

As a highly collaborative and customer-focused business, earning and maintaining trust has always been essential to our success and longevity. Over 64 years of operation, we have cultivated a trusted reputation that gives confidence to our customers, partners, suppliers, employees and communities that Johnson Electric will always act with fairness and integrity.

To achieve this, we place utmost importance on ethics, transparency and sound governance. This is especially important in the field of sustainability, where 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.

Strong ethical conduct is an integral part of our culture and a core expectation of every employee.

We invest in maintaining the highest ethical standards by providing full employee training on our Code of Ethics and Business Conduct, as well as by engaging with external initiatives and best practices regarding business ethics.

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. This year, for example, we have organized supplier training and published a brand-new sustainable procurement policy.

Finally, we continually strive to strengthen and optimise our corporate governance structure to guarantee strong lines of accountability and a culture of integrity. All this serves as the foundation of trusted working partnerships with stakeholders around the globe.

## Trust and Transparency

# we believe that good corporate citizenship requires integrity, openness and fairness



### Main topics and key highlights

<b>Corporate governance</b>	Continued to maintain the highest standards of corporate governance, including sustainability governance
<b>Ethics</b>	<p>Widened the scope of our compulsory ethics training and self-declaration program to include all staff. 5,828 employees took part in our Code of Ethics and Business Conduct training program; 5,990 in anti-corruption training</p> <p>Joined the Institute of Business Ethics with a view to integrating its ethics toolkits into our operations</p>
<b>Compliance</b>	No significant instances of non-compliance with laws or regulations
<b>Data protection</b>	Completed initial steps towards the auto industry's best practice TISAX accreditation for data protection
<b>Supply chain</b>	<p>Performed ESG survey assessment of top 300 suppliers, and helped them to make improvements</p> <p>Launched sustainable procurement policy</p> <p>Arranged supplier training sessions and invited our top 300 suppliers to attend</p> <p>Provided a responsible minerals e-training course for employees</p>

### Our sustainability governance



### 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 line with defined delegations of authority 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 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 page 75 to 88 of the Annual Report 2023. Profiles of the Directors can be found on page 214 to 217 of the Annual Report 2023.

**Sustainability governance**

**The Board** holds primary responsibility for sustainability matters, 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 risk 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 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, impacts and performance, as well as stakeholders' expectations, together with background information to ensure a reasonable understanding of the topic. This 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.

Company's executive director and SVP, Industrial Products Group, Austin Jesse Wang, chairs the Group's Social Impact and Sustainability Committee and receives frequent updates on sustainability matters.

One of the Company's independent non-executive directors, Catherine Annick Caroline 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 new 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 Jesse 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 its 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 framework to cultivate a social impact and sustainability culture at Johnson Electric. This framework comprises:

- Johnson Electric's Business Framework, which articulates our vision, purpose 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'

The SISC draws upon a number of external initiatives in developing and maintaining its 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 Global Reporting Initiative Standards and the Sustainability Accounting Standards, among others.

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

**The Risk Management Steering Committee ("RMSC")**

is responsible for identifying, mitigating and controlling Johnson Electric's exposure to risk. It is chaired by 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.

The RMSC works with senior leaders in core business functions to classify, analyse and track existing and emerging risks. Through this, we ensure robust business practices that 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, risk profile and policies for managing exposure to key risks can be found on page 49 to 56 of the Annual Report 2023.

**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

- 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 social impact and sustainability goals form an element in determining incentive pay\*, including for management-level staff and the Executive Committee.

**Sustainability reporting**

We include sustainability information in our reporting cycle through monthly reporting to the Chief Executive, monthly management reporting and

\* 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.



reviews, and the publication of an annual Sustainability Report.

**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.

**Process to determine materiality**

We use information gained through our stakeholder channels to identify the topics of most concern to our

stakeholders. We consider the materiality of our actual and potential impacts (both positive and negative) on sustainability issues. This allows us to discover and communicate:

- 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

Based on this analysis, we have prepared a list of material topics.

These are embedded in our Sustainability Framework, grouped into five key areas – products, environment, employees, communities, and trust and transparency.

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 132. The Sustainability Framework is shown below.

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.

**Johnson Electric Sustainability Framework**



\* Material topics under each key area

**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 require us to “lead by example” and encourage our employees to live up to the ethical values we espouse.

Our Code of Ethics and Business Conduct (the “Code”) sets out the principles that define such behaviour. This guides all our employees to use good judgment and ethical decision making in their business conduct and practices, and helps guard against corruption within the Group.

We make the Code available in the local language of each site. See page 97 for details of the behaviours embedded in the Code.



This year, we joined the Institute of Business Ethics (the “IBE”). We look forward to harnessing the IBE's tools, guidance and insights as we continue to enhance and reinforce our ethics culture.

**Ethics training and declarations**

In FY22/23 we widened the scope of our ethics program to include all

staff. Following this change, our policy now stipulates that:

- Any employee with an email account must complete compulsory ethics training on our Code as part of their induction into the workforce
- Thereafter, they must declare annually that they have read and conformed to the requirements of the Code and are not aware of any violations by others
- Every two years, they must complete online refresher training (available in local languages as needed) and pass a test on the content and application of the Code, before making their annual declaration
- All other employees will take part in biennial training on our Code, delivered by team leaders

During FY22/23, 5,828 employees completed our online training course and made their annual declaration that they had read and conformed with the requirements of the Code and were not aware of any potential violations of the Code by others

**Business conduct and anti-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. Our Code includes specific requirements relating to business conduct and anti-corruption.

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.

**Whistle-blower reports**

All employees may make anonymous whistle-blower reports of any ethical or business conduct concerns at any hour, by phone or email. In every workplace, conspicuously placed posters inform employees how to access the hotline, which is also available via the employee intranet portal. Reports may also be submitted anonymously by other interested parties, using contact information contained within our Code, available for download from the Johnson Electric website.

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.

All (100%) such whistle-blower reports submitted in FY22/23 were subject to investigation and, if found to be substantiated, to relevant corrective actions including disciplinary action where appropriate.

**Performance in FY22/23**

In FY22/23:

- There were three confirmed incidents of fraud and corruption, committed by employees against the company's interest. All employees directly involved in these incidents resigned or were dismissed. Additionally, employees with knowledge of one incident were dismissed for failure to report, which is a breach of our Code
- As part of our response to these incidents we have amended our

Code of Ethics and Business Conduct to add emphasis on the duty to report. As discussed above, we are also widening the scope of our ethics program to include all employees worldwide. In addition, we have joined the IBE. We believe that through engaging with the IBE and making use of their ethics toolkits we will be able to further realize our commitment to high ethical standards, including governance, implementation and monitoring

- 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
- There were eight confirmed incidents when relationships with suppliers were terminated due to violations related to corruption
- There were no cases against the Group for corrupt practices

Worldwide, 5,990 employees took part in anti-corruption training in FY22/23. This included new anti-corruption training received during induction, e-training programs, and leader-delivered training.

**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 control responsibilities, is designed to ensure compliance with relevant legislation and regulations.

Following a risk-based approach, the Group’s Internal Audit Department independently reviews and tests our controls over various operations and activities, and evaluates their adequacy, effectiveness, and compliance.

Audit findings are reported to the Audit Committee, senior management and the external auditor. In addition, progress on the implementation of audit report recommendations is followed up on a regular basis and discussed with the Audit Committee.

See page 49 to 56 and 84 to 85 of the Annual Report 2023 for details of our risk management and internal controls.

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 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 business conduct and the prevention of unfair competition.

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

- How we are engaging in the market
- The number, size and relative strength of our competitors (and their behaviours)
- Market trends and development prospects, and the 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.

**Performance in FY22/23**

In FY22/23:

- 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 litigation was brought against the Group for 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.

**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) and 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 or 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.

**No retaliation**

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

**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.

**Preventing child labour and forced labour**

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

**Duty to report**

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

**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.

Our preventative control measures include the secure configuration of hardware and software, identity management and controlled access to systems and data, software updates, vulnerability management and protection against malware.

We conduct periodic awareness training, global risk assessments and regular tests of the resilience of key business processes and systems against potential security breaches.

In case of a data breach, we protect our information and systems through reactive controls including incident handling and containment and emergency response management.

**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



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We are making investments to improve digital and AI skills across our organization, empowering our employees to serve customers in a more sustainable fashion. We are also continually improving the resiliency of our cyber-security solutions to protect our business and support sustainable growth.

Raman Mehta  
SVP and Chief Information Officer

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(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.

**TISAX**

As the number of smart and connected vehicles grows, the automotive industry is standardizing 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.

