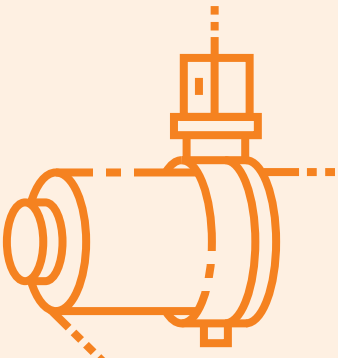
JOHNSON ELECTRIC

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

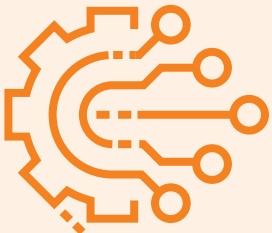
Sustainability Report 2022

Johnson Electric in 2022

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



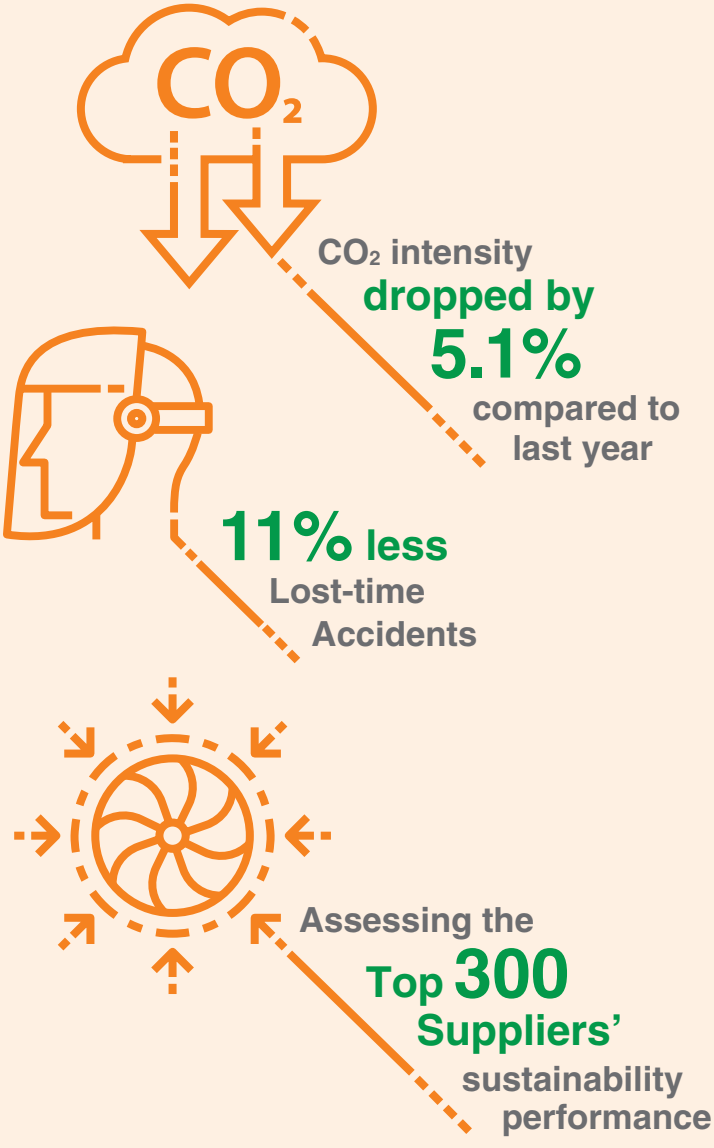
Producing over
2.8 million
motors and
actuators
per day



Providing **motion**
solutions to over
1,700 customers

Generating Total
Sales Revenue of
US$**3.4** billion
and Net Income of
US$**146** million

Operating in
22 countries
across
4 continents



CONTENTS

2 Improving the quality of life of everyone we touch since 1959

3 Johnson Electric Business Framework

4 Message from the Chairman and Chief Executive

6 About Johnson Electric

10 Our approach to sustainability

13 Environment

25 Products

44 Employees

61 Communities

67 Trust and transparency

80 Sustainable Development Goals

88 HKEx ESG Reporting Guide content index

92 GRI Standards content index

98 Key performance indicators

103 ESG related ratings

104 Verification statement

105 About this report

About the cover

Johnson Electric enables smart living through the provision of innovative motion solutions that bring efficiency, convenience and sustainability to every end user we touch.

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 out of the simple purpose to help make people's lives better – through the products we made and the jobs we created.

Over the last 63 years, this purpose has remained our guiding ethos, as Johnson Electric grew 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.

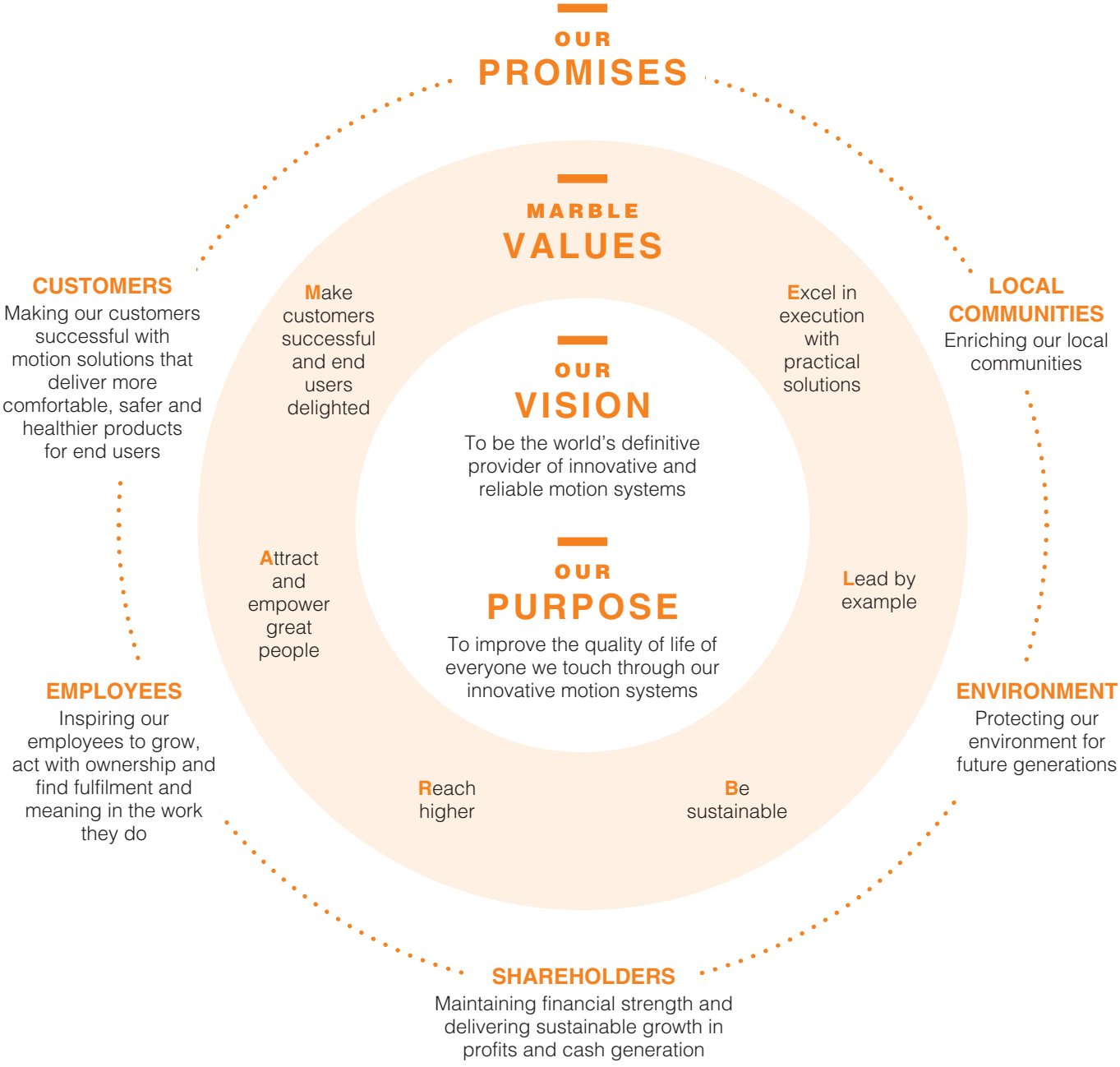
Today, Johnson Electric Group is a global leader in the supply of precision motors, motion subsystems and related electromechanical components to virtually every industry that seeks to make people's lives more comfortable, safer and healthier, including the mobility industry and other industrial and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

Stepping up to become an active player in driving a sustainable future

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

Our world is becoming more unpredictable each day – the emergence of Covid-19 being a prime example. Rapid economic growth has led to environmental degradation on a global scale and contentious social issues in many parts of the world. Johnson Electric believes it is time that we bring our purpose to the forefront, leveraging our expertise in motion systems and our experience in serving local communities, to do good as well as to deliver sustainable value to our stakeholders.

Johnson Electric Business Framework



Message from the Chairman and Chief Executive

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

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

As the upheavals of Covid-19 continue, we are further reminded of the fragility of human life and the importance of protecting this planet which we call home.

Over the past year, Johnson Electric has sharpened its focus on sustainability. We have commenced the assessment of the sustainability performance of our top 300 suppliers, and strengthened the ownership of sustainability through goal setting in each of the business units and functions down to individual level. More importantly, we have identified areas on which we can make a material impact, namely, the environment, products, employees, communities and trust and transparency. This has formed the basis of our Sustainability Framework, and will guide our sustainability efforts going forward.

As a business, it is clear that what we are doing to make people's lives healthier, safer and more comfortable is more important than ever. And we are seeing this every day in the consistently strong demand for our products and solutions in almost every end-market we serve.

The auto industry market is rapidly migrating from the internal combustion engine to electric vehicles while the industrial and consumer markets are undergoing the green transition from gasoline-powered tools to electrified tools. Electrification is clearly the future.

While partnering with our customers on electrification, we also have other important stakeholders whose interest must be reflected if we are to operate in a sustainable manner over the long term.

Johnson Electric has a long and proud history of providing support to the local communities where we operate. Our Johnson Electric Technical College in China and Mexico – offering underprivileged youngsters a three-year fully funded general and technical education – saw their 1,200th graduate finish the programme this year. Our employee housing projects in China and Mexico are also prime examples of initiatives that have been welcomed by our employees and local community.

Since its inception in April last year, our JEnerations social impact programme has organized over 100 activities in our local communities, including repairing the homes of low-income families, volunteering at food banks, and helping keep neighbourhoods clean.

In tandem with our community engagement, we are also being more organized and thoughtful about our impact on the environment and our role in environmental protection.

As a business enterprise, our technology solutions are very much at the heart of enabling end products to use energy more efficiently and to reduce emissions.

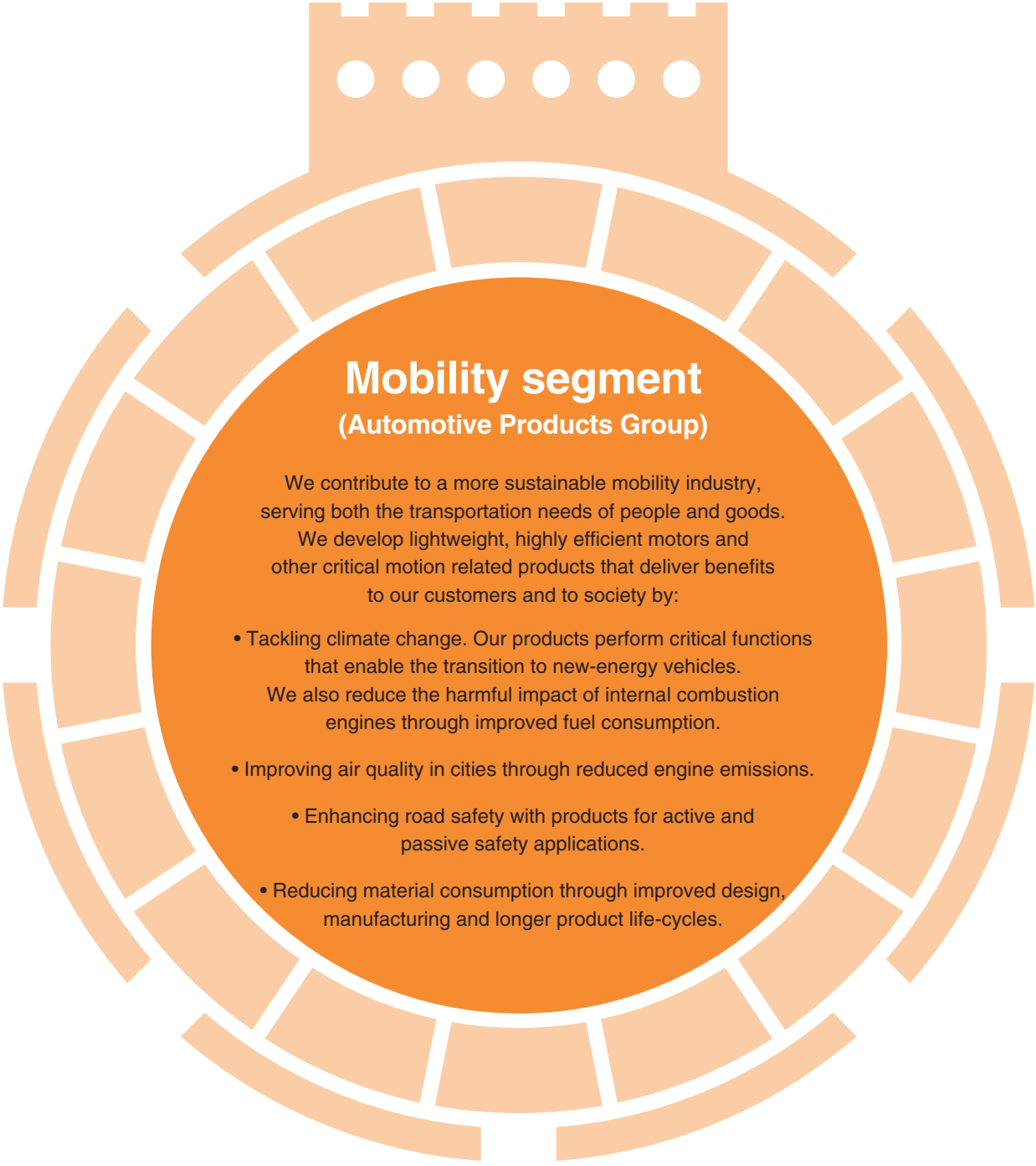
We are setting increasingly aggressive sustainability targets for our own internal operations and their impact on the environment. These include a 25% reduction in absolute carbon emissions by 2030, which is dependent on our progress in obtaining renewable energy, a 15% reduction in energy intensity by 2030, and 100% renewable energy usage by all our manufacturing sites by 2025, as available and feasible for each site.

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

Patrick Shui-Chung WANG *SBS, JP*
Chairman and Chief Executive
Hong Kong, August 2022

About Johnson Electric

Johnson Electric ("JE") serves a broad range of industries including automotive, smart metering, medical devices, business equipment, home automation, ventilation, white goods, power tools and lawn and garden equipment. We aim to make 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 strategies. We aim to seize the most important business opportunities presented by sustainability, creating value for customers and end users with motion-related products that reduce greenhouse gas emissions and energy consumption, last longer and require less material for their production.

Building a global-local manufacturing footprint

We aim to support our customers by being close to where they operate and being able to ensure a fast and reliable supply and a highly responsive service. To execute this strategy, we are strengthening in-region capabilities, introducing advanced resource- and energy-efficient manufacturing technologies to our factories across Asia, North America, South America and Europe, including factories in nine developing countries[1]. To this end, we are increasingly localizing internal and external supply chains. This is expected to deliver a number of positive impacts to our sustainability.

Our operations in 22 countries, across 4 continents

[1] We contribute to the exports of Argentina, Brazil, China, Hungary, India, Mexico, Poland, Serbia and Turkey, 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	√ Lower freight costs √ Reduced inventory levels √ Swifter response to changes in demand	√ Lower carbon emissions from transportation	√ More connections to local communities	√ Closer engagement with customers
Increasing localization of internal and external supply chains	√ Lower exposure to tariffs and duties with increased local content √ Lower exposure to exchange rate fluctuations √ Strengthening local economies	√ Reduced packaging materials	√ Creating local employment and developing technical capabilities	√ Mitigation of risks from global trade issues
Developing a diverse manufacturing footprint – with the ability to source materials and components from alternative regions – in case of localized disruption	√ Capacity building, including developing countries √ Stable spend line	√ Disseminating advanced resource- and energy-efficient manufacturing technologies to our factories, including those in developing countries	√ Building a more diverse workforce √ Upgrading the technical capabilities of local industrial sectors	√ Increased business resilience from reduced reliance on any single country or factory

Our approach to sustainability

Under the direction of the Social Impact and Sustainability Committee, we continually strive to build a sustainability culture that empowers and enables teams and individuals to make a positive impact in their day-to-day roles. At the same time, we encourage leaders to develop a socially conscious and sustainable mindset.

Fernando Lopes
Head of Sustainability and Environment, Health & Safety

"This past year, Johnson Electric has taken important steps in progressing on our sustainability journey, understanding risks and opportunities, setting baselines and targets, developing and digitalizing internal processes, and above all, truly embedding sustainability into all areas of the business."

Cultivating the right culture is first and foremost in our approach to sustainability, starting with our leaders developing a socially conscious and sustainable mindset. Our MARBLE values have been updated with a renewed focus on sustainability, dedicating one of the six values as "Be sustainable", and reshaping the definitions in light of the corporate direction (please refer to the MARBLE values and their descriptions on page 46).

The Board of Directors

The board of directors of the issuer ("Board") has overall responsibility for an issuer's Environmental, Social and Governance ("ESG") strategy and reporting.

The Board extended the authority of the Audit Committee to include corporate social responsibility issues.

The Social Impact and Sustainability Committee

Ultimate responsibility lies with the Board and then flows to all levels of our organization.

We have formed a Social Impact and Sustainability Committee, chaired by Austin Jesse Wang, Executive Director and Senior Vice President ("SVP"), Industry Products Group and including several of the SVPs and other 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 (customers, employees, suppliers, investors, communities, etc.).

Innovating motion for our future generations

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

- Developing strategies and policies for all global activities related to social impacts and sustainability
- Defining ESG targets and key performance indicators ("KPIs") guided by the materiality assessment and gap analysis
- Providing a global framework to cultivate a social impact and sustainability culture to empower and enable teams and individuals to carry out activities in alignment with this direction
- Overseeing the funding of social impact and sustainability initiatives
- Directing the communication and reporting of social impacts and sustainability initiatives to relevant stakeholders

The sustainability department and communication department play an important role of assisting the committee. At Johnson Electric, sustainability is well integrated into various facets of the organization. All business units and functions are responsible for incorporating and aligning sustainability strategies, KPIs and goals into their strategic plans to meet our overall sustainability direction and commitments.

Leaders at site level, in conjunction with the facility's Social Impact and Sustainability Committee, are accountable for the site sustainability activities implementation, performance monitoring, management and reporting.