Johnson Electric supports TISAX and is committed to protecting our facilities and information systems from physical security breaches as well as cyber theft. Our Hong Kong headquarters, as well as the technology development centres,

sales offices and key manufacturing sites involved in our automotive business, are working towards TISAX accreditation. Best practices learnt through implementing TISAX will be shared across the wider Group.

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

A number of our locations have already completed the self-assessment stage, including our Hong Kong headquarters, our largest manufacturing site in Shajing, China and our flagship digital factory in Jiangmen, China. Some locations are expected to receive TISAX accreditation by mid-2023, while other sites will receive accreditation later in the year or beyond.

**GDPR**

The General Data Protection Regulation (GDPR) is a very important component of our commitment to sustainability, as it

reflects our dedication to protect the privacy and rights of individuals. 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 remain committed to upholding the highest standards of data protection and privacy.

**Performance in FY22/23**

In FY22/23:

- There were no identified leaks, thefts, or losses of customer data

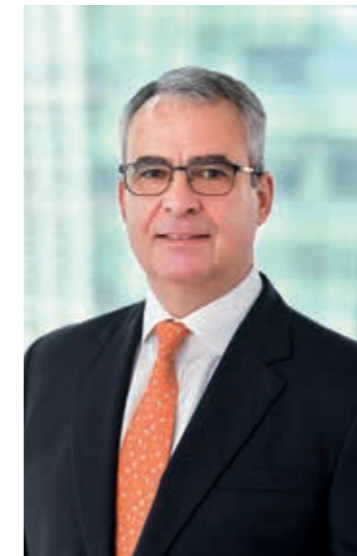
**Supply chain**

**Our approach**

As a global manufacturer with multiple manufacturing locations supplying numerous market segments in different geographic locations, our supply chain is relatively complex and boasts more than 2,200 active direct material suppliers. We are partnering with our suppliers to create positive outcomes for people and planet by extending our sustainability requirements to our supply chain and creating processes and tools to support suppliers on their sustainability journeys.

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

The Group'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.



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As a responsible corporate citizen, we recognize the vital role suppliers play in our sustainable business operations. We are engaging our suppliers in assessing their ESG performance and will support them to take action to improve. By working together, we can achieve our shared vision of a more sustainable future for our planet and future generations.

Robert Allen Gillette  
SVP, Supply Chain Services

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**Performance in FY22/23**

**Sustainable procurement policy**

During the year, our global supply chain team developed and launched a new sustainable procurement policy. The policy requires any employee taking a sourcing or procurement decision to consider suppliers' sustainability performance and carbon emission cost adjustment, alongside traditional criteria such as cost, quality and delivery. It defines ESG requirements for prospective suppliers, sets out how supplier sustainability performance is to be assessed, and puts in place ESG-related KPIs for Johnson Electric's purchasing teams.

**Supplier ESG assessment**

We have partnered with a third-party specialist company, Assent, to assess our suppliers' ESG

performance. Through this process, we have engaged with our top 300 key suppliers (based on commodity priority, spending, country priority and degree of influence, as detailed in last year's sustainability report), analyzed their survey results in detail, and are now working with them to effect improvements according to their overall results for each ESG topic: namely, climate impact, resource usage, human trafficking and slavery, labour rights, diversity, human rights risk, data protection risk, organizational commitment risk and resilience risk.

New suppliers will also be asked to undertake Assent's survey assessment process if they supply commodities that are highly relevant to our ESG priorities, if our customers request that the supplier's ESG performance is assessed, or if other business considerations apply.

**Sustainability training**

Training is an important tool for building sustainability knowledge and capability in both our suppliers and internal teams. All suppliers who participated in the ESG survey were invited to attend Assent's ESG training. We also ran two supplier training sessions for our top 300 suppliers, giving them an overview of Johnson Electric's business, our sustainability approach and our expectations of suppliers. A total of 214 participants attended the training, with an e-training document shared afterwards with all invitees for their future use.

We are also training our purchasing team to collaborate with suppliers to improve our supply chain's sustainability performance.

**Responsible Minerals Management: Conflict Minerals Reporting Template ("CMRT") and Extended Minerals Reporting Template ("EMRT")**

We have partnered with Source Intelligence, 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). 3TG may also be present in items purchased from our suppliers. We endeavour not to purchase products that contain minerals 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.

In March 2022, the Responsible Minerals Initiative (RMI) issued the Extended Minerals Reporting Template to replace the previous Cobalt Reporting Template ("CRT") and Mica Reporting Template ("MRT"). We have improved our mica reporting practice to align with this change.

A responsible minerals supplier FAQ (frequently asked questions) document was prepared and shared with suppliers for training purposes. A responsible minerals e-training course was also created for our internal teams, giving an overview of responsible minerals issues, existing regulations and Johnson Electric's due diligence framework, policy and processes. As of March 2023, 242 active employees have completed the training, including 99 from the Supply Chain Department. The

completion rate in the Supply Chain Department is 99%.

**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.

**Supplier Code of Conduct**

Our Supplier Code of Conduct (the "Supplier Code") requires suppliers to commit to social and environmental responsibility, including human rights, labour rights and ethical behaviour. Every supplier is required to sign and comply with our Supplier Code.

**Supply Chain Sustainability Framework**

	Environment & Products	Employees & Communities	Trust & Transparency
Key elements / Targets	<p><b>1 Climate change – carbon emissions</b></p> <ul style="list-style-type: none"> <li>Reduction of carbon emissions on Scope 3 (suppliers and transportation) by 2030. Measure and set target by 2025</li> </ul>	<p><b>5 Human capital – health and safety</b></p> <ul style="list-style-type: none"> <li>Extend Johnson Electric's safety culture, chemical safety, industrial hygiene initiatives to all suppliers, by 2025</li> </ul>	<p><b>8 Corporate behaviour – business ethics</b></p> <ul style="list-style-type: none"> <li>Extend Johnson Electric's ethics policy to suppliers and to conduct business solely with ethical suppliers</li> </ul>
	<p><b>2 Climate change – energy efficiency</b></p> <ul style="list-style-type: none"> <li>80% of total spending from suppliers using 100% renewable energy, by 2030</li> </ul>	<p><b>6 Controversial sourcing – raw materials</b></p> <ul style="list-style-type: none"> <li>Adopt responsible mineral policy for 3TG* and cobalt by avoiding buying from sources in or associated with conflict zones (suppliers and mining)</li> </ul>	<p><b>9 Corporate behaviour – anti-corruption</b></p> <ul style="list-style-type: none"> <li>Develop and implement a robust supply chain governance system by 2025</li> </ul>
	<p><b>3 Natural resources – raw materials sourcing</b></p> <ul style="list-style-type: none"> <li>Adopt green procurement concepts for sourcing 80% raw materials, by 2030</li> </ul>	<p><b>7 Controversial sourcing – human/labour rights violators</b></p> <ul style="list-style-type: none"> <li>Avoid suppliers who are employing child and/or forced labour</li> </ul>	<p><b>10 Corporate behaviour – risk management</b></p> <ul style="list-style-type: none"> <li>Eliminate high-risk suppliers or help them to reduce risk</li> </ul>
	<p><b>4 Pollution and waste – packaging material</b></p> <ul style="list-style-type: none"> <li>Reduce usage of cardboard and polystyrene by 2030</li> </ul>	<p>* 3TG refers to tin, tantalum, tungsten and gold.</p>	
	<p><b>11 Supplier Code of Conduct</b></p> <ul style="list-style-type: none"> <li>Pledged by 100% of existing suppliers and ensure acceptance by new suppliers</li> </ul>	<p><b>15 Suppliers ESG assessment</b></p> <ul style="list-style-type: none"> <li>Develop and maintain a supplier ESG assessment process, starting with top 300 suppliers in FY21/22</li> </ul>	
	<p><b>12 Supplier terms and conditions</b></p> <ul style="list-style-type: none"> <li>Keep abreast of relevant sustainability requirements</li> </ul>	<p><b>16 Supplier audits</b></p> <ul style="list-style-type: none"> <li>Develop and maintain an audit process by end of FY23/24</li> </ul>	
	<p><b>13 Supplier Assessment Questionnaire (SAQ)</b></p> <ul style="list-style-type: none"> <li>Keep abreast of relevant sustainability requirements</li> </ul>	<p><b>17 Policies &amp; procedures</b></p> <ul style="list-style-type: none"> <li>Document processes of our standard internal operating procedures</li> </ul>	
	<p><b>14 Training</b></p> <ul style="list-style-type: none"> <li>Develop and maintain internal and external supply chain training plans</li> </ul>		

# 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. Since 1 April 2021, performance targets based on sustainability goals have been incorporated in 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 – Sustainable products, Product carbon footprint
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 – Diversity, equity and inclusion
8.6 Substantially reduce the proportion of youth not in employment, education or training	In China 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 – Labour rights, Trust and Transparency – Supply chain
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.	Trust and Transparency – Supply chain  Employees – Health and safety

**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 1,500 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, 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.  15 operating sites in 10 countries operate with 100% renewable electricity, with other sites progressing towards this goal.	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. Our materiality assessment has found that many of our stakeholders are concerned by the risks of unsustainable consumption and production, and deeply interested in the opportunities presented by this SDG.