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 meeting and through other regular reporting channels
- Reviewing and approving local applications to funding in support of 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 framework

Sustainability is one of our MARBLE values. We are aligning our activities with best-in-class, internationally recognized guiding frameworks and disclosures, and rating indexes, including but not limited to:

- The United Nations Global Compact and Sustainable Development Goals (UN SDGs)
- International Organization for Standardization (ISO) standards for occupational health and safety (ISO 45001), environmental (ISO 14001) and energy (ISO 50001)
- The Global Reporting Initiative (GRI)
- The Sustainability Accounting Standards Board (SASB)
- The Task Force on Climate-related Financial Disclosures (TCFD)
- The Science Based Target initiative (SBTi)
- Hong Kong Stock Exchange
- Hong Kong Quality Assurance Agency Sustainability Rating and Research
- CDP
- EcoVadis
- Supplier Assurance Self-Assessment-Questionnaire (NQC SAQ)
- S&P Global Ratings (Standard and Poor's)
- MSCI ESG Indexes
- Moody's
- Institutional Shareholder Services (ISS)

The Johnson Electric Sustainability Framework ensures full alignment with the above external guiding frameworks and the stakeholders materiality assessment, as well as Johnson Electric's Business Framework.

The Johnson Electric Sustainability Framework is structured into five key areas of sustainability: Environment, Products, Employees, Communities and Trust and Transparency. Each key area contains their respective material topics which are most relevant to our internal and external stakeholders and most influential to Johnson Electric business, identified through a materiality assessment.

Johnson Electric Sustainability Framework

Environment

ENVIRONMENT
- Energy and climate
- Waste
- Water
- Emissions

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

Social

EMPLOYEES
- Health and safety
- Talent attraction and retention
- Training and development
- Diversity
- Communication
- Labour rights

COMMUNITIES
- Community engagement

Governance

TRUST AND TRANSPARENCY
- Corporate governance
- Ethics
- Compliance
- Data protection
- Supply chain

• Environment •

we promise to protect the environment for future generations

Environment

Core SDGs

Supporting SDGs

We promise to protect the environment for future generations.

Our environmental strategy and policies address climate change risk, the use of natural resources including water and raw materials, the prevention of pollution and the minimization of waste wherever we operate. We aim to decouple our growth from environmental degradation.

Laurent Edmond Gerard Cardon
SVP, Global Operations

"Johnson Electric has a strong commitment to protecting the environment for future generations. We have defined clear targets on energy and climate, waste, water, emissions and sustainable products. Our locations around the world deploy concrete actions to reach these targets. All our employees are highly motivated and engaged to contribute to our efforts on climate change."

We believe that excellent environmental performance will contribute to the sustainable growth of Johnson Electric for generations to come.

This year, we have strengthened our commitment to responsible manufacturing and to protecting the environment wherever we operate.

We have revised our Environmental, Health and Safety ("EH&S") policy[2], tying it more directly to our overall corporate strategy. Our policy requires environmental protection to be:

- 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 management system comprises programmes, procedures and standards that apply to all Johnson Electric sites. We commit appropriate leadership and resources to achieve our environmental aims and ensure excellence in implementation.

The EH&S management system provides us with processes to evaluate the environmental impact of our product development and manufacturing processes as well as any new construction project or site expansion.

[2] Our EH&S policy is available for download from the Johnson Electric website

Furthermore, it requires us to address any significant impacts, taking the feedback and concerns of employees, contractors, communities, customers, suppliers and other stakeholders into consideration. Environmental performance is then tracked against specific global and local environmental objectives and targets. Performance against environmental targets are linked to employees' annual incentive pay.

Our global EH&S management system is complemented by local actions at each site. Each team is required to monitor, identify and quickly address their respective environmental issues and share lessons learned.

Johnson Electric Holdings Limited and its subsidiaries' ("Group") leadership receive regular reports on KPIs indicators for all sites, and the Group as a whole. This ensures the continuous prioritization of our commitment to the environment.

As strong ESG operational data is important to support our decisions, we are partnering with an internationally recognized specialist, Sphera, to implement SpheraCloud Corporate Sustainability (SCCS) software for management, reporting and performance improvement and Sphera's Product Sustainability software (GaBi) for Life Cycle Assessment, Product Carbon Footprint and Environmental Product Declarations.

We believe that through EH&S awareness, training and knowledge building, we can enhance the personal lives of our employees, their families, our communities and the environment. We also communicate our environmental performance to stakeholders and seek their involvement wherever applicable.

Green plant initiative

We adopt clean and environmentally sound technologies and industrial processes in our existing factories and build these into all new facilities.

We support this through a green plant checklist. This assists management to take 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.

Energy and climate

Management approach

Our stakeholder engagement processes have revealed energy and climate as a key topic for action.

In shaping our strategies and approach to this we have considered global initiatives including the United Nations Sustainable Development Goals, the Paris Agreement, the Science Based Targets initiative and the Greenhouse Gas Protocol. We have also aligned our approach with our customers' strategies.

Our MARBLE values include a requirement to reduce greenhouse gas emissions and energy consumption in our own operations.

Some of the reduction in carbon emissions and energy intensity will be delivered through our existing energy-saving and technology improvement projects. For example, our investment in high-speed automated production lines will give a significant reduction in carbon and energy intensity, compared to the manual lines they are replacing. We believe this will deliver some swift improvement in our intensity.

Commitments and targets

We have set a target of a 25% absolute reduction in carbon emissions from our operations (Scope 1[Δ] and Scope 2[Δ]) by 2030, using FY20/21 as a baseline. This is dependent on our progress in obtaining renewable energy. This replaces the target to reduce carbon intensity in our operations by 30% by 2030. This moves from an intensity target to a tougher absolute target, and better aligns with the goal of curbing global temperature rises to well-below 2°C above pre-industrial levels.

CO_2 **-25% absolute carbon emissions by 2030**

[Δ] Scope 1 covers emissions from sources that an organization owns or controls directly. Scope 2 are indirect emissions that a company causes indirectly when the energy it purchases and uses is produced.

Additionally, we are pursuing efforts for a 42% absolute reduction in carbon emissions by 2030 from our operations. This is aligned with the 2015 Paris Agreement to limit global warming to 1.5°C above pre-industrial levels.

We are committed to transition to using 100% renewable energy in our operations by 2025, as available and feasible, for each site.

Operate with 100% renewable energy by 2025

We are committed to measuring carbon emissions in our supply chain (Scope 3^). We will set actions for carbon reduction actions for our top suppliers and gradually extend this to all suppliers.

We will continue to monitor the carbon emission intensity of our operations, based on sales.

The Group's target to reduce the intensity of its purchased energy consumption in its operations by 15% by 2030 remains unchanged (baseline: FY19/20).

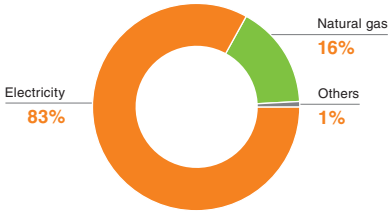
-15% energy intensity by 2030

We aim to receive an A score for climate change from the Carbon Disclosure Project (CDP) by 2025.

We have a high degree of vertical integration, making the majority of components in-house, including plastic injection parts, stamped and die-cast metal parts, magnets and powder metal parts. This brings benefits in reduced carbon emissions in the product carbon footprint due to reduced transportation of components and more efficient use of capacity. On the other hand, it transfers upstream energy consumption and carbon emissions from energy intensive "metal-bashing" processes to our factories. This makes our targets quite challenging to achieve. Nevertheless, we are determined to succeed and to fulfil our commitments to responsible production and to combatting climate change.

We are actively exploring additional avenues to reduce carbon emissions and energy intensity through our green plant initiative, including the increased use of renewable energy.

Energy profile



Electricity accounts for 83% of our energy consumption. This is largely for assembly and parts production and auxiliary production systems such as air-conditioning and air-compressor systems.

Natural gas usage contributes 16% to overall energy consumption. Our sites in Canada account for 70% of the total natural gas consumption Some manufacturing processes, such as sintering furnaces for powder metal parts and magnet production use natural gas. Additionally, natural gas space heating is used for winter operations in some northerly countries.

Performance in FY21/22

Energy usage in our operations increased by 8%. A significant part of the increase in energy consumption relates to the fact that for part of the prior reporting year much of our operations in Europe and the Americas were effectively shut down by the Covid-19 pandemic.

Energy intensity decreased by 1%. We expect further decreases in future as we shift more of our production to energy-efficient high-speed automated lines.

12% of our locations have obtained ISO 50001: 2018 certification for their energy management systems, including our two largest production sites. We are working on obtaining this certification for other selected sites. We intend to extend the learnings and best practices gained from our certified sites to improve energy management at all of our sites.

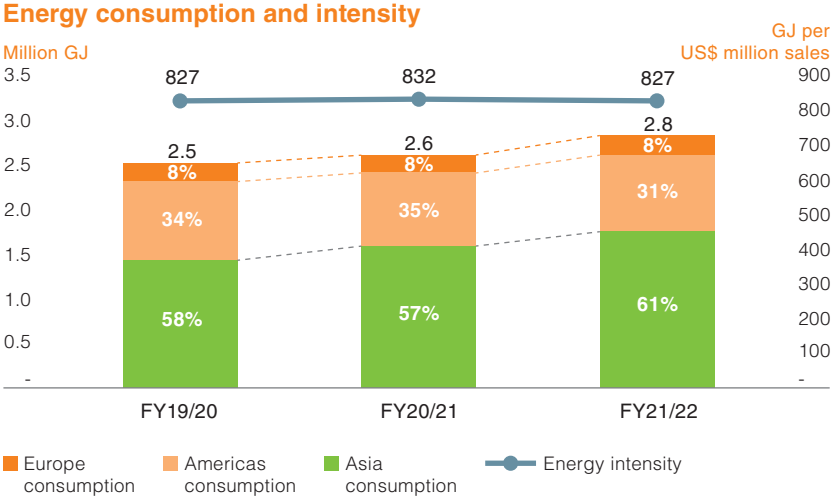
Carbon emissions increased by 3%. However, our carbon intensity decreased by 5%, as our carbon action programmes started to take effect, especially the increased use of renewable energy.

During the year, our sites in France, Germany, Hungary, Italy, Poland, Serbia, Switzerland and Brazil began purchasing electricity from 100% renewable sources. We are seeking to extend the use of renewable energy to all of our plants in pursuit of our commitment to use 100% renewable energy in our operations by 2025, as available and feasible, for each site.

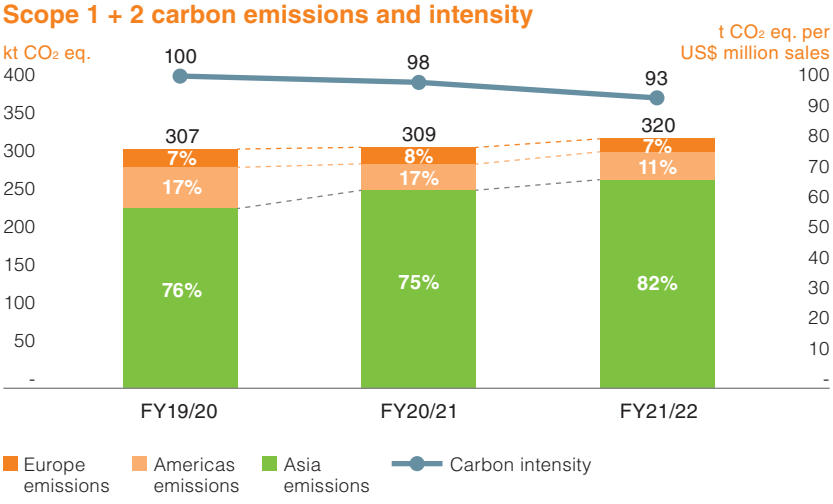
Solar panels are now installed in our manufacturing plants in Hong Kong, Shajing, Nanjing, China and Murten, Switzerland. The panels in Hong Kong and Murten generate 410 MWh of electricity annually, while the energy generated in Shajing and Nanjing is specifically used for heating water for use in employee dormitories. More solar installations are being planned for other locations.

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

Energy consumption and intensity



Scope 1 + 2 carbon emissions and intensity



Energy efficiency in Jiangmen, China

Our next-generation manufacturing facility in Jiangmen has been designed with energy efficiency in mind.

For example:

- The factory is purpose built for energy-efficient high-speed digitized automated production lines
- The air-conditioning system uses centrifugal chillers that are approximately 30% more efficient than the previous generation of split chillers
- Compressed air is important for motion in production processes but is a major consumer of energy in the factory. The air compression system installed in the Jiangmen factory uses a three-stage centrifugal compressor that is much more efficient than the previous generation of screw air compressors. Additionally, some motion is motorized, reducing the need for air-compression
- The domestic hot water system uses an air energy pump design that consumes just 25% of the energy used by a conventional electric boiler for the same amount of hot water
- The Jiangmen site uses the latest high-efficiency transformers, reducing energy loss by 20-30% compared to the previous generation of transformers
- All lighting in the factory uses energy-efficient LED lamps

As the lead site for our digital transformation, we expect our Jiangmen site to play a key role in the pursuit of our energy and carbon intensity targets.

Hong Kong-Guangdong Cleaner Production Partners Recognition Scheme

Our Jiangmen plant was awarded in the Hong Kong-Guangdong Cleaner Production Partners Recognition Scheme, in the category of manufacturing and supply chain. Below are the successful initiatives of the plant:

- Adopting photolysis and activated carbon treatment for the waste gas from the hydrocarbon cleaning room
- Installing an all-in-one precise dust-filter cartridge for the waste dust from the stacking machine
- Installing a dry-type filter and UV photolysis for the automated line for welding and printing

- Installing a static electricity oil mist purifier for the waste oil mist from the punch machine

China's carbon emissions trading scheme

We have participated in China's carbon emissions trading scheme since 2013. To date, our Shajing factories have accumulated more than a grand total of 200 kilotonnes of carbon credits and we have sold 112 kilotonnes of carbon credit. We still have surplus carbon credits remaining that can be traded at the Shenzhen Emission Trading Center.

Other energy-saving and carbon-reduction projects

Every year we implement a variety of energy-saving and carbon-reduction projects in our factories around the world. Some examples from this year's projects include:

- In Shajing, China, we implemented 23 energy saving projects in FY21/22, saving 4,816,667 kWh (equal to 17,340 GJ / 2.77 kt CO_2 eq.), representing 1% of the total energy consumption. This included energy savings from installing three energy-efficient automated production lines and phasing out several higher-energy-consuming manual production lines
- In Shanghai, China, we installed a frequency conversion control system for the heating, ventilation and air-conditioning system and the exhaust system, saving about 32,000 kWh annually
- In Vandalia, USA, we saved energy through the recovery of waste heat from injection moulding and air compression processes for room heating

Climate Change Rating from CDP (Carbon Disclosure Project)

In 2021, we received a B- score for climate change from the Carbon Disclosure Project (CDP).

CDP DISCLOSURE INSIGHT ACTION Climate Change 2021 **B-**

Low Carbon Vitality award

Our site in Shanghai received the Low Carbon Vitality award issued by Qingpu industrial park in June 2021.

Solar panels installed in our manufacturing plant in Hong Kong in 2022

Waste

Management approach

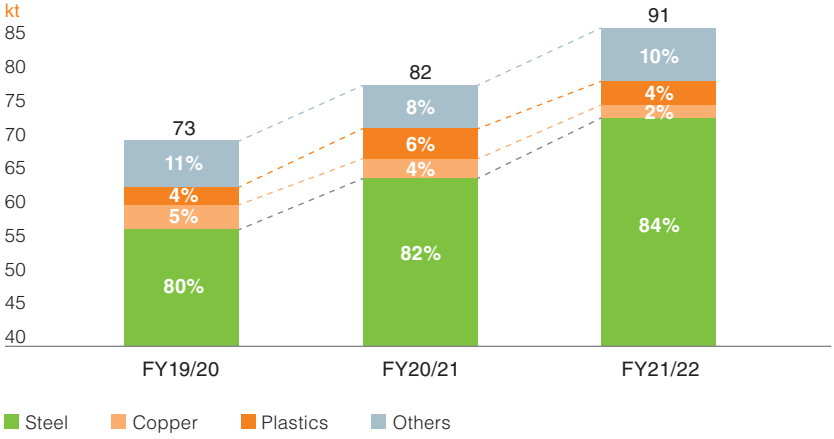
Our manufacturing facilities are required to develop and continuously improve site-specific programmes to prevent or minimize solid or hazardous waste generation. All our main waste streams are segregated for reuse and recycling, wherever feasible.

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

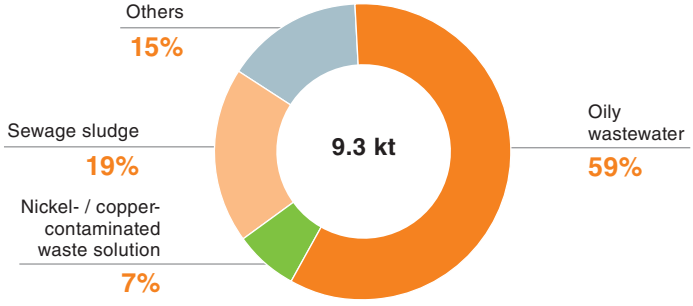
Commitments and targets

- It is our ambition to send zero solid waste to landfill
- Reduce the solid waste we generate by 4% annually. Waste reduction projects will reduce our general waste, especially cardboard and polystyrene packaging
- Measure the quantity of waste recycled and recovered onsite through direct reuse in our operations
- Reduce hazardous waste in our operations. Our preferred method for this is to eliminate hazardous waste by adopting clean technologies in our production processes

Solid waste sold for recycling, by type



Hazardous waste by source



Performance in FY21/22

In FY21/22 we:

- Generated 108.5 kilotonnes of waste[3], a 13% increase, largely due to the overall rise in production in our sites (some of which were closed for part of the prior year due to the Covid-19 pandemic). The site expansion at Zacatecas, Mexico and the start of production at Jiangmen, China also led to an increase in general waste
- Diverted 91.0 kilotonnes of our total waste[3] from landfill, which was sold for offsite recycling. The majority of this was material recovered from production including steel, copper, process plastic and packaging plastic
- Directed 17.5 kilotonnes of waste to disposal. This comprised 8.2 kilotonnes of general waste and 9.3 kilotonnes of hazardous waste

Hazardous waste was collected and treated by licensed vendors in compliance with regulatory requirements. This included oily

[3] Excludes aluminium, plastic, epoxy powder and other materials captured from waste streams and directly recycled and reused in the factory

wastewater, sewage treatment sludge and liquid waste containing spent copper or nickel solutions.

Material consumption

Our manufacturing processes consume raw materials such as steel, copper, aluminium and plastic resins. We address the environmental challenges posed by this by applying the concept of reduce, recycle and reuse.

We seek to reduce our consumption by:

- Designing compact and 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

Waste reduction projects

There were several waste reduction projects in FY21/22. For example:

- Grinding machines to recycle plastic sprues were installed in four moulding machines in Asti, Italy

Plastic grinding machine in Asti, Italy

- The installation of a new cleaning machine in Beijing, China which uses hydrocarbon solvents and a vacuum drying process to reduce detergent consumption and hazardous waste

Water

Management approach

Our operations do not consume significant quantities of water. Moreover, none of our major operations are located in countries with medium or high water stress[4].

Nevertheless, we take a responsible approach to water stewardship, seeking to maximize efficiency and minimize effluents. We engage employees on the need to conserve water and we constantly seek to improve water stewardship in our existing facilities. Good stewardship is built-in when we construct new facilities.

Commitments and targets

We have set a target to reduce absolute water consumption by 2% annually, monitoring intensity and assure 100% compliance with wastewater parameters.

Performance in FY21/22

In FY21/22, we:

- Consumed 2,780 kilotonnes of water, a 2% increase from the prior year, while 11% of water in manufacturing processes, the rest was used domestically such as in our dormitories and facilities in the manufacturing plants and offices
- Our water consumption intensity reduced 6.7% from the prior year as we benefited from projects to reduce usage or to recycle and reuse process water
- In FY21/22, there were no significant instances of water related non-compliance with law and regulations

Water conservation and monitoring projects

- In Shanghai, China, nickel-containing wastewater and tin-containing wastewater was recycled to production lines after treatment. A total of 3.8 kilotonnes of wastewater was reused in Shanghai
- We monitor wastewater quality and ensure the wastewater complies with the local regulations. In Nanjing and Shanghai, China, sewage monitoring devices were installed to monitor wastewater quality, the monitoring indicators include chemical oxygen demand (CODcr) and ammonia-nitrogen (NH3-N)

Wastewater monitoring devices in Shanghai, China

CDP Water Security

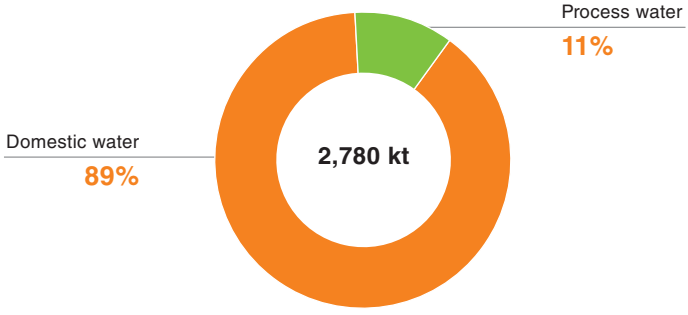
In 2021, we received a B- score for water security from the CDP (Carbon Disclosure Project).

CDP DISCLOSURE INSIGHT ACTION Water Security 2021 B-

Presence in areas of water stress

	Operating sites	Economic activity
High stress	5.4%	2.5%
Medium stress	2.7%	0.3%
Low stress	54.1%	57.9%
No stress	37.8%	39.9%

Water consumption, by type



[4] According to the information published in global status of indicator 6.4.2 level of water stress in 2019 by the United Nations

Emissions

Management approach

The Group seeks to prevent pollution from its operations. It assesses the environmental risk before building new facilities, expanding sites, or changing its processes. In the event that emissions or wastewater generation occur, appropriate treatment facilities are installed to mitigate possible pollution risks.

Commitments and targets

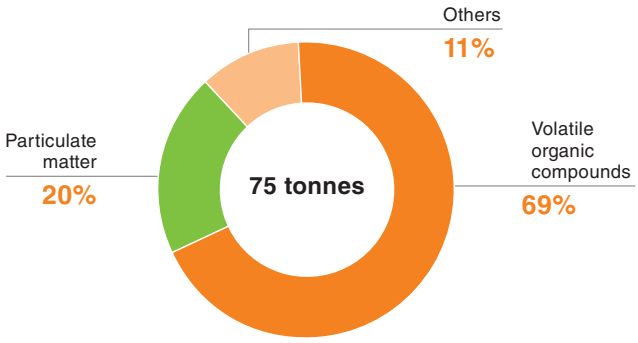
We have set a target to characterize and monitor emissions by site, ensure 100% compliance and prioritize for reduction or elimination.

Performance in FY21/22

In FY21/22:

- We generated 75 tonnes of non-carbon emissions. Our non-carbon emissions are mainly volatile organic compounds ("VOCs"). These come from glues used in product assembly, solvents used for parts cleaning, injection moulding and ink printing
- The Group is taking steps to reduce its VOC emissions, by eliminating the use of VOCs in some processes, substituting inks and cleaning solutions with alternatives with lower VOC levels, and exhaust gas emission controls

Air emissions by source in FY21/22



Reducing particulate matter emissions

We have some particulate matter emissions from various powder processes.

We have previously implemented process improvements to capture and reuse epoxy particulate matter. This year, we have carried out a project to capture and reuse copper powder from its copper bushing process.

Phasing out of hydrochlorofluorocarbon compounds

We have completed our project to phase out ozone-depleting hydrochlorofluorocarbon ("HCFC") compounds used in our Shajing, China facilities. We eliminated HCFC solvents from several cleaning processes by:

- Installing hydrocarbon cleaning machines and laser cleaning machines in certain processes
- Replacing HCFC cleaning solvents with non-ozone-depleting cleaning solvents
- Eliminating oil cleaning for sintered parts

By completely eliminating ozone depleting substance ("ODS") HCFC-141b, we have avoided over 300 tonnes of ODS emission annually.

We purchased several hydrocarbon cleaning machines, and banned the use of ozone-depleting hydrochlorofluorocarbon solvents previously used for cleaning in our Shajing, China factories

Environmental compliance

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 surveillance or certification audits conducted by accredited external auditors
- Including environmental compliance requirements in our Code of Ethics and Business Conduct (the "Code"). All managers and other employees in sensitive positions are required to sign an annual declaration that they have read and conformed to the requirements of the Code and are not aware of any potential violations of the Code by others. Breaches of the Code, including environmental issues, may also be reported anonymously at any time via our whistle-blower hotline
- Including environmental compliance as part of our annual corporate governance review of internal controls and enterprise risk management. Our EH&S teams acknowledge and certify their full compliance with our EH&S management system and with relevant environmental laws and regulations
- 94% of our locations hold ISO 14001:2015 certification for their environmental management systems. Our target is for 100% of sites to obtain this certification and we are actively pursuing this

In FY21/22, there were no significant instances of non-compliance with environmental laws and regulations.

Biodiversity

The Group has 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 the maintenance of landscaping around the Group's existing facilities. Through this, the Group aims to contribute to the preservation of biodiversity where it operates.

Environmental protection activity

We seek to encourage employees to take an active role in improving our environmental performance, through identifying opportunities to save energy, reduce materials consumption, prevent or reduce waste, and taking part in recycling programmes and other environmental projects. Examples of activities:

- Coffee grain body scrub DIY workshop in the Hong Kong office, to promote waste reduction and a sustainable lifestyle

- Clean-up voluntary activity in France

- Green @JE for Hong Kong offices for recycling: collection bins for plastic drinks bottles, mooncake tins and paper boxes have been set up in the Hong Kong offices and those recyclable materials were sent to a community green station for recycling

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 yet higher levels[5].

Our Risk Management Steering Committee continuously accesses the business risks posed by climate change, and the strategic opportunities and potential value that arise from taking action. The aim is clean, green, healthy, safe and more resilient business strategies for both people and the planet. Commitments to decarbonize the global economy need to be led by companies, not just governments.

See more about our commitments to reducing impacts on the climate in the Energy and climate of this section.

For water-stress related climate change physical risk, our operations do not consume significant quantities of water and none of our major operations are located in countries with medium or high water stress. Nevertheless, we take a responsible approach to water stewardship and have set a target to reduce absolute water consumption by 2% annually.

[5] UN SDG 13: Take urgent action to combat climate change and its impacts

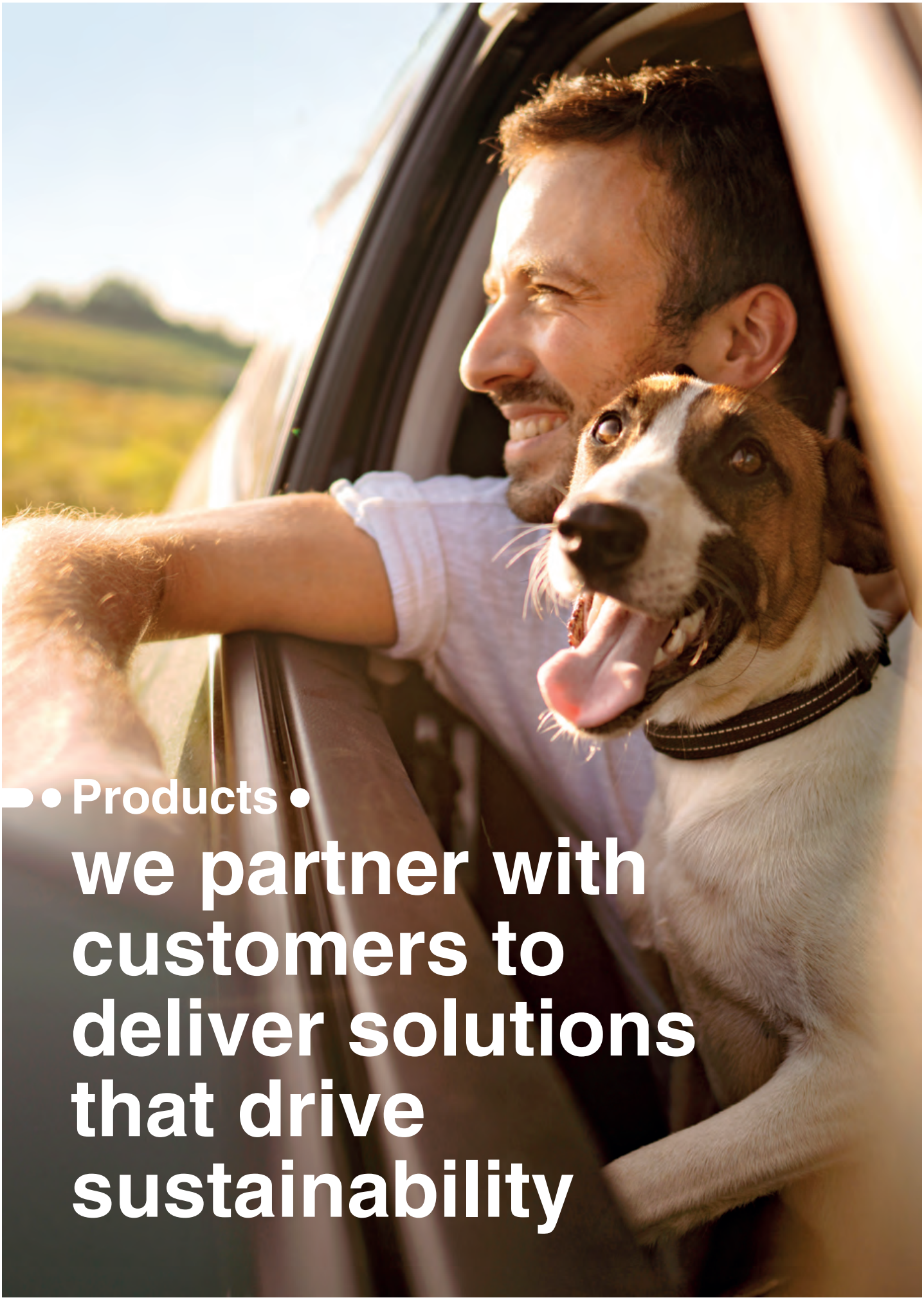
Physical risks

	Impact:	Mitigation:
Increased risk of flooding, caused by extreme weather events and sea level rise, and the impact upon facilities and production	• Production disruption • Cost of damage to facilities	• Implement best practices in water damage prevention • Emergency preparedness procedures, regular emergency drills • Regular contact with authorities on potential risks and mitigation
Increased risk of extreme weather events, and the impact on supply chains, production demands and infrastructure of facilities	• Business disruption caused by supply chain disruption, or in our facilities • Cost of damage to facilities • Increased risk of health and safety injury	• Business continuity planning for production and suppliers • Developing manufacturing and supply chain footprint in each region, to increase the resilience and reduce reliance on any single site • Emergency preparedness procedures, regular emergency drills • Enhance workplace systems (such as ventilation systems)

Transition risks

	Impact:	Mitigation:
Increased international climate-change-related and sustainability related policies and stakeholder's requirements, impacting business and operational costs.	• Loss of competitive advantage • Not being able to quote for new projects • Loss of reputation • Increased operation costs for meeting requirements • Reduced access to green financing	• Targets for an absolute reduction in carbon emissions from our operations, and a reduction in energy intensity. Also begun to assess the carbon footprint of our products • Green plant initiatives • Target 100% renewable energy, as available and feasible, for each site • Align with stakeholder requirements • Align with guidance from ESG rating agencies (CDP, for example)
Increased and disruptive changes in demand for new energy products, namely a structural shift away from internal-combustion engine technologies and towards hybrid and fully electric vehicles.	• Strong negative business impact if not well aligned with product portfolio strategy	• Offering products that directly target zero- and low-carbon applications, offer solutions for safety, health and well-being • Implementing product carbon footprint and lifecycle assessments • Business opportunity to increase green products (in line with EU Taxonomy)

More on Sustainability Risks and Enterprise Risk Management on Johnson Electric Annual Report 2022 page 46 to 53.



• Products •

we partner with customers to deliver solutions that drive sustainability

Products

Core SDGs

Supporting SDGs

We partner with customers to deliver solutions that drive sustainability.

Johnson Electric is a leader in the supply of precision motors, motion subsystems and related electro-mechanical components. Within this defined market space we seek sustainable business growth and target segments where "mega-trends", regulatory change or technological advancements are driving demand.

Kam-Chin Ko
SVP, Automotive Products Group

"The automotive industry is pushing forward the competition on the ecological and sustainable path, against the backdrop of government calls for emission reductions. Many governments have announced plans to encourage the development of electric vehicles or battery electric vehicles, as well as to improve electric charging infrastructures or subsidize consumers in buying electric cars. Johnson Electric is one of the key players to offer a wide range of innovative products to fulfil environmentally friendly requirements."

Austin Jesse Wang
Executive Director and SVP, Industry Products Group

"Our core value is to design and deliver products that improve the sustainability of our customers' products. We have set targets to increase the share of our business that contributes towards sustainability. This means addressing markets where our products can have a transformational impact, such as electrification of internal-combustion-engine-powered applications, as well as improving clinical outcomes for medical applications. We are also working to improve material selection, production processes and recyclability."

Our LUMEMs headlamp levelling technology increases driving safety, using MEMS sensors to control the level of the beam with high precision. It allows the removal of the chassis sensor while improving the light levelling accuracy and dynamic time response

We work closely with our customers across a diverse range of industries and geographies to understand their customers' requirements and preferences. Whether those requirements are for better energy efficiency and reduced emissions; a cleaner environment; support for the smart revolution in the car and home, and the transfer of mundane work to artificial intelligence; improved health and well-being; improved security; superior product functionality; or ease of use that reduces barriers to age, gender and disability equality Johnson Electric delivers. From this, we develop attractively priced products that offer effective solutions to our customers' problems, including the environmental and social impacts of their business.

Sustainability is also intrinsic to our product development, as a direct result of engineering for efficiency. Our engineers strive to "make customers successful and end users delighted" with products that consume fewer resources in their manufacture, use less energy to deliver the required performance and functionality and have a longer operating life.

We promote brushless-motor solutions for demanding applications, where energy efficiency, continuous variability, precision and control, or the durability to withstand constant use are critical. Our brushless electronically commuted motors have a higher power density for increased energy efficiency and have a much longer operating life than brushed motors. We will continue to support brushed-motor technology – and innovate for improved efficiency and increased longevity – to provide a complete product range to meet the needs of our customers.

Our vertical integration also assists customers in reducing their environmental footprint. Rather than simply purchasing a motor from us, increasingly customers are asking us to provide a more complete subsystem, including the motor, switch, gears and controlling electronics. This is cost-effective for the customer, simplifying their logistics flow and reducing the negative environmental impacts of transportation and packaging.

Our "Eco Motion" symbol denotes those products that improve energy and fuel efficiency. The green leaf in the centre is marked with the Greek letter Eta, the engineering symbol for efficiency; it is enclosed by a circle to represent motion

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 with 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 and growth, 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 APG's products.

		BEV	Hybrid
Thermal management Electric water pump, cooling fan module, integrated thermal management and other cooling components	Integrated thermal management system for electric vehicles 	✓ Increased range ✓ Greater longevity of critical components ✓ Critical components to control temperature	✓ Reduced fuel consumption ✓ Lower engine emissions
Braking and suspension Brake booster, e-parking lock, e-parking brake, brake-by-wire and electric vacuum pump	Electric brake booster provides braking force, replacing conventional braking 	✓ Generation of braking force without ICE ✓ Energy saving ✓ Support higher level of autonomous driving	✓ Reduced fuel consumption ✓ Lower engine emissions

		BEV	Hybrid
Transmission and driveline Mechatronics e-pump, e-clutch, e-shifter and resolver	Electric oil pump for cooling and lubricating e-Axle 	✓ Increased range ✓ Greater longevity of critical components ✓ Critical components of traction motors	✓ Reduced fuel consumption ✓ Lower engine emissions
Headlamp adjuster Headlamp adjuster provides longer vision for driver		✓ Reduced road traffic accidents ✓ Support higher level of autonomous driving	✓ Reduced road traffic accidents
Weight reduction Powder-metal suspension components provide a durable alternative and reduce weight compared to conventional die-cast parts		✓ Increased range ✓ Better power-to-weight ratio	✓ Reduced fuel consumption ✓ Lower engine emissions
Safety Haptic motor to give driver alerts through the seat		✓ Reduced frequency and severity of road traffic accidents	✓ Reduced frequency and severity of road traffic accidents
Noise and EMI reduction Heating, ventilation and air-conditioning actuators for quiet delivery of air to the passenger cabin		✓ Our products meet tough noise and EMC requirements	✓ Our products meet tough noise and EMC requirements

For more information on APG's products for NEV, please see our annual investor briefing and our solutions by mobility segment on 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 application segments. Many of these segments are undergoing rapid social and technological change and disruption, arising from a complex mix of demands and priorities that generate positive and negative impacts on economic, environmental and social development worldwide.

The increasing variety of devices and equipment that contain electro-mechanical components benefits social development, improving quality of life and removing barriers to equality as equipment becomes smaller, lighter and easier to use. However, the trade-off is often environmental stress from increased demand for energy, as well as increased mining and processing of raw materials. As long as products with better environmentally friendly credentials come at a higher cost, the adoption of more environmentally friendly products will remain slow. Consumers are likely to opt for technologies with a lower cost but a shorter life cycle or poor energy efficiency.

IPG seizes this opportunity to apply our innovative technology and application expertise to bring attractively priced products to market. We create positive impacts on sustainability with products that encourage energy awareness; replace the internal combustion engine (especially in outdoor applications); improve health and well-being with fetal monitoring patches and products for medication delivery and surgical automation; and lower barriers to equality. 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.