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 achieved 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 achieved 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 – Material management and use  Environment – Waste
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 well-being 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 well-being 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
3.1 Reduce the global maternal mortality ratio	Our electrodes and circuits for advanced foetal monitoring patches assist doctors in making the best decisions for mother and baby in higher-risk pregnancies.	Products
3.4 Reduce premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	We design and deliver innovative technology solutions for improved patient well-being 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.	Products
	We deploy the necessary resources to protect employees' health and safety from hazardous chemicals and processes and to prevent pollution.	Employees – Health and safety



#### 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	Johnson Electric has committed to set near- and long-term company-wide emissions reductions in line with science-based net zero through the Science Based Targets initiative (“SBTi”). Our near-term target is an absolute reduction in carbon emissions (Scope 1 and 2) of 42% by 2030, using FY20/21 as a baseline (this replaces our previous 25% target). Our long-term target is to reach net-zero value chain carbon emissions no later than 2050, in line with the SBTi Net-Zero Standard, as part of global efforts to limit global warming to 1.5°C. We will also measure our Scope 3 emissions and set targets for reduction. All the above targets are subject to validation and approval by the SBTi.	Environment
	Supporting electric vehicles and energy efficiency are key elements of our product strategy.	Products

# Hong Kong Stock Exchange (“HKEX”) ESG Reporting Guide content index

Relevant targets set by SDG 13	Related strategies	Section of our report
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  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; 34 entities (including all our major sites) are certified under ISO 45001 for occupational health and safety management systems; and 11 entities (including all our major sites) certified ISO 50001 for energy management systems.	Products, Environment, Employees – Health and safety
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 well-being 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 – Corporate governance, Communities

Environmental, social and governance reporting guide	Sections / notes	
<b>Mandatory Disclosure Requirements</b>		
<p>A statement from the board containing the following elements:</p> <p>(i) a disclosure of the board's oversight of ESG issues;</p> <p>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and</p> <p>(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.</p>	Our approach to sustainability, Trust and Transparency	
<b>Governance structure</b>		
<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>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.</p> <p>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.</p> <p>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.</p>	Materiality: Trust and Transparency  Quantitative: this section, About this report, Key performance indicators  Consistency: We are disclosing SASB standards for the first time this year. There is no significant change to the methods nor KPIs used. The exceptions of the calculation of the KPIs have been stated in the footnote in the key performance indicators.	
<b>Reporting principles</b>		
<p>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.</p>	About this report	
<b>Reporting boundary</b>		
<b>A. Environmental</b>		
<b>Aspects A1: Emissions</b>		
<b>General disclosure</b>	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
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Environment, Key performance indicators
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Environment – Energy and climate, Key performance indicators
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environment – Waste, Key performance indicators  NB. We disclose the absolute amount of hazardous waste but we do not disclose the intensity of hazardous waste produced.



Environmental, social and governance reporting guide		Sections / notes
		Environment – Waste, Key performance indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity.	NB. We disclose the absolute amount of non-hazardous waste and waste to disposal intensity but we do not disclose the intensity of non-hazardous waste produced.
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
<b>Aspects A2: Use of resources</b>		
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.
<b>Aspects A3: The environment and natural resources</b>		
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
<b>Aspect A4: Climate change</b>		
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

Environmental, social and governance reporting guide		Sections / notes
<b>B. Social – Employment and labour practices</b>		
<b>Aspect B1: Employment</b>		
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
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
<b>Aspect B2: Health and safety</b>		
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
<b>Aspect B3: Development and training</b>		
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
<b>Aspect B4: Labour standards</b>		
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>Aspect B5: Supply chain management</b>		
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 indicator 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

Environmental, social and governance reporting guide		Sections / notes
<b>B. Social – Operating practices</b>		
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
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
<b>Aspect B6: Product responsibility</b>		
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
<b>Aspect B7: Anti-corruption</b>		
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>B. Social – Community</b>		
<b>Aspect B8: Community Investment</b>		
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 2022 to 31 March 2023 in accordance with the GRI Standards.			
GRI 1 used	GRI 1: Foundation 2021			
GRI Standard	Disclosure	Location / Description	Page no.	
<b>General Disclosures</b>				
<b>The organization and its reporting practices</b>				
GRI 2: General Disclosures 2021	2-1	Organizational details	Consolidated Financial Statements	Annual Report 2023 page 101 to 211
	2-2	Entities included in the organization’s sustainability reporting	About this report, Consolidated Financial Statements	Page 141; Annual Report 2023 page 101 to 211
	2-3	Reporting period, frequency and contact point	Johnson Electric issues a sustainability report annually, which covers the period from 1 April 2022 to 31 March 2023. Our contact email can be found in About this report	Page 141
	2-4	Restatements of information	No restatement has been made in the reporting period	
	2-5	External assurance	Verification statement	Page 140
<b>Activities and workers</b>				
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	About Johnson Electric, Products, Trust and Transparency – Supply chain	Page 8-9, 16-41, 99-101
	2-7	Employees	Employees, Key performance indicators	Page 58-81, 126-129
	2-8	Workers who are not employees	NB. There were no significant fluctuations in the number of employees during the reporting period and between reporting periods.  Contingent workers are individuals who are not employees but are engaged by third parties to perform services for our company, functioning much like employees. In FY22/23, there were 4,225 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.	Page 126-129

GRI Standard	Disclosure	Location / Description	Page no.
<b>Governance</b>			
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Corporate Governance Report 2023 Annual Report 2023 page 75 to 88 Page 91-94
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report 2023 Annual Report 2023 page 75 to 88
	2-11	Chair of the highest governance body	Corporate Governance Report 2023
	2-12	Role of the highest governance body in overseeing the management of impacts	Our approach to sustainability, Trust and Transparency – Corporate governance Page 10-15, 91-94
	2-13	Delegation of responsibility for managing impacts	Our approach to sustainability, Trust and Transparency – Corporate governance Page 10-15, 91-94
	2-14	Role of the highest governance body in sustainability reporting	Trust and Transparency – Corporate governance Page 91-94
	2-15	Conflicts of interest	Corporate Governance Report 2023 Annual Report 2023 page 75 to 88
	2-16	Communication of critical concerns	Trust and Transparency – Corporate governance, Appendix 1: Stakeholder communication channels Page 91-94, 132
	2-17	Collective knowledge of the highest governance body	Profile of Directors and Senior Management Trust and Transparency – Corporate governance Annual Report 2023 page 214 to 217; Page 91-94
	2-18	Evaluation of the performance of the highest governance body	Annual Report 2023 page 75 to 88
	2-19	Remuneration policies	Corporate Governance Report 2023
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	Not applicable as it is not a material topic
	<b>Strategy, policies and practices</b>		
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Message from the Chairman and Chief Executive, Our approach to sustainability Page 6-7, 10-15
	2-23	Policy commitments	Products, Environment, Employees, Communities, Trust and Transparency and Sustainable Development Goals Page 16-108
	2-24	Embedding policy commitments	Products, Environment, Employees, Communities, Trust and Transparency, Sustainable Development Goals and Corporate Governance Report Page 16-108; Annual Report page 75 to 88
	2-25	Processes to remediate negative impacts	Trust and Transparency – Corporate governance and Ethics Page 91-96
	2-26	Mechanisms for seeking advice and raising concerns	Trust and Transparency Page 88-101
	2-27	Compliance with laws and regulations	Environmental compliance, Trust and Transparency – Compliance, Key performance indicator Page 45, 96, 130-131