Governments are also key stakeholders influencing demand for energy-efficient technologies, issuing directives limiting the power consumption of certain types of appliances or tightening the requirements for energy-efficient buildings. They also influence consumer markets indirectly by means of energy taxes, energy-efficiency labelling regulations for domestic appliances, energy awareness campaigns and smart-meter rollouts.

By their very nature, many of IPG's products improve sustainability.

The table on the following page shows a typical spread of sustainability benefits for a selection of products.

		Climate change and energy efficiency	Noise	Equality	Health and well-being	Waste prevention
Brushless motors for power tools		✓ Energy-efficient	✓ Quieter than brushed motor tools			✓ Long life cycle
Window automation		✓ Better management of natural light, heat and ventilation			✓ No cord – child friendly	✓ Long life cycle
Smart meters and gas valves		✓ Increased consumer responsibility for energy choices			✓ Designed for safety first	✓ Long life cycle
Lawn and garden, agriculture and forestry		✓ Direct replacement of ICE mowers and tools	✓ Low noise is a basic requirement for lawn and garden products	✓ Lighter and easier to use	✓ Chainsaw on-off at the touch of a switch	✓ Long life cycle
Air filtration systems		✓ Energy-efficient for all-day use	✓ Low noise for unobtrusive all-day use		✓ Improved air quality	✓ Long life cycle
Drives for minimally invasive surgery				✓ Reduced weight that enables female surgeons to engage in long hour operations	✓ Precise and consistent actuation ✓ Robust and highly reliable	✓ Long life cycle ✓ High power in compact package

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

Sustainable products

Management approach

Our MARBLE values state that our products should contribute to the sustainability of the planet.

We want to drive the transition towards a sustainable future while delivering economic growth, with a growing sustainable product mix to navigate the transition to a low-carbon, resilient and resource-efficient economy.

We are strengthening the development of lower carbon and sustainable products by design (see Product carbon footprint).

We will follow the EU Taxonomy guidelines for classifying our products as "green".

The EU Taxonomy provides criteria to support our efforts to assess positive impact and align our growth strategy with global climate and sustainability goals and reach a level of environmental performance that all stakeholders may recognise as "green". It sets performance thresholds for 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.

In the face of what is surely to be a more regulated aspect of corporate reporting, the EU Taxonomy provides a framework to evaluate business activities and be prepared to report against more demanding future regulations.

Commitments and targets

- Assess and classify our products as:
  - Green (per the EU Taxonomy)
  - Transitional
  - Health and safety related
- Increase the percentage of sustainable products

Performance in FY21/22

We are currently performing an assessment of eligibility as per the EU Taxonomy, classifying our products as "green", "transitional" and "Health and safety related", to be completed by the second quarter of FY22/23.

Product carbon footprint

Management approach

We are strengthening the development of lower carbon and sustainable products by design.

We believe one of the best ways is through a Product Carbon Footprint ("PCF") and a Life Cycle Assessment ("LCA") approach to make appropriate business decisions, prioritize and assess opportunities to create added value across a product life cycle.

LCA differs slightly from PCF, although the two terms are sometimes used interchangeably, PCF is a subset of LCA that only considers 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.

LCA is a methodology to help measure and quantify the end-to-end environmental and economic impacts of a product. By examining each step in the life cycle, LCA considers how raw materials were extracted; the consumption of the resources involved in planning or designing the product; materials and energy used during manufacturing, packaging, and distribution; impacts from using the product; and waste and pollution created throughout the process and at end-of-life.

As this can be a complex data-intensive process, we have taken on the challenge to learn and integrate LCA with our existing processes for a LCA automation approach.

We are partnering with an internationally recognized specialist, Sphera and implementing its Product Sustainability software (GaBi) for Life Cycle Assessment, Product Carbon Footprint and Environmental Product Declarations, as well as implementing SpheraCloud Corporate Sustainability (SCCS) for the management and performance improvement of our sustainability data company wide.

Commitments and targets

Our ambition is to develop all new products with optimized best-in-class LCA/PCF/ EPD (Life Cycle Assessment, Product Carbon Footprint and Environmental Product Declaration).

Performance in FY21/22

We are currently running LCA/PCF/ EPD pilot projects, to be completed by the second quarter of FY22/23.

Product quality & Product safety

Management approach

Johnson Electric is committed to building-in quality as the safe choice for our customers, meeting or exceeding their requirements by improving the quality of life of everyone we touch through our innovative motion systems.

Safe product release

New product technology investment is the basis for continuous product innovation. At Johnson Electric we are committed to developing and manufacturing innovative market-leading product solutions, making our customers successful and delighting end users – by delivering more comfortable, safer and healthier products. As part of our sustainability journey, our products should also contribute to the sustainability of the planet.

The 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 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

To meet the increasing quality requirements demanded by our customers and industry regulations, our manufacturing facilities and in-house testing laboratories are compliant with relevant international standards *. Additionally, our products are compliant with the necessary 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

From its humble beginnings as a Hong Kong toy motor manufacturer, Johnson Electric has become a global leader in motion systems across a wide range of industries. The company has a heritage of setting ambitious targets and driving continuous improvement – a heritage engrained in the company values system.

Our connected global manufacturing footprint spanning 22 countries shares a uniform supply chain and a common production quality system. Our vertically integrated business model provides speed and agility to respond immediately to changes in customer and market demand, identifying opportunities to reduce and eliminate waste, while driving the highest standards in product quality and process capability.

Through the Johnson Electric Production System ("JEPS") we are reducing variation by targeting Cpk2.0 quality performance, with a systematic approach to increasing the service level provided to our customers. Our investment in new process technologies, automation and process digitization is the basis for increasing the sustainability and efficiency of our manufacturing operations.

Continuous improvement is the basis for long-term success in our businesses and those stakeholders who depend on us. Our MARBLE values empower every employee to Reach Higher and set stretched goals. We Excel in Execution with practical solutions to achieve the high standards of quality and performance expected by our customers and stakeholders. We work not only to meet these requirements, but also to exceed them, through continuous cycles of learning and a continuous improvement quality mindset.

Quality excellence

Making Customers Successful is our first MARBLE value, where the pursuit of supply chain quality excellence is a key performance objective for achieving this goal. In a challenging year of global supply chain disruption, Johnson Electric remained committed to building-in quality, serving our customers in all regions with defect free products and services. For the year 2021, five of our eight automotive plants in the Americas received supplier quality excellence awards for meeting or exceeding very stringent quality performance criteria.

Plants in Brazil, Mexico and Canada all received the General Motors' (GM) Supplier Quality Excellence Award for exceeding GM's requirements, providing GM customers with high-quality components and innovative technologies.

Our plant in Mexico received Ford Motor Company's Q1 status, the highest designation for suppliers. Three plants in Canada retained their Q1 status. The award recognizes consistently good performance in quality, delivery, robust operating systems, material management and compliance with environmental system requirements.

Customer feedback handling system

We take every customer complaint as on opportunity to improve our product performance and service value. Each complaint is logged into our global customer complaint handling system. This system provides a real-time communication channel between front-line staff and engineers in our manufacturing locations and design centres, facilitating team based working and fast response to customer problem.

Every logged complaint is managed through a rigorous root cause analysis procedure applying 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

In the case of incidents arising from customer feedback or internal control processes, any problem relating to the safety or reliability of our products 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 year-on-year by 2028
- 7% reduction in internal defects year-on-year by 2028
- The continuous cycle of knowledge and learning fed back into new product or process development
- Zero product safety or compliance incidents
- Zero product recalls due to safety- or compliance-related incidents

Our plant in Mexico received Ford Motor Company's Q1 status, the highest designation for suppliers

Material management and use

Management approach

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

- Using green suppliers and green energy wherever possible
- Assessing the possibility of greater use of recycled materials
- Reducing our consumption
- Recycling waste from our own production processes
- Reusing wherever economically or technically feasible; otherwise selling for offsite recycling

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

We refurbish our machines after 10 years of operation, giving them a significant extension of working life. We also adapt equipment from manual lines to be incorporated in our eco-efficient automated lines.

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, including material recovered from our own operations as well as purchased recycled materials (percentage recycled content). This establishes a baseline to measure our progress in increasing recycled content in our products
- Analyse and incorporate our customer's material requirements such as product end-of-life vehicle directive, forbidden materials or substances, and content requirements such as steel: 100% electric arc furnace (EAF) or fossil, copper: 2 kg CO_2/kg ingot, magnesium: 10 kg CO_2/kg ingot, polymers: 30% recycled / bio based with sourcing info, 100% recycled rare earth elements (REE) in permanent magnets for electric motors according to ISO 14021, 40% recycled aluminium sourced from approved smelters with full material traceability
- Conflict Materials – see Trust and transparency – Supply chain section

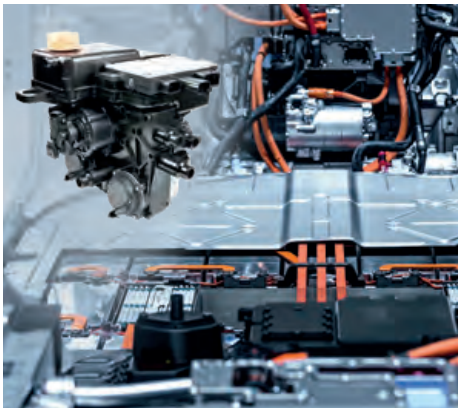
Satellite motion solution for a safer Earth

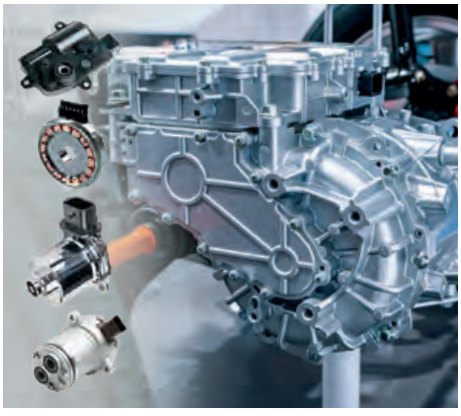
Nanomotion's piezo motor systems provide reliable and precise motion solutions for Low Earth Orbit (LEO) Satellites. By reciprocating over 1mm at 8Hz, the motor system provides optimal time for the image sensor to improve the pictures over multiple shots at the sub-pixel level thus facilitating "super resolution". LEO Satellites are used for commercial Earth imaging by Governments and civil organizations to map the impact of changes in the coast lines, forests and other areas where nature has an impact on our environment.

Advanced solutions for battery electric vehicles

Thermal management and core actuator solutions

Johnson Electric provides integrated thermal management and core actuator solutions for battery electric vehicles to help save cost, improve safety and enhance overall cabin comfort. The integrated thermal system comprises water pumps, valves, actuators, expansion tank and other components to deliver precisely controlled thermal management while the integrated E-Axle actuation solution combines core driveline accessories including E-parking lock actuator, E-shift, resolver and E-Oil pump to deliver improved vehicle safety, performance and energy efficiency.





Safe choice for oxygen concentrators

As our global population ages and requires better healthcare support, motion solutions are needed for a wide range of applications including highly efficient brushless drive systems for compressors used to concentrate the oxygen out of the air for delivery to patients. Johnson Medtech provides the safe choice for manufacturers of oxygen concentrators, used to treat patients with breathing difficulty. Our motors are ideal for both mobile and battery driven devices while boasting quiet, light weight and long-life operation.

Smart furniture for homes and offices

As people spend more time working from home, the demand for working desks that can create optimal ergonomics has rapidly surged. Johnson Electric provides smart furniture motors that are compact in design and low in noise with high torque proving uncompromised reliability and smooth movement. Their integrated electromagnetic compatibility suppression solution means they can seamlessly connect with “Internet of Things” controls well suited to increasingly automated homes and offices.

Employees

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

Employees

Core SDGs

Supporting SDGs

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

We aim to offer our people career development that rewards results, enterprise, mentorship and teamwork. We protect labour rights and provide a safe and secure working environment for our employees.

Christian Moeller
SVP and Chief Human Resources Officer

"During the last year of uncertainties and constant changes for employees and our business, we took many actions to protect our employees and provide a safe working place. We are responding to what they told us in the regular MARBLE Snapshot employee survey with hundreds of improvement activities. We want to be a good employer for all our employees globally."

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.

Nurturing our talents

Our global team is bound together by our shared "MARBLE" values. They are the foundation of the "One Johnson" culture that provides a common identity for employees to operate as a global team, in both times of growth and times of adversity.

We recognize that the talent and diversity of our people drive business results. Global collaboration is the norm for how work is done in the Group's functions and business units.

Attracting and developing the Right People, putting them in the Right Jobs and providing them with the Right Environment to excel at what they do. These are the pillars that underlie Johnson Electric's people strategy and talent management processes. Our ultimate people vision is to become "One Johnson around the world, a great company and a great place to work!

Our MARBLE values

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

Health and safety

Management approach

Johnson Electric is firmly committed to protecting employees' good health and well-being wherever we operate around the world. Our specific goal for the management of health and safety matters is "No harm to people working for Johnson Electric". We focus on avoiding accidents and identifying health and safety related risks.

We take practical steps to maintain a healthy and safe workplace wherever we operate. This includes:

- 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. Previously we set health and safety performance targets at local level; we are now in the process of establishing global targets
- Promoting a positive safety culture in our workforce through regular communication. Additionally, every operating location has a joint management-worker safety committee
- 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 the global health and safety incident reporting mechanism and ensure every accident is well communicated, investigated and the shared lesson learnt. Any accident will be immediately reported to the management team and mitigation measures will follow

Our manufacturing footprint includes sites in countries with varying requirements for workers' health and safety. Our EH&S management system addresses this by setting global standards for managing occupational health and safety issues. Every Johnson Electric factory is required to apply this EH&S management system and comply with both our global safety standards and local regulations.

74% of our manufacturing locations have obtained certification for occupational health and safety management systems, ISO 45001:2018.

The Group's leadership receives regular reports on key health and safety performance indicators.

Our EH&S management system includes 21 specific elements relating to health and safety, which are set out in detailed standards. These elements include:

- ✓ 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
- ✓ Lock-out / tag-out (LOTO)
- ✓ Documentation and recordkeeping
- ✓ Audit and assurance

All health and safety procedures are translated into local languages.

Health and safety compliance

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

- Monitoring key health and safety performance indicators including first aid cases, recordable injury frequency ("RIF") and the lost-time accident rate ("LTA")
- We also emphasize the culture of accident prevention so that our employees can report safety alerts, including hazards and near-misses. Our EH&S team will investigate these alerts, communicate with employees and apply the lessons learnt to different business units
- 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
- Reporting health and safety performance to management on a monthly basis
- Tracking changes in health and safety regulations
- Including health and safety compliance requirements in our Code of Ethics and Business Conduct
- An annual assurance process, with managers responsible for EH&S compliance in each Johnson Electric site acknowledging and certifying their full compliance with our EH&S management system and with relevant health and safety laws and regulation

Performance in FY21/22

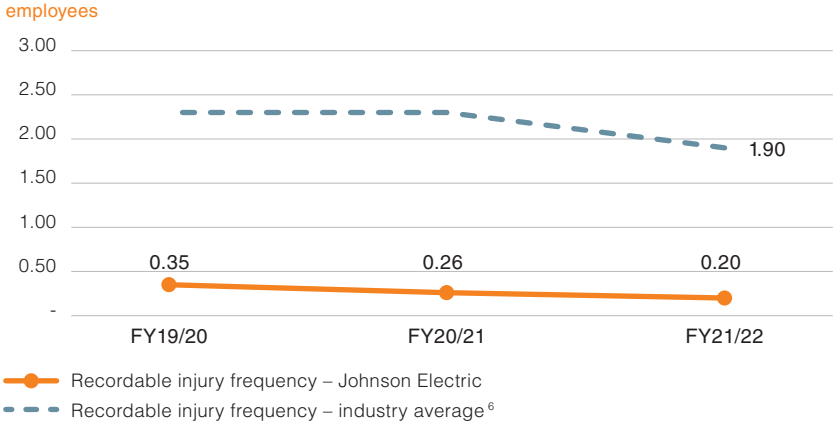
We measure our safety performance using RIF and LTA. We use the US Occupational Safety and Health Administration ("OSHA") definitions for these and calculate them as a rate per 100 employees, working in the year.

In FY21/22, there were:

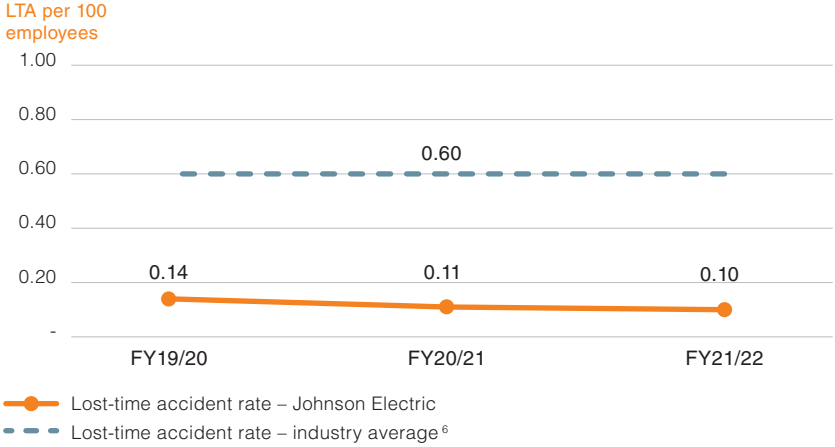
- 95 recordable injuries across the Group, giving a RIF of 0.20 per 100 employees
- 47 lost-time accidents (recordable injuries with lost time of more than one working day). This gave an LTA rate of 0.10 per 100 employees
- Zero fatalities

Both the recordable injury frequency and the lost-time accident rate decreased and remain very low compared to the industry average[6].

Recordable injury frequency



Lost-time accident rate



[6] 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 2020 industry averages, the most up-to-date information available at the time of producing this report

In FY 21/22, we had a gradual improvement in LTA, with six cases fewer than FY20/21 (representing -11%). 17% happened during maintenance activities and 13% were related to slip, trip and falls. Actions developed include:

- Enhanced skills and training
- Risk assessment before starting maintenance operations ("Take Two Safety Training")
- Strengthening our safety checklist for machine design internally and list of requirements for suppliers
- Sharing the lessons learnt from our "Accidents Cycle of Learning"

Case study: autoline safety management in Shajing and Jiangmen, China plants

As part of our digitalization transformation, our sites in Shajing and Jiangmen, China purchased several autolines. We adopted the below practices to ensure autoline machine safety:

Safety controls during autoline manufacturing phase	We developed a list of autoline safety requirements, asking all the required machine suppliers to follow the requirements strictly. For example, verifying the design drawings to ensure meeting the safety requriement, conducting supplier manufacturing on-site safety inspection and conducting an acceptance safety test upon machine arrival.
Autoline safety inspections and training	Partnered with TÜV Rheinland, training on understanding the CE-mark requirements were arranged to our employees. Obligatory machine safety training was also arranged for all autoline maintenance technicians and operators to equip them with the knowledge of autoline safety requirements.
Baccalaureate safety training programme	Provide autoline safety training to all autoline technicians in the Baccalaureate programmes to help them become familiar with autoline safety issues and expected requirments.
Autoline safety ambassador programme	To build a safety culture and environment, safety ambassadors were selected for autolines to help educate the frontline workers about autoline safety requirements and expected behaviour.