GRI Standard	Disclosure	Location / Description	Page no.	
	2-28	Membership associations	Information is now being consolidated	
<b>Stakeholder engagement</b>				
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Trust and Transparency – Corporate governance, Appendix 1: Stakeholder communication channels Page 91-94, 132	
	2-30	Collective bargaining agreements	Employees – Labour right Page 80-81	
<b>Material Topics</b>				
GRI3: Material Topics 2021	3-1	Process to determine material topics	Trust and Transparency – Corporate governance Page 91-94	
	3-2	List of material topics		
<b>Energy and climate</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environment Page 42-57	
	302-1	Energy consumption within the organization	Environment – Energy and climate, Key performance indicators NB. We do not have energy consumption for cooling, nor for energy sold from heating, cooling or steam. Page 47-51, 123-125	
	302-2	Energy consumption outside of the organization	We are committed to measuring carbon emissions in our supply chain (Scope 3). This addresses energy consumption outside of the organization by encouraging suppliers to shift to renewable energy and/or improve energy efficiency.	
	302-3	Energy intensity	Environment – Energy and climate, Key performance indicators Page 47-51, 123-125	
	302-4	Reduction of energy consumption	Environment – Energy and climate, Key performance indicators	
	302-5	Reductions in energy requirements of products and services	Products Page 16-41	
	GRI 302: Energy – 2016	305-1	Direct (Scope 1) GHG emissions	Environment – Energy and climate, Key performance indicators Page 47-51, 123-125
		305-2	Energy indirect (Scope 2) GHG emissions	Environment – Energy and climate, Key performance indicators Page 47-51, 123-125
	GRI 305: Emissions – 2016	305-3	Other indirect (Scope 3) GHG emissions	We are committed to measuring carbon emissions in our supply chain (Scope 3). We will set targets for carbon reduction action for our top suppliers, and gradually extend this to all suppliers.
		305-4	GHG emissions intensity	Key performance indicators Page 123-125
		305-5	Reduction of GHG emissions	Environment – Energy and climate, Key performance indicators Page 47-51, 123-125
		305-6	Emissions of ozone-depleting substances (“ODS”)	Key performance indicators Page 123-125

GRI Standard	Disclosure	Location / Description	Page no.
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Environment – Emissions, Key performance indicators Page 56, 123-125
<b>Waste</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Environment – Waste Page 52-53
	306-1	Waste generation and significant waste-related impacts	Environment – Waste
	306-2	Management of significant waste-related impacts	Environment – Waste
GRI 306: Waste – 2020	306-3	Waste generated	Environment – Waste, Key performance indicators Page 52-53, 123-125
	306-4	Waste diverted from disposal	Environment – Waste, Key performance indicators
	306-5	Waste directed to disposal	Environment – Waste, Key performance indicators
<b>Sustainable products</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Sustainable products Page 23-24
<b>Product carbon footprint</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product carbon footprint Page 24
<b>Product quality</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product quality and product safety Page 25-26
<b>Product safety</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product quality and product safety Page 25-26
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 Page 25-26
	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 Page 25-26, 125
<b>Health and safety</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Health and safety Page 61-73
GRI 403: Occupational Health and Safety – 2018	403-1	Occupational health and safety management system	Employees – Health and safety
	403-2	Hazard identification, risk assessment, and incident investigation	Employees – Health and safety
	403-3	Occupational health services	Employees – Health and safety

GRI Standard	Disclosure	Location / Description	Page no.
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employees – Health and safety
	403-5	Worker training on occupational health and safety	Employees – Health and safety
	403-6	Promotion of worker health	Employees – Health and safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employees – Health and safety
	403-8	Workers covered by an occupational health and safety management system	Employees – Health and safety, Key performance indicators Page 61-73, 126-129
	403-9	Work-related injuries	Employees – Health and safety, Key performance indicators
	403-10	Work-related ill health	Employees – Health and safety, Key performance indicators
<b>Talent attraction and retention</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Talent attraction and retention Page 74-75
	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-level wage to male and female workers.
GRI 202: Market Presence – 2016			Approximately 92% of our top 200 executives are local employees. Local employees are defined as employees holding 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 management members in our significant non-corporate/regional headquarter locations consist of local nationals or permanent residents.
	202-2	Proportion of senior management hired from the local community	
<b>Training and development</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Training and development Page 75-76

GRI Standard	Disclosure	Location / Description	Page no.	
GRI 404: Training and Education – 2016	404-1	Average hours of training per year per employee	Employees – Training and development, Key performance indicators	Page 75-76, 126-129
	404-2	Program for upgrading employee skills and transition assistance program	Employees – Training and development	Page 75-76
	404-3	Percentage of employees receiving regular performance and career development reviews	Key performance indicators	Page 126-129
<b>Diversity, equity and inclusion</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Diversity, equity and inclusion	Page 77-78
GRI 405: Diversity and Equal Opportunity – 2016	405-1	Diversity of governance bodies and employees	Employees – Diversity, equity and inclusion, Key performance indicators	Page 77-78, 126-129
	405-2	Ratio of basic salary and remuneration of women to men	Key performance indicators	Page 126-129
GRI 406: Non-Discrimination – 2016	406-1	Incidents of discrimination and corrective actions taken	Key performance indicators	Page 126-129
<b>Communication</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Communication	Page 79
<b>Community engagement</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Communities	Page 82-87
GRI 413: Local Communities – 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Communities, Key performance indicators	Page 82-87, 129
<b>Corporate governance</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Corporate governance	Page 91-94
<b>Compliance</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Compliance	Page 96
<b>Ethics</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Ethics	Page 95-96
GRI 205: Anti-Corruption – 2016	205-1	Operations assessed for risks related to corruption	Trust and Transparency – Ethics	

GRI Standard	Disclosure	Location / Description	Page no.	
	205-2	Communication and training about anti-corruption policies and procedures	Trust and Transparency – Ethics, Key performance indicators	Page 95-96, 130-131
	205-3	Confirmed incidents of corruption and actions taken	NB. We do not comment on the specific nature of such incidents until charges are preferred.	
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Trust and Transparency – Ethics, Key performance indicators	Page 95-96, 130-131
<b>Supply chain</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and Transparency – Supply chain	Page 99-101
GRI 204: Procurement Practices – 2016	204-1	Proportion of spending on local suppliers	Key performance indicators	Page 130-131
			NB. Services spending has not been included as it falls outside the scope of our major business activities.	
GRI 308: Supplier Environmental Assessment – 2016	308-1	New suppliers that were screened using environmental criteria	New suppliers are not pre-screened via the same ESG survey used to assess existing key suppliers. However, compliance with ESG-related laws is mandated by our supplier terms and conditions, which govern all purchasing orders. All direct material suppliers are provided with our Supplier Code of Conduct. Environment-related questions are also included in our existing supplier assessment questionnaire (“SAQ”) which applicable suppliers are required to answer. Furthermore, we are working to enhance new supplier screening using environmental criteria.	
			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 FY21/22, we identified 24 suppliers whose environmental impact scores were notably lower than that of their peers. We will work with these 24 suppliers to identify gaps and plan for improvements.	
	308-2	Negative environmental impacts in the supply chain and actions taken		

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 are not pre-screened via the same ESG survey used to assess existing key suppliers. However, compliance with ESG-related laws is mandated by our supplier terms and conditions, which govern all purchasing orders. All direct material suppliers are provided with our Supplier Code of Conduct. Social-related questions are also included in our existing supplier assessment questionnaire ("SAQ"), which applicable suppliers are required to answer. Furthermore, we are working to enhance new supplier screening using social criteria.
	414-2	Negative social impacts in the supply chain and actions taken	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 FY21/22, we identified 17 suppliers whose social impact scores were notably lower than that of their peers. We will work with these 17 suppliers to identify gaps and plan improvements.

# 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.
<b>Sustainability disclosure topics</b>			
<b>Energy management</b>			
TR-AP-130a, RT-IG-130a.1	Total energy consumed	Key performance indicators	Page 123-125
	Percentage grid electricity		
	Percentage renewable		
<b>Waste management</b>			
TR-AP-150a.1	Total amount of waste from manufacturing	Key performance indicators	Page 123-125
	Percentage hazardous		
	Percentage recycled		
<b>Product safety</b>			
TR-AP-250a.1	Number of recalls issued; total units recalled	Key performance indicators	Page 125
<b>Design for fuel efficiency</b>			
TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Currently not reported	
<b>Materials sourcing</b>			
TR-AP-440a.1, RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Currently not reported	
<b>Materials efficiency</b>			
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		
<b>Employee health and safety</b>			
RT-IG-320a.1	Total recordable incident rate	Key performance indicators	Page 126-129
	Fatality rate		
	Near miss frequency rate		
<b>Fuel Economy and emissions in use-phase</b>			
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 nor mentioned 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.
<b>Sustainability disclosure topics</b>			
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 nor mentioned engines.	
<b>Competitive behaviour</b>			
TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Key performance indicators	Page 130-131
<b>Activity metrics</b>			
TR-AP-000.A	Number of parts produced		
TR-AP-000.B	Weight of parts produced	Currently not reported	
RT-IG-000.A	Number of units produced by product category		
TR-AP-000.C	Area of manufacturing plants	1,300,000 m <sup>2</sup>	
RT-IG-000.B	Number of employees	Key performance indicators	Page 126-129

# Key performance indicators

## Environment

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Total energy consumption within the organization	2,962,152	2,849,356	2.63 million	GJ	GRI 302-1, A2.1, TR-AP-130a.1, RT-IG-130a.1	48-49
Percentage of energy consumed from grid electricity <sup>2</sup>	83.2	Not available	Not available	%	TR-AP-130a.1, RT-IG-130a.1	–
Percentage of renewable energy in total energy consumption (excluding grid mix renewable electricity)	21.6	6.3	Not available	%	TR-AP-130a.1, RT-IG-130a.1	48-49
Percentage of renewable energy in total energy consumption (including grid mix renewable electricity)	39.7	32.6	Not available	%		48-49
Total fuel consumption from non-renewable sources	2,322,021	1,919,657				
Electricity	1,825,254	1,417,169				
Natural gas	460,860	463,155				
Steam	8,715	10,126				
Liquefied petroleum gas	6,766	4,172	Not available	GJ	GRI 302-1, A2.1	48
Gasoline	5,665	6,426				
Diesel	4,896	6,539				
District heating	3,388	Not available				
Others <sup>3</sup>	6,477	12,070				
Total fuel consumption from renewable sources (excluding grid mix renewable electricity)	640,131	Not available	Not available	GJ	GRI 302-1	–
Total fuel consumption from renewable sources (including grid mix renewable electricity)	1,175,824	929,699	Not available	GJ	GRI 302-1	–
Total renewable electricity sold <sup>4</sup>	1,111	Not available	Not available	GJ	GRI 302-1	–
Energy intensity within the organization <sup>5</sup>	812.4	826.8	832.3	GJ / US\$ million sales	GRI 302-3, A2.1	48-49
Reductions in energy consumption as a direct result of conservation and efficiency initiatives <sup>6</sup>	8,230	17,340	Not available	GJ	GRI 302-4	48-49, 51
Total carbon emissions (Scope 1 and Scope 2)	245	320	309	kt CO <sub>2</sub> eq.	A1.1 / A1.2	48-49
Direct carbon emissions (Scope 1) <sup>7,8</sup>	27	28	26	kt CO <sub>2</sub> eq.	GRI305-1, A1.1 / A1.2	48-49
Indirect carbon emissions (Scope 2) <sup>7,8</sup>	218	292	283	kt CO <sub>2</sub> eq.	GRI305-2, A1.1 / A1.2	48-49
Carbon emissions intensity (Scope 1 and Scope 2)	67.2	92.8	97.8	t CO <sub>2</sub> eq. / US\$ million sales	GRI305-4, A1.1 / A1.2	–

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Carbon emissions intensity (Scope 1 and Scope 2) reduction	25.6	5.0	2.1	t CO <sub>2</sub> eq. / US\$ million sales	–	–
Reduction in carbon emissions (Scope 1 and Scope 2) as a direct result of reduction initiatives <sup>9</sup>	76.31	2.77	Not available	kt CO <sub>2</sub> eq.	GRI305-5	48-51
Total water consumption	2,580	2,780	2,729			
By water type						
Process water	338	306	295			
Domestic water	2,242	2,474	2,434			
By countries water stress level				kt	GRI303-5, A2.2	54
High stress	38.0	35.3	Not available			
Medium stress	6.0	5.1	Not available			
Low stress	2,341.0	2,555.4	Not available			
No stress	195.0	184.2	Not available			
Water consumption intensity	0.71	0.81	0.87	kt / US\$ million sales	A2.2	54
Total wastewater discharged	2,276	2,452	2,405			
Process wastewater	274	251	244	kt	GRI303-4	–
Domestic wastewater	2,002	2,201	2161			
Air emissions	52.5	75.4	39			
Volatile organic compounds (VOC)	34.3	52.2	34.5			
Nitrogen oxides (NOx)	11.1	Not available	Not available			
Particulate matter (PM)	5.2	15.4	2.6	t	GRI305-7	56
Sulphur oxides (SOx)	0.1	0.3	0.1			
Persistent organic pollutants	-	Not available	Not available			
Hazardous air pollutants	-	Not available	Not available			
Others <sup>10</sup>	1.8	7.5	1.8			
Production, imports, and exports of ODS	Zero	Not available	Not available	tonnes of CFC-11 eq	GRI 305-6	–
Total waste generated	110,075	108,496	96,099			
Hazardous waste produced	9,545	9,320	8,708		GRI306-3, A1.3, A1.4	
Non-hazardous waste produced	100,530	99,176	87,391	t		52-53
Manufacturing waste	103,858	Not available	Not available		TR-AP-150a.1	
Non-manufacturing waste <sup>11</sup>	6,217	Not available	Not available			
Percentage of waste hazardous	8.7	8.6	9.1	%	TR-AP-150a.1	52-53
Total waste recycled	102,727	91,035	81,835			
Hazardous waste recycled	8,306	Not available	Not available	t	GRI306-4, A1.3	52-53
Non-hazardous waste recycled	94,421	91,035	81,835			
Percentage of waste recycled	93.3	83.9	85.2	%	TR-AP-150a.1	52-53
Absolute waste to disposal <sup>12</sup>	7,348	17,461	14,264	t	GRI306-5	–
Waste to disposal intensity <sup>12</sup>	2.0	5.1	4.5	t / US\$ million sales	GRI306-5	–
Percentage of waste to landfill	1	Not available	Not available	%	–	53

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Total waste generation intensity	30.2	31.5	30.4	t / US\$ million sales	–	53
Total weight of hazardous waste directed to disposal, by disposal operations	1,239					
Incineration (with energy recovery)	604	Not available	Not available	t	GRI306-5	–
Incineration (without energy recovery)	503					
Landfilling	132					
Total weight of non-hazardous waste directed to disposal, by disposal operations	6,109					
Incineration (with energy recovery)	951	Not available	Not available	t	GRI306-5	–
Incineration (without energy recovery)	4,095					
Landfilling	1,063					

<sup>1</sup> Some data for FY20/21 and FY21/22 are not available due to the corresponding indicators being newly introduced in FY22/23.

<sup>2</sup> Percentage calculated as purchased grid electricity consumption (both renewable and non-renewable) divided by total energy consumption.

<sup>3</sup> District heating is 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.

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

<sup>5</sup> The baseline for energy intensity is 827.1 GJ/US\$ million sales in FY19/20.

<sup>6</sup> In Shajing, China, we implemented 11 energy saving projects in FY22/23, saving 2,286,136 kWh, equal to 8,230 GJ. There were also further global energy saving initiatives implemented in FY22/23 which have not been included in our energy saving disclosure. We will improve our tracking mechanism for energy saving initiatives in next the fiscal year.

<sup>7</sup> 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.

<sup>8</sup> Direct carbon emissions (Scope 1) refer to the direct emission of CO<sub>2</sub> eq. from the combustion of fossil fuels, including natural gas, diesel, liquefied petroleum gas, gasoline and heating oil. Indirect carbon emissions (Scope 2) refer to the indirect emission of CO<sub>2</sub> eq. from purchased electricity, steam and district heating.

<sup>9</sup> 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 FY22/23. Compared with the prior year, we saved 75 kt CO<sub>2</sub> eq. as a result of using renewable electricity, while in Shajing, China, we implemented 11 energy saving projects in FY22/23, saving 2,286,136 kWh, equal to 1.31kt CO<sub>2</sub> eq.

<sup>10</sup> Other air emissions included tin and its compounds, hydrogen chloride mist, fluoride, sulphuric acid mist and copper.

<sup>11</sup> Non-manufacturing waste include medical waste, general waste and food waste.

<sup>12</sup> 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 and were able to identify hazardous waste according to its recyclability. The absolute waste to disposal included 1,239 tonnes of non-recycled hazardous waste and 6,109 tonnes of non-recycled non-hazardous waste.