Safety Month 2021

At Johnson Electric, June is our Safety Month when we organize activities across the entire Group to engage employees and raise awareness of health and safety risks. Safety Month is an important part of our efforts to drive continuous improvement in our safety practices and nurture a safety culture.

In June 2021, our theme for Safety Month was "Back to Basics • Safety First". The theme was selected because of the required change of culture and "where we are" on safety, putting it as the first priority for the company and employees.

Activity highlight

Throughout the month, the activities organized by our operating sites have been a practical way for us to implement our safety culture. Activities included:

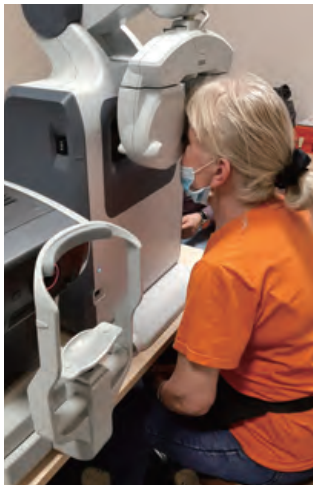
- Customizing personal protective equipment, such as safety glasses and ear protectors for employees
- Technical safety control walkthrough
- Workshops on equipment safety, machine safety and ergonomic improvement
- Chemical safety training
- First-aid training, fire drills and emergency drills
- Quiz and competition on safety behaviour
- Ergonomic risk assessment
- Machine guarding awareness programme
- Heat stress prevention programme

We will do our very best to keep our employees healthy and safe and continue our journey to achieve our target of zero accidents.

Safety training for baccalaureates in Shajing, China

Quiz and competition on safety behaviour in Niš, Serbia

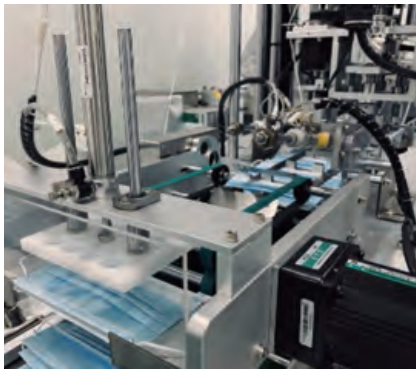
First-Aid training using virtual reality in Bedzin, Poland



Customized safety glasses for Bedzin, Poland

Our response to Covid-19

Johnson Electric reacted quickly at the outbreak of Covid-19, putting the health and safety of our employees, customers, suppliers and people in our communities at the forefront. We formed a Corporate Health Committee to formalize actions, policies and procedures that swiftly issued a global response plan to guide local teams' responses in their locations. At the peak of the global face mask shortage, we installed a production line in Hong Kong for the manufacturing of face masks – producing more than 4 million for employees and their families as well as donations to those in need. Our pandemic prevention and control measures have been recognized as best practices. These include the supply of preventive gear, strengthened health checks and access controls, thorough cleaning and disinfection, and vigilant protocols with employee segregation and management of the workplace, employee canteens and hostel spaces.



Our innovative Johnson Medtech, as a critical Medical Device Subsystems designer and manufacturer, delivered significant value to patients and medical professionals, directly contributing to improved patient well-being and better clinical outcomes. For example, we have contributed to the development and production of a seven-day wearable monitor for contactless vital signs measurement, including heart rate and respiratory rate. This allowed medical personnel to constantly monitor the vital signs of Covid-19 patients in progressive and intensive care units. The device also protects doctors and nurses from exposure to Covid-19 (and other contagious diseases) while working in hospitals. At the same time, the monitor is far more convenient for the patient and allows free movement compared to wired solutions.

Case study: Shajing and Jiangmen's response to Covid-19

Since the outbreak of Covid-19, our plants in Shajing and Jiangmen, China have focused on the dynamic development of the epidemic and have formulated epidemic prevention measures for internal management and in accordance with the local government's policy. The measures included an employee health monitoring system, isolation system, disinfection system and personnel control.

We encourage our employees to have the Covid-19 booster vaccine. We cooperated with the local government to help all employees in Shajing and Jiangmen to complete the full vaccination target. At the time of compiling this report, more than 23,000 employees in Shajing and Jiangmen have been vaccinated.

During the height of the epidemic in Shenzhen in early 2022, we coordinated internally to complete a regular nucleic acid screening for all employees.

Continuous safety improvement

We devote substantial effort to the protection of employees' health and seek continuous improvement in safety performance – at all our sites around the world. To achieve this, we maintain strong controls over our safety risks; build and maintain a safety culture; and improve our EH&S management. Highlights in FY21/22 included:

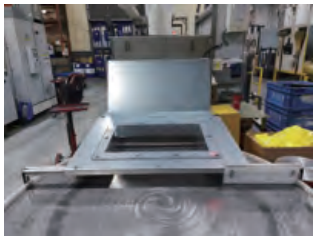
Safety risk reduction

Izmir, Turkey

Wearable devices were given to employees who work alone. If a lone worker has the "man down" setting enabled on the device, it makes an automatic call and sends the location to predefined numbers in case the worker is unable to trigger the alarm manually.

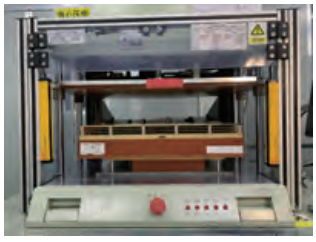
Ancaster, Canada

A significant pinch-point hazard identified: the opening of a wash conveyor large enough for a worker to reach a hand into the conveyor belt area. Guarding was designed and installed to avoid injury.



Shanghai, China

A physical shield interlocking with the equipment control system was installed in inspection machines and punching machines.

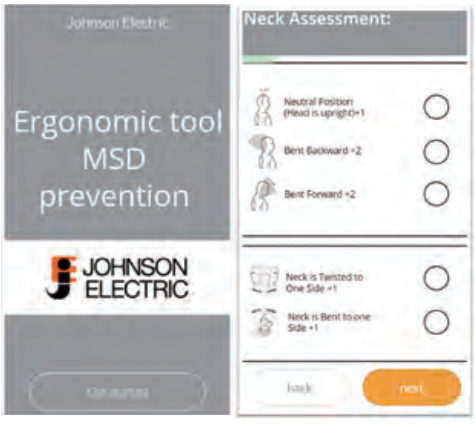


St Remy, France and Asti, Italy

An improved cardboard compactor has been installed to reduce injuries during the handling and lifting of heavy loads.

Bedzin, Poland

An ergonomics team has been set up and training has been provided to all team leaders from the production department about the ergonomic assessment of workstations.



Well-being

Jiangmen, China

A badminton club has been established to promote a healthy lifestyle.

	Zacatecas, Mexico	Cooperating with the local government in Zacatecas, a community health fair was organized to arrange health check-ups for 300 employees and their families.
	Jiangmen, China	Cooperating with the a local medical centre, we arranged health check-ups for 120 employees. 
	Shajing and Jiangmen, China	We launched an employee health programme for cardiac condition monitoring. We distributed wearable devices to employees for self-monitoring.
EH&S management	**Changzhou, China**	Digitizing fire safety alerts by installing a cloud-based tracking system, which includes the monitoring of plant temperature and any water or gas leakages. With the operational staff installing a mobile application, safety alerts mean a fast response to any incident.
Health and safety milestones	**Mississauga, Canada** **Changchun, China**	In March 2022, our powder metal Mississauga plant and Changchun plant celebrated 11 years without a lost-time accident.
	Jiangmen, China	In 2021, our Jiangmen plant was awarded the Guangdong Provincial Health Enterprise Award and six employees were given a Health Talent award.

Talent attraction and retention

Johnson Electric promises to "inspire our employees to grow, act with ownership, and find fulfilment and meaning in the work they do".

Management 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.

Our Human Capital Committee meets monthly with the most senior executives. Its mission is to drive the talent pipeline and continuously improve organizational effectiveness. The agenda for these meetings includes:

- Talent management strategies and initiatives
- 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

Key programmes

Annual succession planning workshops for Senior Vice Presidents and mission-critical positions aim to build our bench strength for long-term success.

Regular talent calibration is used to assess employees' growth potential and identify high-potential employees who are then targeted for additional development opportunities. All identified high-potential employees are then vetted by the Executive Committee to qualify for inclusion in Johnson Electric's talent pool. This talent pool is regularly reviewed when considering key appointments in organizational reviews.

Managers are empowered to drive talent development and are expected to create individual development plans for their identified talent. We support this by offering psychometric assessments for development, 360° feedback, executive coaching and formal executive education programmes.

A performance management process for all staff aims to deliver fairness, equity and the alignment of performance standards globally. This emphasizes development planning and behaviours in the annual goal setting and performance review process. We stress the importance of performance discussions to ensure employees are provided with 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.

"Feedback requests" allow staff and managers to request feedback from anyone in the organization on themselves or their subordinates. This is aligned with our promise to employees, and allows them to proactively collect recognition and constructive feedback from those they work closely with. Feedback tied to strategic goals has allowed tighter alignment across functional teams and cross-functional recognition of staff achievements in town hall meetings.

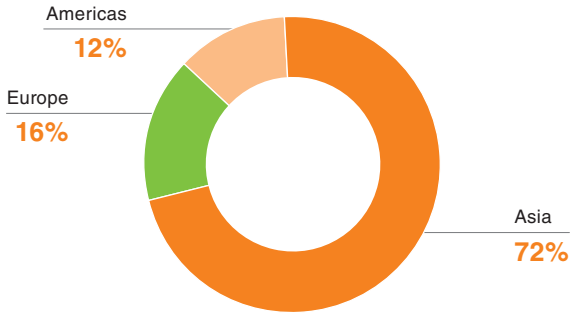
Our "My Career in Motion" programme enables employees to take greater accountability for their career growth and development, working in partnership with their managers and other employees. At the heart of this programme is a formal self-nomination process that encourages employees to apply for open positions for which they are qualified. To enhance and broaden career opportunities for Johnson Electric people, we foster a culture of "promoting from within".

The Group is conscious of the need to develop its pipeline of technical experts. Engineering talent has always been a key priority, but as Johnson Electric transforms, digital know-how is now also crucial to our future.

We are recruiting new talent with the necessary future skillsets. We are also upskilling our current workforce through internships, job rotations,

Global workforce

As of 31 March 2022, the Group's total global headcount stood at more than 35,000 across Asia, Europe and the Americas.



technical seminars and peer-learning collaborative projects. In addition, we develop targeted retention programmes for key people.

A "JE Career Paths" resource is available to business unit and engineering employees. This gives a better understanding of available career pathways and the areas that they may need to build upon when driving their own career development.

We never stop investing in the next generation of engineers. It is Johnson Electric's ambition to become the employer of choice for engineers. We partner with technical colleges and renowned universities worldwide to recruit top engineering students each year. Through these partnerships, we offer scholarships and cooperative education programmes including capstone projects, doctoral research assignments, design competitions, trainee programmes and internships.

Through these actions, the Group will strengthen its engineering centres of excellence and enhance our business units' engineering and digital capabilities.

Performance in FY21/22

This year, we expanded our talent calibration process and involved additional levels of management with the aim of identifying high-potential employees much deeper in our organization. We will monitor both our internal promotion rate and the number of senior positions with "ready now" and "ready soon" successors. Furthermore, to support the development of our global-local footprint, we are enhancing regional talent acquisition capabilities.

JEDi

To build employees' digital capabilities, we launched a JEDi (JE's Digital Transformation Champions) programme to encourage all employees to gain expertise in relevant digital applications, regardless of their role and function. Through active learning and application of the knowledge to their day-to-day work, employees joining this programme will become a key driving force in our digital transformation. As well as on-the-job learning they receive sponsorship for training and exam costs as they develop valued skills to access better career opportunities. They will also be equipped to mentor future JEDis.

JEwel

We introduced a best practice sharing and recognition programme, "JEwel". The JEwel programme complements the existing Living MARBLE Awards that recognize positive behaviour and the Annual Chairman's Awards to build a structured and comprehensive recognition system for Johnson Electric. JEwel awards aim to recognize the achievements and outstanding activities of teams or individuals in the areas of:

- Safety
- Productivity improvements, automation and artificial intelligence
- Quality and capability improvements
- Solutions innovation
- Technological advancement
- Social impact and community outreach

We offered a number of internship and apprenticeship schemes across the Group. These included:

- In Niš, Serbia, we welcomed 10 Master's Degree students to a paid internship scheme – five engineering students and five mechanical engineering students. Over a nine-month programme these students will gain workplace knowledge and skills through comprehensive on-boarding, mentorship and practical acquaintance with our operating units, processes and distinct culture. This will help them understand what it is like to be part of Johnson Electric and to give them a successful start to their careers
- In France, youth unemployment is relatively high (OECD, July 2020: approximately 20% of people under 24 years of age are unemployed). The Group's factory in Hirson addresses this social need through a robust apprenticeship programme and hosted 11 apprentices in FY21/22. This scheme offers experience and knowledge that helps these young people improve their employability. This scheme has been highly successful in enabling a majority of the apprentices to find a job within a few months of completing the programme
- In Murten, Switzerland, an AI Summer Internship Programme is available for students pursuing engineering, data and technology undergraduate or postgraduate studies. The interns take part in projects related to Robotics and Industry 4.0, Smart Manufacturing, Artificial Intelligence and Big Data Analytics, as well as Digital Twin (virtual representations of our products and processes)

Awards

- In Shajing, China, we were awarded by Shenzhen BaoAn District's Human Resources Bureau, Industry and IT Bureau, Federation of Industry & Commerce, and General Labor Union, and were named Best Employer 2021-2022 among 30 key enterprises in the Shenzhen BaoAn District. It is a recognition of our commitment to creating an inclusive and motivational workplace culture through a holistic people management strategy

- In Bedzin, Poland, we attained the Fair Play Business Quality Certificate for an eight successive year. Organized by the Institute for Democracy and Private Enterprise Research under the auspices of the Polish Chamber of Commerce, the award recognizes enterprises who excel in ethical business conduct, fostering positive relations with the local community and sustainable development

- In Ancaster, Canada, we were named one of Hamilton-Niagara's Top Employers for 2022. We were selected as a Top Employer for our commitments to developing current and future generations and having well-established financial incentives and the technical support for remote work and global wellness programmes in response to the pandemic

Training and development

Management approach

As our employees' grow through lifelong learning, Johnson Electric also gains through the increased ability to adjust to market changes and remain competitive. Learning and professional development is a joint effort between Johnson Electric and our employees. We will help employees to close gaps in capabilities and skills by offering the requisite experiences and training.

The Johnson Electric Learning Institute sets the global direction for all employee learning, development and reskilling activities across our global organization. Monthly Steering Committee meetings, which include representatives from all regions, guide and shape policies and practices, and focal learning and development programmes. A strong network of learning and development teams in each location supports this, delivering local learning programmes in response to business priorities and the organization's talent needs. Additionally, we organize a Learning Month every year to cultivate learning cultures.

Key programmes

We offer just-in-time classroom, webinar and eLearning programmes to grow employees' soft and technical skills. A JE Baccalaureate programme provides a structured three-year internal course to upskill technical workers to support our digital transformation. A leadership 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" hub – a global learning platform – provides more than 360 internal courses to employees, covering key business compliance and soft-skill areas and allowing employees to learn anytime, anywhere, on any device, at their own pace. A partnership with LinkedIn Learning – an on-demand platform – provides employees with access to thousands of on-line courses taught by industry experts. Our various sites also offer apprenticeship programmes giving young people a route to gain technical training and work experience.

Upping our game

We are implementing a new learning management system that will improve the targeting, delivery and tracking of training. The new "Learning in Motion" platform will include skill assessments, local and corporate training courses, our JE Baccalaureate programme, and information and training material on sustainability issues.

Additionally, this will enable us to set specific measurable targets for:

- Local training. We want to both ensure sites make full use of the learning management system's capabilities and encourage the reach of our training across our workforce
- Progress on key initiatives, such as improving digital skills
- Employee participation in sustainability training. Our commitment to "Be sustainable"

requires all of us to step up our efforts to change the way look at our activities and work

- Training hours per employee

Performance in FY21/22

- We established and published a "Learning and Talent Management Policy" in December 2021 that defines general guidelines for identifying key talent and successors, employee training and development needs and implementing programmes for all personnel to ensure better efficiency, effectiveness and growth of the individual and the company
- We recognize that learning and development through experience on the job is the best foundation for future growth. In addition, we offer individual coaching and formal training targeted to fulfil functional needs and to develop leadership talent
- Launch of business-unit and functional-specific curriculum, APG – Actuation Systems("AS") curriculum which covers a series of introductory topics from Johnson Electric's business operations, technical engineering, motor design and management skills, and JE HR Top Diploma programme which creates primarily for employees in the human resources ("HR") function to understand how to add value to the business by acting as a change agent, identifying strategic challenges and creating integrated HR practices
- Training programmes to improve digital skills and digital tools adoption, including JEDi Power BI programme, Microsoft 365, Teams and SharePoint
- Increase of average training hours per employees from 2.9 in FY20/21 to 4.7 in FY21/22, an increase of 62%

Diversity

Management 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, disability, marital status, race or colour, national origin, veteran status, religion or sex and sexual orientation. We believe in equal pay for equal work.

We are committed to providing a working environment free from any inappropriate behaviour and all kinds 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.

Our commitment to equal opportunity also extends to our recruitment process. We are committed to treating all applicants in a fair and non-discriminatory manner.

Strengthening our diversity

In FY21/22 women made up 39% of our workforce but only 19% of our management. Additionally, the high proportion of women in low-wage categories at our manufacturing sites compared to the percentage of women in management creates a gender pay gap when looking at average pay by gender.

We are developing a gender diversity plan, as part of our talent management programme, to increase the number of women in management. In support of this, we will establish:

- Quarterly tracking of diversity including the percentage of women in management as well as any gender pay gaps
- Promote diversity and equal opportunity through a global support group and self-directed employee network
- Initiate special reviews for female talent as part of our general talent reviews to ensure a merit-based increase in the number of female leaders

Family-friendly programmes

We have implemented a variety of family-friendly programmes around the world. These include parental and care leave as well as childcare services and allowances. For example:

- We have created access to meaningful sustainable work for single mothers in Mexico
- Our employee housing projects in Zacatecas, Mexico and Jiangmen, China have been enthusiastically welcomed by both our workforce and the wider community
- We have introduced a working from home policy, applicable globally, so that employees can better balance work and family responsibilities

International Women's Day

We support International Women's Day.