## Products

Items	FY22/23	FY21/22	FY20/21	Unit	GRI / HKEX / SASB	Page no.
Number and percentage of total products sold or shipped subject to recalls for health and safety reasons	Zero (0)	Zero (0)	Zero (0)	no. (%)	GRI416-2, B6.1, TR-AP-250a.1	26
Number of valid product- and service-related complaints received	971	993	853	cases	B6.2	26
Cost of packaging materials incurred <sup>13</sup>	32.9	30.8	29.9	US\$ million	A2.5	–

<sup>13</sup> Our target is to minimize total spending on packaging materials rather than the weight of packaging materials for finished goods.



Employees<sup>14</sup>

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Total workforce <sup>15</sup>	35,554	38,511	39,442	no.	GRI 2-7, B1.1, RT-IG-000.B	74
Total workforce, by gender						
Male	59	61	59	%	GRI 2-7, GRI 405-1, B1.1	77
Female	41	39	41			
Total workforce, by region						
Asia	70	72	74			
Europe	16	16	15	%	GRI 2-7, B1.1	74
Americas	14	12	11			
Total workforce, by age						
Under 30 years old	22	21	28			
30 – 50 years old	67	66	63	%	GRI 405-1, B1.1	–
Over 50 years old	11	13	9			
Total workforce, by contract type <sup>16</sup>						
Full time	99.6	99.5				
Male: Female	59:41	61:39				
Asia: Europe: Americas	68:17:15	71:16:13	Not available	%	GRI 2-7, B1.1	–
Part-time	0.4	0.5				
Male: Female	54:46	45:55				
Asia: Europe: Americas	3:79:18	9: 78 :13				
Total workforce, by employment role <sup>17</sup>						
Manufacturing operators	60	63	64			
Technicians and other operational and administrative support	25	23	22	%	B1.1	–
Individual contributor / supervisory	12	11	11			
Managerial	3	3	3			
Managerial positions, by gender						
Male	81	81	81	%	GRI 405-1	–
Female	19	19	19			
Individuals within the organization's governance bodies, by gender						
Male	64	73	73	%	GRI 405-1	–
Female	36	27	27			
Individuals within the organization's governance bodies, by age group						
Under 30 years old	0	0	0			
30 – 50 years old	9	9	9	%	GRI 405-1	–
Over 50 years old	91	91	91			

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Turnover rate, excluding manufacturing operators in China <sup>18</sup>						
By gender						
Male	23.2	12.0	11.6			
Female	24.7	5.0	11.0			
By region						
Asia	14.1	17.5	11.8			
Europe	29.8 <sup>19</sup>	14.9	9.6			
Americas	37.6 <sup>20</sup>	23.4	12.1	%	B1.2	–
Global	24.0	17.8	11.4			
By age						
Under 30 years old	44.8	32.5	22.1			
30 – 50 years old	17.8	15.7	9.3			
Over 50 years old	17.9	11.6	8.3			
Total	24.0	17.8	11.4			
Turnover rate, including manufacturing operators in China <sup>18</sup>						
By gender						
Male	71.7					
Female	48.5					
By region						
Asia	77.1					
Europe	30.0					
Americas	37.8	Not available	Not available	%	B1.2	–
Global	62.1					
By age						
Under 30 years old	142.4					
30 – 50 years old	49.1					
Over 50 years old	18.8					
Total	62.1					
Total number of incidents of discrimination	Zero	Zero	Not available	cases	GRI406-1	–
Percentage of eligible employees who received a regular performance and career development review <sup>21</sup>						
By gender	100	100	Not available	%	GRI404-3	–
By employee category	100	100	Not available			
Gender pay gap (ratio of the basic salary and remuneration of women to that of men) <sup>22</sup>						
By employment role						
Manufacturing operators	83:100					
Technicians and other operational and administrative support	69:100					
Individual contributor / supervisory	78:100					
Managerial	85:100	Not available	Not available	%	GRI405-2	–
By region						
Asia	65:100					
Europe	41:100					
Americas	64:100					
Global	58:100					

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Total training hours <sup>23</sup>	243,947	179,000	114,000	hours	GRI 404-1, B3.1	–
Percentage of employee received training	43.6	32.0	35.9			
By gender						
Male	44.9	32.4	Not available			
Female	41.6	31.3	Not available			
By employment roles				%	GRI 404-1, B3.1	–
Manufacturing operators	30.2	21.9	24.6			
Technicians and other operational and administrative support	73.8	33.2	48.9			
Individual contributor / supervisory	33.0	65.4	56.2			
Managerial	100	100	100			
Average training hours per employee	6.9	4.7	2.9			
By gender						
Male	8.8	5.5	Not available			
Female	4.0	3.4	Not available			
By employment role				hours	GRI404-1, B3.2	76
Manufacturing operators	4.1	4.0	1.9			
Technicians and other operational and administrative support	14.7	4.0	3.7			
Individual contributor / supervisory	4.0	7.1	5.9			
Managerial	9.0	13.6	8.0			
Number of sites certified with ISO 45001	34	34	Not available	no.	GRI403-8	73
Number of work-related fatalities	Zero	Zero	1	cases	GRI403-9, B2.1	64-65
Work-related fatalities rate	Zero	Zero	0.002	per 100 employees	GRI403-9, B2.1, RT-IG-320a.1	–
Lost-time accidents <sup>24</sup>	40	47	53	cases	GRI403-9, B2.2	64-65
Lost-time accident rate <sup>25</sup>	0.08	0.10	0.11	per 100 employees	GRI403-9, B2.2	64-65
Number of lost days	1,582	1,414	2,580	days	B2.2	–
Number of recordable injuries <sup>26</sup>	78	95	125	cases	GRI403-9, B2.2	64-65
Recordable injury frequency <sup>27</sup>	0.17	0.20	0.26	per 100 employees	GRI403-9, B2.2, RT-IG-320a.1	64-65
Number of near misses communicated <sup>27,28</sup>	782	387	Not available	cases	RT-IG-320a.1	64-65
Near miss frequency rate <sup>27,28</sup>	1.66	Not available	Not available	per 100 employees	RT-IG-320a.1	–

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Number of work-related ill health	4	8	13	cases	GRI403-10	–
Number of hours worked	94,312,048	97,263,445	97,225,639	hours	GRI403-9	–

<sup>14</sup> Workforce and related data as of 31 March, 2023 or for the 12 months ending on that date.

<sup>15</sup> Total workforce includes employees and contingent workers at all sites.

<sup>16</sup> Total workforce by contract type includes employees only.

<sup>17</sup> Total workforce by employment type excludes operating sites in Changchun, Chengdu, Shanghai Malu, Yantai and Zhengzhou in China.

<sup>18</sup> 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. In the previous years, turnover rate figures excluded the manufacturing operators in China (Changchun, Chengdu, Jiangmen, Nanjing, Shajing, Shanghai, and Yantai). This year, we have two turnover rate indicators that show the figures with and without manufacturing operators. Additionally, our turnover rate by gender excludes operating sites in Changchun, Chengdu, Shanghai Malu, Yantai, and Zhengzhou in China.

<sup>19</sup> Including the closure of the Ozd manufacturing plant in Hungary, our turnover rate in Europe was 29.8% in FY22/23. However, without factoring in this closure, our turnover rate would have been 19.9% in FY22/23.

<sup>20</sup> In FY22/23, we observed an increase in turnover among our manufacturing operators in the United States. This was largely due to the post-pandemic impact, with the United States experiencing record-low unemployment levels and historically high job availability, leading to greater job mobility. However, we are pleased to report that the situation has since returned to normal.

<sup>21</sup> Eligible employees includes 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.

<sup>22</sup> Pay gap by employment role excludes operating sites in Changchun, Chengdu, Shanghai Malu, Yantai and Zhengzhou in China.

<sup>23</sup> Training hours increased substantially in FY22/23 due to the expanded audience for the Code of Ethics and Business Conduct training, the introduction of the Johnson Electric Baccalaureate program, large-scale IT training program implementations, and new training for sales, finance, and human resources.

<sup>24</sup> Lost-time accidents refers to recordable injuries with lost time of more than one working day.

<sup>25</sup> Lost-time accident rate is defined as lost-time accidents per 100 employees working each year. To calculate the lost-time accident rate, the number of lost-time accidents is first multiplied by 200,000 and then divided by the total hours worked.

<sup>26</sup> Recordable injuries include all injuries except first-aid cases as defined by US OSHA regulations.

<sup>27</sup> Recordable injury frequency is calculated as the number of recordable injuries per 100 employees working each year, while near miss frequency rate is calculated as the number of near miss cases per 100 employees working each year. To calculate the recordable injury frequency or near miss frequency rate, the number of recordable injuries or near misses communicated is first multiplied by 200,000 and then divided by the total hours worked.

<sup>28</sup> Proper communication of near miss cases makes us better equipped to spot potential hazards, suggest improvements and develop a safety prevention culture.

## Communities

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Percentage of operations that have implemented local community engagement, impact assessments, and/or development programs <sup>29</sup>	100	100	Not available	%	GRI413-1	–

<sup>29</sup> Our JGenerations community engagement initiative is in place at all our operating sites.

### Trust and Transparency

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Significant instances of non-compliance with laws and regulations <sup>30</sup>	Zero	Zero	Not available	cases	GRI2-27	–
Number of legal cases regarding corrupt practices						
Brought against Johnson Electric	Zero	Zero	Zero	cases	GRI205-3, B7.1	96
Brought against employees	1	Zero	Zero	cases		
Total number of employees that have received training on anti-corruption <sup>31</sup>	5,990	1,389	Not available	no.	GRI205-2	90, 96
Percentage of employees that have received training on anti-corruption <sup>31</sup>	16.8	3.6				
By employment role						
Manufacturing operators	0.1	0.2				
Technicians and other operational and administrative support	42.4	2.4				
Individual contributor / supervisory	27.9	16.7	Not available	%	GRI205-2	–
Managerial	100	36.1				
By region						
Asia	14.2	3.6				
Americas	17.3	4.5				
Europe	28.3	3.1				
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	11 (100)					
Executive Committee (excluding executive directors)	7 (100)	Not available	Not available	no. (%)	GRI205-2	–
Total amount of monetary losses resulting from legal proceedings associated with anti-competitive behaviour regulations	Zero	Zero	Not available	US\$ million	TR-AP-520a.1	–
Legal and regulatory actions related to anti-competitive behaviour, anti-trust, and monopoly practices	Zero	Zero	Not available	cases	GRI206-1	–
Number of suppliers assessed for environmental impacts	289	200	Not available	no.	GRI308-2, B5.2	99
Number of suppliers assessed for social impacts	289	200	Not available	no.	GRI414-2, B5.2	99

Items	FY22/23	FY21/22 <sup>1</sup>	FY20/21 <sup>1</sup>	Unit	GRI / HKEX / SASB	Page no.
Suppliers by region <sup>32</sup>						
Asia	40	42	42			
Europe	40	37	37	%	B5.1	–
Americas	20	21	21			
Proportion of spending on local suppliers <sup>32,33</sup>						
Asia	84.2	94.8				
Europe	87.8	83.3	Not available	%	GRI204-1	–
Americas	83.5	84.6				
Total number and percentage of suppliers to whom the organization's anti-corruption policies and procedures have been communicated, by region <sup>34,35</sup>						
Asia	721 (69)	673 (59)				
Europe	303 (39)	270 (43)	Not available	no. (%)	GRI205-2	–
Americas	387 (81)	495 (95)				

<sup>30</sup> There were no significant instances of non-compliance with laws and regulations.

<sup>31</sup> Anti-corruption training is also included in our 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 employees and they were required to complete an online training module in addition to signing the declaration acknowledging our anti-corruption policy.

<sup>32</sup> Due to limited resources and manual collection, data from sites in Changchun, Chengdu, Shanghai Malu, Nanjing, Wuxi in China and Yokneam in Israel have not been collected at the time of reporting. Systematic integration is ongoing and data expected to be available from FY23/24.

<sup>33</sup> Proportion of spending on local suppliers is calculated by number of regionally-based suppliers divided by total number of suppliers in the region.

<sup>34</sup> Due to limited resources and manual collection, data from Wuxi, Nanjing in China and Yokneam in Israel were not included in the calculation. Systematic integration is ongoing and data expected to be available from FY23/24.

<sup>35</sup> Percentage of suppliers to whom our anti-corruption policies and procedures have been communicated is calculated by number of suppliers who have acknowledged our Supplier Code of Conduct divided by total number of suppliers in the region.

# Appendix 1: Stakeholder communication channels

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

# Appendix 2: ISO 14001, ISO 45001 and ISO 50001 certification status

The following list indicates the certification status of ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System and ISO 50001 Energy Management System acquired by Johnson Electric Group companies.

Area	Location	Organization	ISO 14001	ISO 45001	ISO 50001
The Americas	Vandalia, USA	Johnson Medtech LLC	Yes	–	–
		Parlex USA LLC	Yes	–	–
		Saia-Burgess LLC	Yes	–	–
	Springfield, USA	Saia-Burgess Automotive Actuators LLC	Yes	Yes	–
	Mississauga, Canada	Stackpole International Powder Metal, Ltd., Mississauga Facility	Yes	–	–
		Stackpole International Engineered Products, Ltd., Mississauga Facility	Yes	Yes	–
	Ancaster, Canada	Stackpole International Engineered Products, Ltd., Ancaster Facility	Yes	Yes	–
		Stackpole International Powder Metal, Ltd., Ancaster Facility	Yes	–	–
	Stratford, Canada	Stackpole International Powder Metal, Ltd., Stratford Facility	Yes	–	–
	Buenos Aires, Argentina	M.M.A. (Manufactura De Motores Argentinos) S.r.l.	Yes	–	–
The Middle East	Zacatecas, Mexico	Johnson Electric Group Mexico, S.de R.L. de C.V.	Yes	–	–
	Arujá, Brazil	Johnson Electric Automotivo Brasil Ltda.	Yes	–	–
	Yokneam, Israel	Nanomotion Ltd.	Yes	–	–
Europe	Izmir, Türkiye	Stackpole International Otomotiv Urunleri Limited Sirketi	Yes	Yes	–
	Saint Remy, France	Johnson Electric Saint Remy SAS	Yes	Yes	–
	Hirson, France	AML Systems SAS	Yes	Yes	–
	Hatvan, Hungary	Johnson Electric Hungary Kft.	Yes	Yes	–
	Asti, Italy	Johnson Electric Asti S.r.l.	Yes	Yes	–
	Niš, Serbia	Johnson Electric Doo Niš	Yes	Yes	Yes
	Öhringen, Germany	E. Zimmermann GmbH	Yes	–	–
	Murten, Switzerland	Johnson Electric International AG	Yes	Yes	–
	Bedzin, Poland	Johnson Electric Poland Sp. z o.o.	Yes	Yes	–
	Aachen, Germany	Stackpole Powertrain International GmbH	Yes	Yes	–

Area	Location	Organization	ISO 14001	ISO 45001	ISO 50001
Asia Pacific	Shajing, China	Hwa Sun (Guangdong) Co Ltd	Yes	Yes	Yes
		Hwa Sun (Guangdong) Co Ltd Shenzhen Branch	Yes	Yes	Yes*
		Hwa Sun (Guangdong) Co Ltd Shenzhen 2nd Branch	Yes	Yes	Yes*
		Johnson Medtech (Shenzhen) Co Ltd	Yes	Yes	Yes*
		Johnson Electric (Guangdong) Co., Ltd.	Yes	Yes	Yes
		Johnson Electric (Guangdong) Co., Ltd. Shenzhen Branch	Yes	Yes	Yes*
	Jiangmen, China	Hwa Sun (Jiangmen) Co Ltd	Yes	Yes	Yes
		Johnson Electric (Jiangmen) Co Ltd	Yes	Yes	Yes
	Beijing, China	Halla Stackpole (Beijing) Automotive Co., Ltd.	Yes	Yes	-
	Shanghai, China	Parlex (Shanghai) Electronics Co., Ltd.	Yes	Yes	Yes
		Shanghai Malu Ri Yong JEA Gate Electric Co., Ltd.	Yes	Yes	Yes
	Zhengzhou, China	Zhengzhou Ri Yong JEA Gate Electric Co., Ltd.	Yes	Yes	-
	Changzhou, China	Stackpole International Fluid Power Solutions (Changzhou) Co., Ltd.	Yes	Yes	-
	Wuxi, China	AML Automotive Active Modules (Wuxi) Co., Ltd	Yes	Yes	-
	Nanjing, China	Johnson Electric Nanjing Co., Ltd.	Yes	Yes	-
	Hong Kong SAR	Johnson Electric Industrial Manufactory, Limited	Yes	Yes	-
		Johnson Electric Industrial Manufactory, Limited Branch office	Yes	Yes	-
	Changchun, China	Changchun Ri Yong JEA Gate Electric Co., Ltd.	Yes	Yes	-
Chengdu, China	Chengdu Ri Yong JEA Gate Electric Co., Ltd.	Yes	Yes	-	
Yantai, China	Yantai Ri Yong JEA Gate Electric Co., Ltd.	Yes	Yes	-	
Chennai, India	Johnson Electric Private Limited	Yes	Yes	-	
Ochang, South Korea	Halla Stackpole Corporation	Yes	Yes	-	