"The peace of mind provided to anxious pregnant women is important as I recall how Johnson Electric supported me by arranging special transportation for pregnancy check-ups from work.

I am glad to work for a company that embraces diversity, respects and helps employees thrive – regardless of who you are, where you are from and which stage of the career life cycle you are at."

Liu Daisy, Lead Engineer
Jiangmen, China

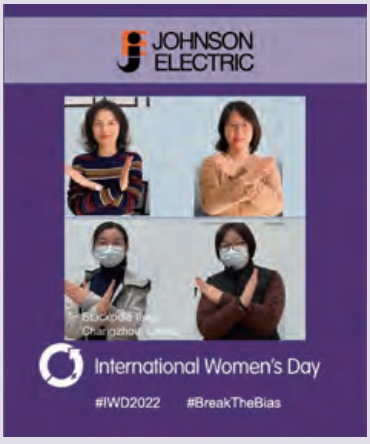
"As the impact of the Covid-19 pandemic continues to be felt, the time required to close the global gender gap has increased from 99.5 years to 135.6 years. At the current rate of progress, the World Economic Forum estimates it will take 267 years to close the world's economic gender gap, while reaching gender equity in politics will take 145.5 years.

In a world without bias, it is hoped that men and women can enjoy fair opportunities and a safer, healthier and more peaceful environment to thrive as a prerequisite for economic prosperity."

Başak Ertaş, HR Director
Izmir, Turkey

"A world where everyone makes a conscious decision to unlearn negative stereotypes that we have been conditioned to learn, a world where we teach women to know themselves and show up who they are, encourage them to succeed, motivate them to win… but especially make them feel supported!"

Samaira Salas, Senior Human Resources Manager
Vandalia, USA



"Men and women in Johnson Electric have been provided with equal opportunities and we are glad to work for a company that is free of gender bias and provides everyone with the support to learn and grow."

Cher Chan, Susan Zhu, Lin Chen and Stella Jiang
Changzhou, China

Communication

Management approach

Our goal is to establish Johnson Electric as a trusted employer brand through open, transparent and engaging communications.

We keep employees informed of current happenings and foster an environment where employees are comfortable voicing their opinions, ideas, suggestions and concerns.

Communication channels

The Group's employee communication channels include:

- One Johnson Global Celebration, an annual event for all Johnson Electric employees around the globe. This year, organizers took a creative approach to find ways to maintain togetherness while respecting social distancing requirements
- JE in Motion, a digital platform for sharing multimedia content with all global employees or specific employee groups, facilitating knowledge sharing and team collaboration. The platform has undergone a facelift and features enhancement this year with the migration to Microsoft SharePoint
- Regular all-staff meetings held at every Johnson Electric location to provide updates on business performance and developments on key projects. Throughout the Covid-19 pandemic these meetings have taken place virtually, through the Group's video-conferencing facilities, or have been replaced by recorded video briefings, to maintain social distancing during the Covid-19 pandemic
- MARBLE Snapshot, a regular survey to measure the organization's engagement level. This provides a confidential route for employee feedback. Follow-up actions ensure that employees' voices are heard and responded to at both corporate and team levels
- Employee recognition awards including our JEwel awards to encourage sharing of best practices, our MARBLE Awards for employees living Johnson Electric's core values and the Annual Chairman's Award for outstanding performance
- LinkedIn and other social-media channels provide a contact point between Johnson Electric, our employees and the outside world, to build credibility and show potential employees and other business contacts who we are and what we stand for
- Local initiatives such as recreational and team building activities, held throughout the year to boost engagement, build social skills and promote recognition. Local teams organized festive celebrations, outings, cultural excursions, appreciation days, parent-child activities and other events

Other means to ensure employees' alignment with Johnson Electric's strategy and direction include newsflashes, open forums and global and local employee contests.

Labour rights

Management 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 policy and with local labour laws and regulations, so that employment conditions fully comply with Johnson Electric's commitments and with applicable laws and regulations.

Johnson Electric adheres to the directives set by the International Labour Organization's "ILO Declaration on Fundamental Principles and Rights at Work" and the United Nations' "UN Guiding Principles on Business and Human Rights". These set out principles on freedom of association, 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.

Workplace violence and weapons

Johnson Electric's objective is to provide a safe work environment free from weapons and acts and threats of violence.

Freely chosen employment and the prevention of child labour

We do not use forced or compulsory labour in any form. Under no circumstances will we directly employ, or indirectly through a labour agency, a person who has not freely chosen to perform such work and who is not free to leave our employment at reasonable notice.

We only employ workers aged 18 years or older (except in the case of government-recognized apprenticeships).

Some of our sites are located in countries that are ranked as Tier 2, Tier 2 Watchlist, or Tier 3 in the US Department of State's "Trafficking in Persons Report". Consequently, we have a clear policy relating to global child labour and forced labour for all our sites. Our policy includes a mix of preventative and detective controls and is subject to internal audit.

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 competitive pay levels and benefit offerings in every market in which we operate.

Our Compensation and Benefit Policy, available on our employee portal, sets out our framework to attract qualified employees, recognize performance and contribution, and motivate and retain talented employees. It ensures that compensation and benefits are competitive with market practices 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 and ensures that eligibility for various incentives and incentive levels are defined globally.

At entry level, remuneration and benefits comply with or (more usually) 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 revenue, profitability, liquidity and sustainability goals.

Additionally, our long-term incentive share scheme forms a critical part of the competitive compensation package for senior executives, encouraging retention while aligning rewards to shareholder value. The scheme includes not only time-vested restricted stock units, but also 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 monitor our compliance with our employment standards and the relevant labour laws and regulations. As part of this:

At any time

- Employees may report any breach of our labour standards. Reports may be submitted anonymously via our whistle-blower hotline, accessible globally at any time by phone or email. All such reports are investigated promptly and confidentially. If it is determined 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 enterprise risk management:

- Our regional and country Human Resources teams acknowledge and certify their full compliance to our Human Resources policies and to relevant labour laws and regulations
- All managers and above, as well as other employees in sensitive positions, must 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

- All managers and above, as well as other employees in sensitive positions, must undergo refresher training on the Code and its application in the workplace, including the protection of labour and human rights. On completing this training, they must pass a test. Only then are they allowed to certify that they have read and comply with the Code

• Communities •

we promise to enrich our local communities

Communities

Core SDGs **Supporting SDGs**

We promise to enrich our local communities.

We seek to identify social needs and fulfil these in a way that benefits both Johnson Electric and the local community. Our JEnerations programme empowers our employees to identify and get involved in fulfilling these needs.

Austin Jesse Wang
Executive Director and SVP, Industry Products Group

"Johnson Electric firmly believes in the need for sustainable business models that are symbiotic with the communities in which we operate. For example, our JE Technical College programme has graduated over 1,000 students from low-income households and been a great source of stable and skilled technical staff for our facilities in China and Mexico. This year we helped settle dozens of Ukrainian refugees in our Polish and Canadian facilities. We hope to continue to be a forward-thinking leader in sustainable development in this dynamic world."

Community engagement

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

JENERATIONS

With the launch of JEnerations, our programme for social impact and community outreach activities, we encourage all our global employees to get involved and enrich our local communities through volunteering.

Local employees are empowered to select themes and identify targets that will benefit from Johnson Electric's contribution. Activities that may be given more focus include those that benefit children, the elderly and the

Junior Engineer activity in China

underprivileged, as well as supporting diversity and inclusion and the environment. We are supporting this with paid time off for each employee taking part in our social impact activities.

Johnson Electric does not support employee efforts that discriminate, nor do we fund any groups with illegal purpose or activities as defined by local laws; any political causes or candidates; any religious activities relating to denominational or religious purposes (but we can support charity activities of religious groups); nor any activities that go against the Code.

Technical education

Globally, Johnson Electric is operating multiple flagship programmes in several countries to promote and support technical education as part of our community engagement initiative. These include the Johnson Electric Technical College and Junior Engineer programmes.

Johnson Electric Technical College

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

In 2016, the second JETC was opened in Zacatecas, Mexico providing the same comprehensive learning and development experience to underprivileged young people.

JETC cooperates with educational institutions to issue official secondary vocational school diplomas upon graduation. All successful graduates are employed as technicians or mechanics in manufacturing or engineering departments within Johnson Electric.

Since the initial conception, 1,200 well-trained students have graduated from the JETC programme in China and Mexico.

JETC serves a dual purpose. It provides the Group with a stream of well-educated future employees. It also gives back to society by supporting underprivileged youngsters in China and Mexico by providing a quality general and technical education. In Serbia, using similar concepts of 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 quality technical education.

Watch the video of JETC: Bringing education to the underprivileged

Junior Engineer programme

This global community outreach programme is a simple but effective way to encourage early interest in science, technology, engineering and mathematics ("STEM") subjects. Participating children, from 6 to 12 years old, build a toy powered by a Johnson Electric motor. In FY21/22, this was held as an internal activity for employees' children, allowing them the same opportunity to become interested in STEM subjects.

Voices of JETC Graduates

“For me, JETC took up a significant part of my working life. It gave me the knowledge to develop inside and outside the company. It also instilled in me the discipline to execute and continue to excel.”

José Francisco Aguilera, 1st generation graduate

“I am very proud to have been part of this incredible programme, which has left me with so many good things and memories. It has helped me to be a better person each day, both personally and at work. I learnt to practise discipline, show respect and love for my work.”

Luis Angel Esquivel, 3rd generation graduate

“Through the programme, I have become a Technical Instructor. This opened an opportunity for me to develop the next generation of JETC students who will be contributing to Johnson Electric in the future. The company continues to support me as it has given me a sense of responsibility, which I can carry over to my family. When I joined JETC, I did not join a factory or school – I joined a family.”

Hector Muro, 1st generation graduate

“Since I joined JETC, I have learnt new things every day. I enjoy every part of my work. The programme has helped me a lot personally and I want to continue learning to be able to improve myself as a person. Everything has been of great help and I am grateful for this great opportunity.”

Karina García, 5th generation graduate

“JETC has changed my life. I have made new friends and I enjoyed every moment of it as I worked and studied at the same time. It helped me progress as a person and I have learnt things that I never thought I would. During the process I have also given up some bad habits. For that I am really thankful to JETC.”

Jhonuel Serio Vázquez, 5th generation graduate

Social impact activities around the world

JENERATIONS

During FY21/22, our sites around the world initiated or partnered with local non-governmental organizations to arrange close to 100 activities, benefitting a wide variety of charitable activities and actions. These include health education, support programmes for children, the elderly, the underprivileged and environmental protection.

All locations: Earth Hour

In March 2022, we joined with millions around the globe to switch off non-essential lights at our facilities to support the World Wide Fund for Nature in its Earth Hour campaign.

Hong Kong, China: Preparing hot meals for those in need

Our volunteers in Hong Kong helped at the Food Angel's central kitchen and prepared 4,250 meal boxes for local senior citizens and low-income families.

Tree planting programmes around the globe

Plymouth, USA: The Plymouth JEnerations team rolled up their sleeves in support of "The Greening of Detroit" to plant trees across the region.

Hatvan, Hungary: Our JEnerations Team in Hatvan accompanied students from a local special education school on a day out to plant trees.

Halver, Germany: We sponsored the acquisition of 600 trees. 26 employees lent a hand with tree planting and cleaning up the edges of the forest.

India: Improvements to a village school

The India JEnerations team went on a trip to Poonamallee, 5 km from the Johnson Electric plant to improve the facilities at a school for visually impaired. The task included the installation of a water heater, the provision of purified water for the kitchen, an LED light for the office, street lighting for the school premises, the clearing of the volleyball court and provision of sports equipment.

Jiangmen, China: Visiting the elderly home

Our volunteers in Jiangmen visited a local home for the elderly in winter, bringing gifts to the residents.

Vandalia, USA: Volunteering for Habitat for Humanity

The Vandalia JEnerations group partnered with the local Dayton Habitat organization to help in the construction of a new home for a family in need. The team helped to install flooring throughout the front entrance, living room and utility closet.

Poland: Humanitarian Aid for Ukraine

Following the invasion of Ukraine, the local management team at Johnson Electric in Poland took immediate action to support more than 200 Ukrainian employees and their families. The Poland team has also been working in conjunction with local authorities, charities and private organizations to find ways to extend support to other refugees in the country.

Johnson Electric immediately endorsed a relief fund of EUR25,000 to support the Poland team's relief efforts, including providing psychological and legal support to Ukrainian employees and their families, helping with daily necessities, providing temporary accommodation to the refugees as well as medical support for hospitals in Ukraine.

Elsewhere in Johnson Electric, donation drives for cash and other forms of relief have been held.

Efforts are also underway to give priority hiring to Ukrainian refugees as per production needs; dozens have already been settled at our Polish and Canadian facilities.

Social impact awards

For more than five years in a row, Johnson Electric received the Caring Company Award from the Hong Kong Council of Social Service. It recognizes our longstanding commitment to corporate social responsibility and our voluntary efforts to create a caring community in Hong Kong.

Follow our global JEnerations footprint on Instagram!


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

Trust and transparency

Core SDGs **Supporting SDGs**

We believe that good corporate citizenship requires uncompromising standards of integrity, openness and fairness. We pursue high standards of corporate governance that properly protect and promote the interests of our stakeholders and which also safeguarding and build our reputation.

Amit Chhabra
SVP and Chief Financial Officer

"We are deeply committed to building an environment of trust, transparency and accountability at Johnson Electric. Corporate governance is fundamental to fulfilling our promise to our stakeholders, protecting their interests, guiding strategy and mitigating risk. Our MARBLE values align the organization and require us to lead by example and demonstrate uncompromising standards of integrity, openness and fairness."

Corporate governance

Management approach

The principal corporate governance rules and recommended best practices applying to companies listed on the Stock Exchange of Hong Kong are contained in the Corporate Governance Code of the Exchange Listing Rules. As required by the Code, Johnson Electric publishes a comprehensive Corporate Governance Report in its Annual Report to shareholders.

However, we also hold the belief that good governance is not merely a compliance exercise, but a process that supports the success of the Company. The Board of Directors ("the Board") is focusing on building a culture of integrity, transparency, and accountability in Johnson Electric 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 place
- 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, aligned to delegations of authority and in the best interests of the business
- Supervising the business
- 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 pages 67 to 78 of the Annual Report 2022. Profiles of the Directors can be found on pages 202 to 205 of the Annual Report 2022.

Johnson Electric's sustainability governance

Sustainability governance

Johnson Electric's Business Framework articulates its Vision, Purpose and Values and connects these to its promises to customers, employees, local communities, the environment and shareholders.

This is underpinned by a Social Impact and Sustainability Charter that guides the Group's activities in the related areas. This takes into account the interests of Johnson Electric's main stakeholders as the Group pursues its purpose to improve the quality of life.

The Audit Committee holds the primary responsibility for monitoring and assessing the Group's sustainability performance. It is supported by:

- The Social Impact and Sustainability Committee in the identification of environmental, social and governance issues and the monitoring of the Group's sustainability performance
- The Risk Management Steering Committee in the classification, analysis and tracking of existing and emerging risks, including sustainability risks; and in ensuring that the Group has robust business practices to lower the frequency and severity of risk and ensure business continuity

The Audit Committee is also responsible for the internal control aspects of the Group's activities and receives reports on 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. It also monitors the policies applied in remunerating senior management on behalf of the Board. It 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 director. 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.

The Social Impact and Sustainability Committee ("SISC") is chaired by Austin Jesse Wang, Executive Director 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 Committee's activities are supported by the Sustainability Department.

The SISC's responsibilities include:

- Understanding the sustainability context of Johnson Electric's activities and business relationships
- Identifying Johnson Electric's actual and potential impacts (both positive and negative) on its 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 the material topics
- Defining environmental, social and governance targets and key performance indicators for the material topics
- Providing a global framework to cultivate a social impact and sustainability culture. Johnson Electric empowers and enables teams and individuals to make a positive impact in their day-to-day roles while encouraging leaders to develop a socially conscious and sustainable mindset
- Overseeing social impact and sustainability activities, reporting and communication

The SISC references a number of external initiative 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, and the Global Reporting Initiative Standards, among others.

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, 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 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 enterprise risk management, our risk profile and our policies for managing exposure to key risks can be found on page 46 to 53 of the Annual Report 2022

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 contributing to our technology strategy.

The Sustainability Department formed in FY21/22 and 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 organization. All business units and functions incorporate and align 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 all individual annual incentive pay, including the executive management team.

Sustainability governance activities in FY21/22

The SISC updated our Social Impact and Sustainability Charter, which guides our activities. This Charter incorporates our business framework; sets out structures for the governance of sustainability in Johnson Electric and identifies five key areas and the material topics relating to these.

The Business Framework can be found on page 3. The Sustainability Framework is shown below

Sustainability reporting

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

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 the information gained using our stakeholder channels to identify those topics with which our stakeholders are most concerned. 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 through our own operations as well as upstream in our supply chain and downstream in the supply chain, through our products and how we act 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 – Environment, Products, Employees, Communities, and Trust and transparency.

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

Johnson Electric Sustainability Framework

Environment

ENVIRONMENT
- Energy and climate *
- Waste *
- Water
- Emissions

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

Social

EMPLOYEES
- Health and safety *
- Talent attraction and retention *
- Training and development *
- Diversity *
- Communication *
- Labour rights

COMMUNITIES
- Community engagement *

Governance

TRUST AND TRANSPARENCY
- Corporate governance *
- Ethics *
- Compliance *
- Data protection
- Supply chain *

* Material topics under each key area

Johnson Electric's stakeholder engagement channels

	Topics covered	Communication channels
Customers	• Product, price and performance • Quality • Financial performance • Sustainability strategy and performance • Business integrity and ethics	Phone calls and email – ongoing
		Customer visits and meetings – as needed
		Customer complaints process – as needed
		Quarterly results announcements, Interim Report and Annual Report
		Customers' on-site visits and audits of our factories – on request
		Customers' sustainability targets, questionnaires and assessments
		Sustainability Report – annual
		Sustainability engagement survey – last conducted in 2020
Employees	• Working conditions and welfare • Labour and human rights • Employees' health and safety • Employee engagement • Career development and training • Business performance	Whistle-blower hotline – ongoing
		One Johnson Celebration – annual
		Performance reviews – annual
		Employee surveys – biennial
		Workplace posters, emails, social media and intranet – ongoing
		All-staff meetings – quarterly
		Employee representatives / trade unions
		Training, coaching and on-the-job development – ongoing
		Sustainability Report – annual
		Sustainability engagement survey – last conducted in 2020
Suppliers	• Johnson Electric expectations of suppliers • Supplier quality performance • Supplier sustainability performance • Compliance with Johnson Electric's Code of Ethics and Business Conduct	Johnson Electric Terms and Conditions
		Johnson Electric Code of Ethics and Business Conduct
		Phone calls and email – ongoing
		Evaluated supplier self-assessments
		Conflict minerals reports
		Supplier risk review – annual
		On-site visits and audits of key suppliers
Shareholders and potential investors	• Financial performance and expectations • Strategic plans	Quarterly results announcements, Interim Report, Annual Report
		Quarterly, interim and annual results announcement events
		Media / investor relations conferences and feedback to enquiries
		Sustainability Report – annual
Communities	• Employment and training opportunities • Quality education • Environmental protection • Local community activities	Phone calls and email – ongoing
		Johnson Electric Technical College and partnerships with local education authorities and universities – ongoing
		Johnson Electric Junior Engineer – (restricted to employee's children this year due to Covid-19)
		Participation in local community activities and voluntary work – ongoing
		Participation in government / NGO training and employment schemes – ongoing
All	• Sustainability development agenda	Monitoring the alignment of our business strategies and operations with the targets set by the United Nations Sustainable Development Goals

Ethics

Management 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.