\* 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

## Appendix 3: ESG related ratings and awards

Organization	Award/Rating	Year	Description
CDP	Climate Change C Water Security B-	2022	CDP scores companies and cities based on their journey through disclosure and towards environmental leadership
EcoVadis	Bronze	2022	EcoVadis Sustainability Assessment rates companies' environmental, social, ethical and overall sustainability performance in alignment with international standards
Hong Kong Quality Assurance Agency (HKQAA)	A	2022	HKQAA Sustainability Rating and Research evaluates a company's system maturity and risks with regard to sustainability performance, based on and with reference to international guidelines
MSCI	BBB	2023	MSCI ESG Rating measures a company's resilience to long-term industry material environmental, social and governance risks



# Appendix 4: Glossary

Category	Term	Explanation
General	CDP	CDP (formerly known as the Carbon Disclosure Project) 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
	GRI	GRI (Global Reporting Initiative) provides a framework for sustainability reporting that helps organizations report on their economic, environmental, and social impacts, and governance practices.
	HKEX	Hong Kong Exchanges and Clearing Limited
	HKQAA	Hong Kong Quality Assurance Agency
	HKSAR	Hong Kong Special Administrative Region
	ISS	ISS (Institutional Shareholder Services) is a global company that provides data, analytics, and insights to help investors and companies make informed decisions on corporate governance, environmental and social responsibility, and executive compensation.
	KPI	Key performance indicators
	MARBLE value(s)	The acronym 'MARBLE' is derived from the first letter of each of Johnson Electric's core values.
	SASB	SASB (Sustainability Accounting Standards Board) is a non-profit organization that develops and disseminates sustainability accounting standards for use by companies in disclosing material environmental, social, and governance (ESG) information to investors.
	SVP	Senior Vice President
	TCFD	TCFD (Task Force on Climate-related Financial Disclosures) is a task force established by the Financial Stability Board (FSB) in 2015 to develop a set of voluntary, consistent climate-related financial risk disclosures for use by companies, banks, and investors.
	AC	Alternating current
	Products	APG
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.
DC		Direct current
EMC		Electromagnetic Compatibility
EMI		Electromagnetic Interference
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

Category	Term	Explanation
Environment		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	IATF 16949 is a global quality management standard for the automotive industry, developed by the International Automotive Task Force.
	ICE	Internal combustion engine
	IECQ QC080000	IECQ QC080000 is a global standard for hazardous substance-free (HSF) management systems, ensuring the safety and sustainability of electronic products.
	IPG	IPG refers to our Industrial, Professional and Consumer Segments (Industry Products Group)
	ISO 13485	ISO 13485 is an international standard for quality management systems in the medical device industry, emphasizing regulatory compliance and customer satisfaction.
	ISO 17025	ISO 17025 is an international standard for testing and calibration laboratories, ensuring technical competence and reliable results for customers.
	ISO 9001	ISO 9001 is an international standard for quality management systems, emphasizing customer satisfaction and continuous improvement in all areas of an organization.
	JEPDS	Johnson Electric Products Development System
	JEPS	Johnson Electric Production System
	LCA	Life cycle assessment
	MEMS	Mirco electro-mechanical system
	NEV	New energy vehicles
	PCF	Product carbon footprint
Environment	SOEC	Solid oxide electrolysis cells
	SOFC	Solid oxide fuel cells
	Business Ambition	Business Ambition is a program organized Science Based Targets initiative (SBTi) by to help companies set science-based targets to reduce greenhouse gas emissions and tackle climate change.
	Carbon emissions	Carbon emissions refer to the release of carbon dioxide and other greenhouse gases into the atmosphere, contributing to climate change.
	Domestic water	Domestic water use refers to the water used by households and individuals.
	EH&S	Environment, health and safety
	GHG Protocol	The GHG Protocol (Greenhouse Gas Protocol) is a widely used accounting tool for quantifying and managing greenhouse gas emissions from businesses and other organizations.
	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.
	ISO 14001	ISO 14001 is an international standard for environmental management systems, helping organizations reduce their environmental impact and improve sustainability.
	ISO 50001	ISO 50001 is an international standard for energy management systems, helping organizations reduce energy consumption, costs, and greenhouse gas emissions.
near-term carbon emissions reduction targets	Near-term carbon emissions reduction targets refer to specific, time-bound goals set by companies or governments to reduce their greenhouse gas emissions in the short term.	

Category	Term	Explanation
	net-zero	“Net-zero” refers to achieving a balance between greenhouse gas emissions produced and removed from the atmosphere.
	NOx	Nitrogen oxides
	ODS	ODS are ozone-depleting substances such as CFCs and HCFCs, commonly used in refrigeration, air conditioning, and aerosols, and now heavily regulated.
	Process water	Process water is used in industrial and commercial processes.
	Renewable electricity	Renewable electricity is generated from renewable energy sources such as wind, solar, hydro, and geothermal.
	Renewable energy	Renewable energy is energy generated from sources that are replenished naturally, such as wind, solar, hydro, geothermal, and biomass.
	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
	Water stress	Water stress occurs when the demand for water exceeds the available supply, leading to shortages, depletion, and negative impacts on people and ecosystems.
	Zero waste to landfill	Zero waste to landfill refers to 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.
	AGVs	Automated guided vehicles
	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 workplace refer to potential sources of harm or injury to employees
	HR	Human resources
	JEDi	Johnson Electric Digital Transformation Champions
	LOR	LOR refers to the list of requirements for machine safety for both existing equipment used in-house and new machines purchases.
	Lost-time accidents / LTA	LTA (lost-time accidents) refers to workplace incidents causing employee absence with more than one lost-time day.
	Near-misses	Near-misses are incidents that could have resulted in injury or damage, but were prevented due to timely corrective action.
	OSHA	OSHA (Occupational Safety and Health Administration) is a federal agency of the United States Department of Labor responsible for ensuring safe and healthy working conditions by setting and enforcing workplace safety standards and regulations.
	Recordable injuries	A work-related injury or illness which must be recorded under the Occupational Safety and Health (OSH) Act.
	RIF	Recordable injury frequency
	Safety alerts	Safety alerts refers to hazards and near-misses. Identifying and communicating more safety alerts helps us to prevent more serious incidents.

Category	Term	Explanation
	SUVA	Swiss National Accident Insurance Fund
Communities	JGenerations	JGenerations 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
	PET	PET (Polyethylene Terephthalate) is a type of plastic commonly used for making clear bottles.
	STEM	STEM stands for Science, Technology, Engineering, and Mathematics. It is an acronym used to refer to the academic disciplines and fields of study related to these four areas.
	WWF	The WWF (World Wide Fund for Nature), formerly known as the World Wildlife Fund, is an international non-governmental organization that focuses on the conservation and restoration of the environment.
Trust and Transparency	3TG	Tin, tantalum, tungsten, and gold
	AI	Artificial Intelligence
	CMRT	Conflict Minerals Reporting Template
	CRT	Cobalt Reporting Template
	EMRT	Extended Minerals Reporting Template
	GDPR	General Data Protection Regulation
	GTB	The Global Technology Board
	IBE	Institute of Business Ethics
	ILO	International Labour Organization
	LBMA	London Bullion Market
	MRT	Mica Reporting Template
	OECD	Organization for Economic Cooperation and Development
	RMAP	Responsible Minerals Assurance Process
	RMSC	The Risk Management Steering Committee
	SAQ	Supplier Assessment Questionnaire
SISC	The Social Impact and Sustainability Committee	
TISAX	Trusted Information Security Assessment Exchange	

# Verification statement

## Scope and Objective of Verification

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 2023 (the “Report”). The Report stated the economic, environmental and social performance of Johnson Electric in the period of 1st April 2022 to 31st March 2023 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 27 “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  
April 2023



# About this report

Our Sustainability Report 2023 (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 2023, 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 2022 to 31 March 2023. All major sites are included, unless otherwise stated. Two small sites (in Wilkau-Haßlau, Germany and Allstedt, Germany), which became part of the Group when it acquired a majority stake in Pendix GmbH on 14 October 2022 are excluded from the performance data presented in this report. There were no significant changes to the boundaries of the activities included in this Report compared to the previous year.

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 page 109 to 112, the GRI content index on page 113 to 120, and the SASB content index on page 121 to 122. The HKQAA verification statement can be found on page 140.

Our Report is published in English and Chinese. Both versions are available for download from [www.johnsonelectric.com](http://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](mailto: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.





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