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 74 for details of the behaviours embedded in the Code

Ethics training and declarations

As part of their induction, all staff joining the company in a position with an email account must complete compulsory training on our Code. In FY21/22, 761 new employees received training on the Code as part of their induction.

All managers, irrespective of function, and other employees in sensitive positions are required to sign an annual declaration that they have read and conformed to the requirements of the Code and are not aware of any potential violations of the Code by others. Additionally, every two years, they must complete refresher training and pass a test on the content and application of the Code before making their declaration.

Worldwide 2,310 managers and other employees in sensitive positions completed their annual declaration that they read and conformed to the requirements of the Code during FY21/22 and were not aware of any potential violations of the Code by others.

Following our two-year ethics training cycle, in FY20/21, 2,012 managers and other employees took part in and completed ethics and business conduct refresher training.

Business conduct, anti-corruption and fair competition

The Code includes specific requirements relating to anti-corruption and the prevention of unfair competition.

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. Additionally, all Johnson Electric sites must comply with strict monetary limits on gifts and entertainment.

We have zero tolerance for fraud and refer any instances of occupational fraud to the authorities for prosecution. We also take steps to reduce customers', suppliers' and our own exposure to the risk of third-party frauds (for example, phishing emails) in our interactions with customers and suppliers.

In FY21/22:

- There were no cases against the Group or our employees for corrupt practices
- There were no cases or regulatory actions regarding fair trade and competitive practices

Worldwide 1,389 employees took part in anti-corruption training in FY21/22. This included employees attending a corruption seminar hosted jointly with the Independent Commission Against Corruption (ICAC) in Hong Kong, new employees receiving anti-corruption training as part of their induction, and employees completing Johnson Electric e-training programmes. We intend to expand our anti-corruption training program in FY22/23.

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 of ways to access the hotline. Reports may also be submitted anonymously by other interested parties, using contact information contained within our Code, which is available for download from the Group's intranet as well as 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 FY21/22 were subject to investigation and relevant corrective actions, including disciplinary action where appropriate. None of the reported breaches of the Code were financially or operationally material to the Group.

Code of Ethics and Business Conduct

Preventing 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.

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.

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

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.

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.

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

Preventing fraud and maintaining accurate and complete official record 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.

Protecting proprietary information and 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.

Treating each employee with mutual respect and fairness at all times – 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 child labour and forced labour – We do not permit the employment of minors who do not meet the legal minimum working age of each country and region in which we operate. We will not partake in any form of forced, bonded or indentured labour.

Protecting the environment and creating a healthy and safe workplace – We maintain an environmental, health and safety policy including standards, checks, inspection procedures and audits to prevent harm to the environment and employees wherever we operate.

Compliance

Management approach

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

The internal control and Enterprise 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 the 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 46 to 53 and 74 to 75 of the Annual Report 2022 for details of our Enterprise Risk Management and Internal Controls

Additionally, 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.

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 FY21/22

In FY21/22:

- There were no significant instances of non-compliance with laws and regulations
- There were no cases involving intellectual property rights

Data protection

Management approach

We follow the principle of 'Privacy and Security by Design and by Default' throughout our information security systems. Our goal is to protect the confidentiality, integrity and availability of data.

Data protection systems and activities

We deploy Information Security Management Systems for the robust protection of our own data as well as customers', employees' and partners' 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 test the resilience of key business processes and systems against potential security breaches.

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

Data protection compliance

Our data protection and privacy policies are intended to ensure Johnson Electric's, partners' and employees' compliance with data protection and cyber-security laws. For example, the General Data Protection Regulation (GDPR) of the European Union; the Personal Information Protection Law of the People's Republic of China; the Personal Data (Privacy) Ordinance of the Hong Kong SAR; and the Personal Data Protection Bill in India.

Raman Mehta
SVP and Chief Information Officer

"We aspire to achieve our sustainable development goals by supporting both productivity and information security."

In FY21/22:

- There were no incidents of non-compliance relating to privacy matters
- There were no identified leaks, thefts, or losses of customer data

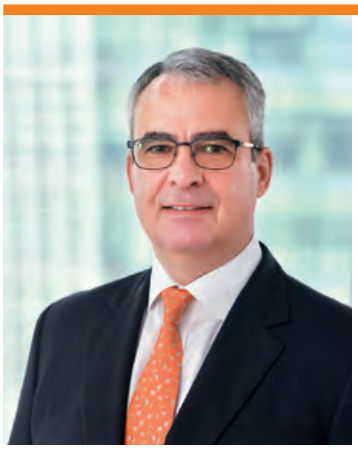
TISAX

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

In particular, with the growing number of smart and connected vehicles, the automotive industry is standardizing the assessment and exchange mechanism for information security of companies, with the recognition of assessment results among the participants. Trusted information systems and procedures are being enhanced to protect customer new product information and prototype product development.

Our automotive technology development centres are working towards Trusted Information Security Assessment Exchange (TISAX) accreditation, or Trusted Information Security Assessment Exchange, with the first locations receiving their TISAX labels by mid-2023. Additional sites will receive accreditation later in the year and beyond. Best practices learnt through this implementation will be shared across the wider Group.

TISAX accreditation requires an initial self-assessment, followed by an audit and then closure of any compliance gaps before TISAX accreditation is granted.



"Sustainability in our supply chain is crucial to our purpose to improve people's quality of life. We strongly consider in our decision making suppliers' adherence to our Code of Conduct and commitment to our sustainability initiatives."

Robert Allen Gillette
SVP, Supply Chain Services

Supply chain

Management approach

As Johnson Electric is a global manufacturer with multiple manufacturing locations that supply to numerous market segments in different geographic locations, its supply chain is relatively complex, with more than 2,200 active suppliers. The direct material items are broadly classified into more than 60 main purchasing categories relating to raw materials, components and packaging. The structure of Johnson Electric's supply chain in is divided into two major groups: global and regional teams.

We are partnering with our suppliers, by extending our sustainability requirements to suppliers and by creating processes and tools to jointly progress on our sustainability journeys.

Our robust supplier qualification procedures require due consideration of cost, quality, environmental awareness, ethical behaviour and social responsibility. We continue to monitor performance against these requirements throughout the business engagement through annual risk assessments and supplier self-assessments. Ordinarily, we conduct some on-site supplier sustainability audits. However, this was suspended due to the Covid-19 pandemic.

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.

Performance in FY21/22

- **Responsible Minerals Management: Conflict Minerals Reporting Template (CMRT):** We partnered with a third-party specialist company, Source Intelligence, to streamline and strengthen our conflict minerals and cobalt reporting processes. 85% of our suppliers in the CMRT, whose smelters are certified by a recognized body, such as Responsible Mineral Initiative, Responsible Jewellery Council and London Bullion Market Association. We also updated our Responsible Mineral Policy to include cobalt, for example
- **Supplier ESG Assessment:** We partnered with a third-party specialist company, Assent, for the supplier ESG assessment. 72% of the identified 300 key suppliers have started the process and 42% of them have completed

  The first wave has focused on 300 main suppliers. The criteria for selecting these suppliers were:

  i) Commodity Priority:

  We consider the ESG impact of the commodity for its manufacturing processes, how critical the commodity is to our products. We also take recommendation from the third-party specialist company.

  ii) Spending:

  We consider the amount we spend on the supplier. If the amount is more than or equal to USD 1 million, we classify the supplier as a High Priority Commodity.

iii) Country Priority:

We look at the country of origin of the suppliers in terms of ESG risk, and if the amount we spend on those suppliers is more than USD 100,000.

iv) Force of Influence:

When we buy from distributors, we consider the original manufacturers to identify the risk.

- **Supplier Code of Conduct:** Required to be committed to social and environmental responsibility and ethical practices, our Supplier Code of Conduct (the "Supplier Code") strengthens our requirements for suppliers regarding human and labour rights, the environment, and ethics and behaviour. Every supplier is required to comply with and sign our Supplier Code; this year, 63% of our suppliers have pledged the Supplier Code. The procedure is in progress and we target to have full supplier pledged by September 2022
- **Conflict Minerals Reporting Template ("CMRT") Training:** We have developed CMRT training modules for internal buyers, sales personel and all other related employees, and this will be extended to suppliers. We will organize training for suppliers
- **Updated Supplier Assessment Questionnaire ("SAQ"):** We included sustainability related items, especially labour, human rights and governance, in our Supplier Assessment Questionnaire for improved supplier due diligence
- **Supplier sustainability audits:** Based on our work this year, we plan to define and to start the auditing process to audit the top 10% of the total suppliers
- **Supplier terms and conditions:** Our supplier terms and conditions are in accordance with several items of legislation, such as the US Foreign Corrupt Practices Act, the UK Bribery Act 2010 and the relevant criminal law in the country of operations. 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' "UN Guiding Principles on Business and Human Rights". These set out principles on freedom of association, 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

Supply Chain Sustainability Framework

Key elements / Targets

Environment & Products

1 Climate change – carbon emissions
- Reduction of carbon emissions on Scope 3 (suppliers and transportation) by 2030. Measure and set target in FY22/23

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

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

4 Pollution and waste – packaging material
- Reduce usage of cardboard and polystyrene by 2030. Set target in FY22/23

Employees & Communities

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

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

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

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

Trust & Transparency

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

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

10 Corporate behaviour – risk management
- To eliminate high-risk suppliers or reduce the risk at their end

11 Supplier Code of Conduct
- Pledged by 100% of our existing suppliers
- Acceptance by new suppliers

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

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

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

15 Suppliers ESG assessment
- Develop and maintain a supplier ESG assessment process
- Start with top 300 suppliers, by FY21/22

16 Supplier audits
- Develop and maintain an audit process, by end of FY22/23

17 Policies & procedures
- Document processes in our internal standard operational procedures

Sustainable Development Goals

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

In 2015, the United Nations 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 forms the basis for defining our priorities.

Core SDGs

We have prioritized three core SDGs where we believe we can make the greatest impact and "move the needle". 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 towards achieving 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 progress towards the other nine SDGs. Although efforts towards these may contribute towards our 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 has considered the UN SDGs when developing the sustainability strategies for the business.

Additionally, commencing 1 April 2021, performance targets based on sustainability goals now form an element of determining all individual annual incentive pay, including 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 on the following pages.

Core SDGs

SDG 8 Decent Work and Economic Growth

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

Relevant targets set by SDG 8	Related strategies	Section In 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	As a technology leader for lightweight, high-power-density motion solutions, we provide energy-efficient products that reduce emissions, improve fuel consumption, have a longer working life and require fewer resources in their manufacture. We are committed to improving resource efficiency in production and endeavour to decouple our growth from environmental degradation, also by integrating Life Cycle Assessments and Product Carbon Footprint.	Products – Sustainable products, Product carbon footprint Environment
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	Our commitment to equal opportunity also extends to our recruitment process. We are committed to treating all applicants in a fair and non-discriminatory manner. We are developing a gender diversity plan, as part of our talent management programme. Promote diversity and equal opportunity through a global support group and self-directed employee network. Initiate special reviews for female talent as part of our general talent reviews to ensure a merit-based increase in the number of female leaders.	Employees – Diversity
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 the Group's 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. The Group also partners with schools and universities to support the provision of quality technical and vocational education. We offer internships and apprenticeships to youth as routes to employment.	Communities
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 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 and embed this requirement in our relationships with suppliers. We have embedded employee safety in our operations model and require every Johnson Electric factory to apply our health and safety standards.	Employees – Labour rights, Trust and transparency – Supply chain Employees – Health and safety

Core SDGs

SDG 9 Industry, Innovation and Infrastructure

Core elements of Johnson Electric's product and manufacturing strategies are closely aligned to the goals of SDG 9. We invest in innovation to provide unique motion solutions to customer problems and employ more than 1,500 engineers around the world. Our manufacturing strategy includes the strengthening of in-region fulfilment capabilities. We are introducing advanced resource- and energy-efficient manufacturing technologies and localizing internal and external supply chains for our factories in Asia, Europe, North America, and South America. Our stakeholders also express a strong interest in our innovation and in the sustainability of our manufacturing model.

Relevant targets set by SDG 9	Related strategies	Section in 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. Implemented a Green Plant Checklist initiative, assisting management in taking a structured approach to identifying opportunities to improve environmental performance. Topics covered by the checklist include renewable energy, energy-efficiency, water conservation, material conservation and recycling and waste reduction.	Environment
	We are committed to transition to using 100% renewable energy in our operations by 2025, as available and feasible, for each site. Our sites in France, Germany, Hungary, Italy, Poland, Serbia, Switzerland and Brazil began purchasing electricity from 100% renewable sources.	Environment
9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries	We innovate and create the technical capability 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.b 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 shaping the Group's operating footprint to be in closer proximity to our customers, building up the capabilities of our factories in several developing countries, and supporting this through the localization of supply chains.	About Johnson Electric

Core SDGs

SDG 12 Responsible Consumption and Production

Supporting responsible consumption is one of the key drivers of our product strategy. We are seizing the opportunity to offer lightweight, high-power density motion solutions at an attractive price. Many of our products directly target emissions reduction and improved energy efficiency. In our factories, we seek to minimize waste and prevent environmental harm from our production processes. Our materiality assessment has identified that many of our stakeholders are deeply interested in the opportunities presented by this SDG or concerned by the risks of unsustainable consumption and production.

Relevant targets set by SDG 12	Related strategies	Section in 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 reduce emissions, improve energy and fuel 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.	Products
	We have set targets to reduce solid waste generated by 4% annually and reduce absolute water consumption by 2% annually	Environment – Waste, Environment – Water
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.	Products
	Some of our products enable the complete replacement of the internal combustion energy, while others reduce harmful engine emissions.	
	We have set targets to reduce solid waste generated by 4% annually, reduce absolute water consumption by 2% annually and monitor emissions by site, assuring 100% environmental compliance and prioritizing for reduction or elimination.	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 and require fewer resources in their manufacture.	Products – Material management and use, Environment – Waste
	We have set targets to reduce solid waste generated by 4% annually, recycling waste from our own production processes, reusing wherever economically or technically feasible, or otherwise selling for offsite recycling. Incorporating the Product End-Of-Life vehicle directive, forbidden materials / substances, and material content requirements such as steel: 100% electric arc furnace (EAF) or fossil, copper: 2 kg CO_2/kg ingot, magnesium: 10 kg CO_2/kg ingot, polymers: 30% recycled / bio based with sourcing info, 100% recycled rare earth elements (REE) in permanent magnets for electric motors according to ISO 14021, 40% recycled aluminium sourced from approved smelters with full material traceability.	
12.6 Adopt sustainable practices and to integrate sustainability information into their reporting cycle	We monitor our sustainability performance through regular management reporting, publish an annual Sustainability Report, disclose information into the company website, work with several rating agencies such as CDP (Carbon Disclosure Project) and EcoVadis and disclose the performance.	Trust and transparency

Supporting SDGs

SDG 3 Good Health and Well-being

Efforts towards good health and well-being contribute towards success with our core SDGs. In particular, our motion-related innovations in the medical field and in active and passive automotive safety functions support our efforts towards achieving certain innovation-related goals in SDG 9: Industry, Innovation and Infrastructure. Our management of health and safety risks in the workplace provides additional focus for providing a safe and secure working environment for all workers to meet the goals of SDG 8: Decent Work and Economic Growth.

Relevant targets set by SDG 3	Related strategies	Section in our report
3.1 Reduce the global maternal mortality ratio	We designed electrodes and circuits enable an advanced fetal monitoring patch for higher-risk pregnancies and assist doctors in making the best decisions for mother and baby.	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 demands for better road safety with products for active and passive vehicle safety applications.	Products
3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	We ensure our products are free from harmful chemicals. We deploy the necessary resources to protect employees' health and safety from hazardous chemicals and processes and to prevent pollution.	Products Employees – 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 youth to gain the technical and vocational skills to choose engineering as a career.

Relevant targets set by SDG 4	Related strategies	Section In 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, providing a mix of general and technical education over a three-year full-time residential programme. 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	The Group also partners with schools and universities to support the provision of quality technical and vocational education. The Group's Junior Engineer programme 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 youth, as routes 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 in 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 with products that enable hybrid and all-electric vehicles to supplant conventional internal combustion engine vehicles completely, or that reduce emissions from internal combustion engines. We offer a wide variety of solutions for heating and ventilation systems, window automation and smart-meter applications for more sustainable homes and buildings.	Products
	We seek to drive down the cost of beneficial products to enable wider adoption of these technologies. We encourage customers to switch to products that use fewer resources in their manufacture and last longer in operation, thereby reducing waste.	Products
	We minimize the environmental impact of our factories, including air quality, waste reduction and waste management.	Environment

Supporting SDGs

SDG 13 Climate Action

Our efforts to develop innovative products that reduce emissions and energy consumption directly support 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 as we seek to reduce carbon emissions arising from our operations.

Relevant targets set by SDG 13	Related strategies	Section in our report
13.2 Integrate climate change measures into policies, strategies, and planning	In shaping our strategies and approach to climate change we have considered global initiatives including the United Nations Sustainable Development Goals, the Paris Agreement, the Science Based Targets initiative and the Greenhouse Gas Protocol. We have also aligned our approach with our customers' strategies.	Environment
	We have set a target for a 25% absolute reduction in carbon emission from our operations (Scope 1 + Scope 2) by 2030, using FY20/21 as a baseline. This is dependent on our progress in obtaining renewable energy. This aligns with the goal of curbing global temperature rises to well-below 2°C above preindustrial levels. Additionally, we are pursuing efforts for a 42% absolute reduction in carbon emission from our operations by 2030. This is aligned with the 2015 Paris Agreement to limit global warming to 1.5°C above preindustrial levels.	Environment
	We are committed to transition to using 100% renewable energy in our operations by 2025, as available and feasible, for each site, our sites in France, Germany, Hungary, Italy, Poland, Serbia, Switzerland and Brazil began purchasing electricity from 100% renewable sources.	Environment
	Supporting electric vehicles and energy efficiency are key elements of our product strategy.	Products
	We are introducing advanced resource- and energy-efficient manufacturing technologies to our factories and have set a clear target for reducing our carbon intensity.	Environment
	We are reducing carbon emission from transportation through closer proximity with customers and suppliers, and shorter logistics routes.	About Johnson Electric
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 and reduce emissions from internal combustion engine vehicles.	Products
	Our Industry Products Group provides solutions that reduce electricity consumption for hundreds of product applications. We also enable the complete replacement of the internal combustion engine for a number of outdoor applications.	Products

Supporting SDGs

SDG 17 Partnerships for the Goals

Our partnerships for the goals underpin our efforts in all our Core SDGs and Supporting SDGs. We are part of a complex web, working together with our customers, suppliers, employees and governments and communities where we operate to achieve the Sustainable Development Goals.

Relevant targets set by SDG 17	Related strategies	Section in 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 create the technical capability to provide unique solutions to our customers' problems. This includes both creating capability and solving customers' problems 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 the Group's operating footprint with factories in 22 countries, including nine developing countries[7]. All Johnson Electric factories are required to operate according to our standards for environmental and health and safety management, protection of human and labour rights, and corporate governance. 94% of our manufacturing facilities around the world are certified under ISO 14001 for environmental management systems; 74% of our facilities (including all our major sites) are certified under ISO 45001 for occupational health and safety management systems; and 12% (including all our major sites) certified ISO 50001 for energy management systems.	About Johnson Electric, Environment, Trust and transparency – Corporate governance
17.11 Significantly increase the exports of developing countries	We have a number of factories in developing countries and contribute towards the exports of Argentina, Brazil, China, Hungary, India, Mexico, Poland, Serbia and Turkey.	About Johnson Electric
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

[7] Developing countries according to the International Monetary Fund's World Economic Outlook Database, April 2022

HKEx ESG Reporting Guide content index

Environmental, social and governance reporting guide		Sections / notes
Mandatory Disclosure Requirements		
Governance structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related commitments and targets with an explanation of how they relate to the issuer's businesses.	Our approach to sustainability, Trust and transparency
Reporting principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Trust and transparency
Reporting boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this report / There is no change in the scope of the report.
A. Environmental		
Aspects A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment
KPI A1.1	The types of emissions and respective emissions data.	Environment, Key performance indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Environment, Key performance indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environment – Waste, Key performance indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity.	Key performance indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	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

Environmental, social and governance reporting guide		Sections / notes
Aspects A2: Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Environment – Energy and climate, Key performance indicators
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
Aspects A3: The environment and natural resources		
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment
Aspect A4: Climate change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment – Climate risks
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environment – Climate risks

Environmental, social and governance reporting guide		Sections / notes
B. Social – Employment and labour practices		
Aspect B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Key performance indicators
KPI B1.2	Employee turnover rate, by gender, age group and geographical region.	Key performance indicators
Aspect B2: Health and safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	Employees – Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employees – Health and safety, Key performance indicators
KPI B2.2	Lost days due to work injury.	Key performance indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employees – Health and safety
Aspect B3: Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employees – Training and development
KPI B3.1	The percentage of employees trained by gender and employee category.	Key performance indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employees – Training and development, Key performance indicators
Aspect B4: Labour standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employees, Trust and transparency
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employees – Labour rights, Trust and transparency
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
B. Social – operating practices		
Aspect B5: Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Trust and transparency – Supply chain
KPI B5.1	Number of suppliers by geographical region.	Key performance indicators
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
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
Aspect B6: Product responsibility		
General disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Products
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
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 & Product safety
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Trust and transparency – Data protection
Aspect B7: Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Trust and transparency
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Trust and transparency – Ethics, Key performance indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Trust and transparency – Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	
B. Social – Community		
Aspect B8: Community investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Communities
KPI B8.1	Focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	

GRI Standards content index

Statement of use	Johnson Electric has reported the information cited in this GRI Standards content index for the period 1 April 2021 to 31 March 2022 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure		Location / Description	Page No.
General Disclosures				
The organization and its reporting practices				
GRI 2: General Disclosures 2021	2-1	Organizational details	Consolidated Financial Statements	Page 89-199 of Annual Report 2022
	2-2	Entities included in the organization's sustainability reporting	About this report, Consolidated Financial Statements / Johnson Electric issues a sustainability report covering all the principal subsidiaries listed in the Consolidated Financial Statement	105, page 195-199 of Annual Report 2022
	2-3	Reporting period, frequency and contact point	Johnson Electric's Sustainability Report 2022 covers the period from 1 April 2021 to 31 March 2022	
			Johnson Electric issues a sustainability report annually	
			About this report	105
	2-4	Restatements of information	Restatement has not made in the reporting period	
	2-5	External assurance	Verification statement	104
Activities and workers				
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	About Johnson Electric, Products, Trust and transparency – Supply chain	6-9, 25-43, 77-79
	2-7	Employees	Employees, Key performance indicators / We were using head count data through February 2022 as if it were end of March 2022 to compile the data. There were no significant fluctuations in the number of employees during the reporting period and between reporting periods.	44-60, 98-102
	2-8	Workers who are not employees	Information is now being consolidated globally	
Governance				
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Corporate Governance Report 2022	Page 67-78 of Annual Report 2022
			Trust and transparency – Corporate governance	68-72
	2-10	Nomination and selection of the highest governance body	Corporate Governance Report 2022	Page 67-78 of Annual Report 2022
	2-11	Chair of the highest governance body	Corporate Governance Report 2022	Page 67-78 of Annual Report 2022

GRI Standard	Disclosure		Location / Description	Page No.
	2-12	Role of the highest governance body in overseeing the management of impacts	Our approach to sustainability, Trust and transparency – Corporate governance	10-12, 68-72
	2-13	Delegation of responsibility for managing impacts	Trust and transparency – Corporate governance	68-72
	2-14	Role of the highest governance body in sustainability reporting	Trust and transparency – Corporate governance	68-72
	2-15	Conflicts of interest	Management's Discussion and Analysis, Corporate Governance Report	Page 54-59 and 67-78 of Annual Report 2022
	2-16	Communication of critical concerns	Trust and transparency – Stakeholder engagement	71-72
	2-17	Collective knowledge of the highest governance body	Profile of Directors and Senior Management in the Annual Report 2022 / We are now developing measures to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	Page 202-205 of Annal Report 2022
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report 2022	Page 67-78 of Annual Report 2022
	2-19	Remuneration policies	Corporate Governance Report 2022	
	2-20	Process to determine remuneration	Corporate Governance Report 2022	
	2-21	Annual total compensation ratio	Information is now being consolidated globally	
Strategy, policies and practices				
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Message from the Chairman and Chief Executive, Our approach to sustainability	4-5, 10-12
	2-23	Policy commitments	Trust and transparency	67-79
	2-24	Embedding policy commitments	Trust and transparency	67-79
	2-25	Processes to remediate negative impacts	Trust and transparency	67-79
	2-26	Mechanisms for seeking advice and raising concerns	Trust and transparency	67-79
	2-27	Compliance with laws and regulations	Environment – Environmental compliance, Employee – Compliance, Trust and transparency – Compliance	23, 60, 75
	2-28	Membership associations	Information is now being consolidated globally	
Stakeholder engagement				
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Trust and transparency – Stakeholder engagement	71-72
	2-30	Collective bargaining agreements	Information is now being consolidated globally	
Material Topics				
GRI3: Material Topics 2021	3-1	Process to determine material topics	Trust and transparency – Process to determine materiality	71
	3-2	List of material topics		

GRI Standard	Disclosure		Location / Description	Page No.
Energy and climate				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environment	13-24
GRI 302: Energy – 2016	302-1	Energy consumption within the organization	Environment – Energy and climate, Key performance indicators / We do not have the consumption on heating nor cooling. We do not have the energy sold on electricity, heating, cooling nor steam.	15-18, 98-102
	302-2	Energy consumption outside of the organization	We are committed to measuring carbon emissions in our supply chain (Scope 3). Consequently, this addresses energy consumption outside of organization, either by moving to renewable energy or by energy efficiency.	
	302-3	Energy intensity	Environment – Energy and climate, Key performance indicators	15-18, 98-102
	302-4	Reduction of energy consumption	Environment – Energy and climate, Key performance indicators	15-18, 98-102
	302-5	Reductions in energy requirements of products and services	Products	25-43
GRI 305: Emissions – 2016	305-1	Direct (Scope 1) GHG emissions	Environment – Energy and climate, Key performance indicators	15-18, 98-102
	305-2	Energy indirect (Scope 2) GHG emissions	Environment – Energy and climate, Key performance indicators	15-18, 98-102
	305-3	Other indirect (Scope 3) GHG emissions	We are committed to measuring carbon emissions in our supply chain (Scope 3). We will set actions for carbon reduction actions in our top suppliers, and gradually extend this to all suppliers.	
	305-4	GHG emissions intensity	Environment – Energy and climate, Key performance indicators	15-18, 98-102
	305-5	Reduction of GHG emissions	Environment – Energy and climate, Key performance indicators	15-18, 98-102
	305-6	Emissions of ozone-depleting substances (ODS)	Environment – Emissions / The quantitative information on ODS is now being consolidated globally	22
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environment – Emissions, Key performance indicators	22, 98-102
Waste				
GRI 3: Material Topics 2021	3-3	Management of material topics	Environment – Waste	19-20
GRI 306: Waste – 2020	306-1	Waste generation and significant waste-related impacts	Environment – Waste	19-20
	306-2	Management of significant waste-related impacts	Environment – Waste	19-20
	306-3	Waste generated	Environment – Waste, Key performance indicators	19-20, 98-102

GRI Standard	Disclosure		Location / Description	Page No.
	306-4	Waste diverted from disposal	Environment – Waste, Key performance indicators	19-20, 98-102
	306-5	Waste directed to disposal	Environment – Waste, Key performance indicators	19-20, 98-102
Sustainable products				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Sustainable products	32
Product carbon footprint				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product carbon footprint	32
Product quality				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product quality & Product safety	33-34
Product safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Products – Product quality & Product safety	33-34
GRI 416: Customer Health and Safety – 2016	416-1	Assessment of the health and safety impacts of product and service categories	Products – Product quality & Product safety	33-34
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Products – Product quality & Product safety, Key performance indicators	33-34, 98-102
Health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Health and safety	47-53
GRI 403: Occupational Health and Safety – 2018	403-1	Occupational health and safety management system	Employees – Health and safety	47-53
	403-2	Hazard identification, risk assessment, and incident investigation	Employees – Health and safety	47-53
	403-3	Occupational health services	Employees – Health and safety	47-53
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employees – Health and safety	47-53
	403-5	Worker training on occupational health and safety	Employees – Health and safety	47-53
	403-6	Promotion of worker health	Employees – Health and safety	47-53
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employees – Health and safety	47-53
	403-8	Workers covered by an occupational health and safety management system	Employees – Health and safety	47-53
	403-9	Work-related injuries	Employees – Health and safety, Key performance indicators	47-53, 98-102

GRI Standard	Disclosure		Location / Description	Page No.
	403-10	Work-related ill health	Employees – Health and safety, Key performance indicators	47-53, 98-102
Talent attraction and retention				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Talent attraction and retention	54-56
GRI 202: Market Presence – 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Information is now being consolidated globally.	
Training and development				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Training and development	56-57
GRI 404: Training and Education – 2016	404-1	Average hours of training per year per employee	Employees – Training and development, Key performance indicators	56-57, 98-102
	404-2	Programmes for upgrading employee skills and transition assistance programs	Employees – Training and development	56-57
	404-3	Percentage of employees receiving regular performance and career development reviews	Key performance indicators	98-102
Diversity				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Diversity	57-58
GRI 405: Diversity and Equal Opportunity – 2016	405-1	Diversity of governance bodies and employees	Employees – Diversity, Key performance indicators	57-58, 98-102
GRI 406: Non-Discrimination – 2016	406-1	Incidents of discrimination and corrective actions taken	Key performance indicators	98-102
Communication				
GRI 3: Material Topics 2021	3-3	Management of material topics	Employees – Communication	59
Community engagement				
GRI 3: Material Topics 2021	3-3	Management of material topics	Communities	61-66
GRI 413: Local Communities – 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Communities, Key performance indicators	61-66, 98-102

GRI Standard	Disclosure		Location / Description	Page No.
Corporate governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and transparency – Corporate governance	68-72
Compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and transparency – Compliance	75
Ethics				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and transparency – Ethics	73-74
GRI 205: Anti-Corruption – 2016	205-1	Operations assessed for risks related to corruption	Trust and transparency – Ethics	73-74
	205-2	Communication and training about anti-corruption policies and procedures	Trust and transparency – Ethics, Key performance indicators	73-74, 98-102
	205-3	Confirmed incidents of corruption and actions taken	Trust and transparency – Ethics, Key performance indicators	73-74, 98-102
GRI 206: Anti-Competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Trust and transparency – Ethics, Key performance indicators	73-74, 98-102
Supply chain				
GRI 3: Material Topics 2021	3-3	Management of material topics	Trust and transparency – Supply chain	77-79
GRI 204: Procurement Practices – 2016	204-1	Proportion of spending on local suppliers	Key performance indicators	98-102
GRI 308: Supplier Environmental Assessment – 2016	308-1	New suppliers that were screened using environmental criteria	Based on the evaluation of the data collected through supplier ESG survey done in FY21/22, suppliers having significant and potential negative environmental and social impacts will be shortlisted and action plan will be defined in FY22/23	
	308-2	Negative environmental impacts in the supply chain and actions taken		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Based on the evaluation of the data collected through supplier ESG survey done in FY21/22, suppliers having significant and potential negative environmental and social impacts will be shortlisted and action plan will be defined in FY22/23	
	414-2	Negative social impacts in the supply chain and actions taken		

Key performance indicators

Environment

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Total energy consumption	2,849,356	2.63 million	2.54 million	GJ	GRI 302-1	A2.1	16-17
Total fuel consumption from non-renewable sources	1,919,657	Not available	Not available	GJ	GRI 302-1	A2.1	–
Electricity	1,417,169						
Natural gas	463,155						
Steam	10,126						
Liquefied petroleum gas	4,172						
Gasoline	6,426						
Diesel	6,539						
Other	12,070						
Total fuel consumption from renewable sources	929,699	Not available	Not available	GJ	GRI 302-1		–
Energy intensity within the organization	826.8	832.3	827.1	GJ / US$ million	GRI 302-3	A2.1	16-17
Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives [1]	17,340	Not available	Not available	GJ	GRI 302-4		18
Total wastewater discharged	2,452	2,405	1,855	kt	GRI303-4		–
Process wastewater	251	244					
Domestic wastewater	2,201	2161					
Total water consumption	2,780	2,729	2,098	kt	GRI303-5	A2.2	21
Water type							
Process water	306	295	315				
Domestic water	2,474	2,434	1783				
Water-stress countries							
High stress	35.3						
Medium stress	5.1	Not available	Not available				
Low stress	2,555.4						
No stress	184.2						
Total carbon emissions	320	309	307	kt CO_2 eq.		A1.1 / A1.2	16-17
Direct carbon (Scope 1) emissions [2, 3]	28	26	26	kt CO_2 eq.	GRI305-1	A1.1 / A1.2	–
Indirect carbon (Scope 2) emissions [2, 3]	292	283	281	kt CO_2 eq.	GRI305-2	A1.1 / A1.2	–
Carbon intensity (Scope 1 & Scope 2)	92.8	97.8	99.9	t CO_2 eq. / US$ million	GRI305-4	A1.1 / A1.2	16-17
Reduction in carbon emissions (Scope 1 & Scope 2) as a direct result of reduction initiatives [1]	2.77	Not available	Not available	kt CO_2 eq.	GRI305-5		18
Air Emissions	75.4	39.0	Not available	t	GRI305-7		22
SOx	0.3	0.1					
Volatile organic compounds (VOC)	52.2	34.5					
Particulate matter (PM)	15.4	2.6					
Others	7.5	1.8					
Total waste generated	108,496	96,099	Not available	t	GRI306-3	A1.3 A1.4	19-20
Hazardous waste produced	9,320	8,708					
Non-hazardous waste produced	99,176	87,391					

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Total waste recycled	91,035	81,835	72,942				
Hazardous waste recycled	Not available	Not available	Not available	t	GRI306-4	A1.3	19-20
Solid materials recycled	91,035	81,835	72,942				
Waste to disposal – absolute [4]	17,461	14,264	Not available	t	GRI306-5		19-20
Waste to disposal – intensity (sales)	5.1	4.5		t / US$ million			

[1] In Shajing, China, we implemented 23 energy-saving projects in FY21/22, saving 4,816,667 kWh (equal to 17,340 GJ / 2.77 kt CO_2 eq.)

[2] The calculation involved the use of country-specific conversion factors and in reference to Greenhouse Gas ("GHG") Protocol.

[3] Direct carbon (Scope 1) emissions refer to the direct emission of CO_2 eq. from the combustion of fossil fuels, including natural gas, diesel, liquefied petroleum gas, gasoline and heating oil.

[4] Waste to disposal include 8,141 tonnes of general waste and 9,320 tonnes of hazardous waste. The breakdown of disposal operations is not available.

Products

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Percentage of total products sold or shipped subject to recalls for safety and health reasons	Zero	Zero	Zero	%	GRI416-2	B6.1	–
Number of valid product and service related complaints received	993	853	921	cases		B6.2	–
Cost of packaging materials incurred [5]	30.8	29.9	29.4	US$ million		A2.5	–

[5] Cost of packaging materials incurred is immaterial to the total procurement of the Group and our target is to minimize the total spending on packaging materials instead of packaging materials on finished goods.

Employees

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Total workforce [6]	38,511	39,442	36,028	no.	GRI 2-7	B1.1	54
Total workforce, by gender [6]							
Male	61	59	57	%	GRI 2-7, GRI 405-1	B1.1	57
Female	39	41	43				
Total workforce, by region [6]							
Asia	72	74	72	%	GRI 2-7	B1.1	54
Europe	16	15	16				
Americas	12	11	12				
Total workforce, by age [7]							
Under 30 years old	21	28	28	%	GRI 405-1	B1.1	–
30 – 50 years old	66	63	62				
Over 50 years old	13	9	10				
Total workforce, by contract type							
Full time	99.5						
Male: Female	61:39						
Asia: Europe: Americas	71:16:13	Not available	Not available	%	GRI 2-7	B1.1	–
Part-time	0.5						
Male: Female	45:55						
Asia: Europe: Americas	9:78:13						

Key performance indicators

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Total workforce, by employment role [8]							
Manufacturing operators	63	64	60				
Technicians and other operational and administrative support	23	22	25	%		B1.1	–
Individual contributor / supervisory	11	11	12				
Managerial	3	3	3				
Managerial positions, by gender [9]							
Male	81	81	82	%	GRI 405-1		57
Female	19	19	18				
Turnover rate, by gender [10, 11]							
Male	12.0	11.6	Not available	%		B1.2	–
Female	5.0	11.0					
Turnover rate, by region [10, 11]							
Asia	17.5	11.8	11.3				
Europe	14.9	9.6	13.7	%		B1.2	–
Americas	23.4	12.1	20.4				
Global	17.8	11.4	12.9				
Total turnover, by age [10, 11]							
Under 30 years old	32.5	22.1	23.2				
30 – 50 years old	15.7	9.3	9.9	%		B1.2	–
Over 50 years old	11.6	8.3	11.2				
Total	17.8	11.4	12.9				
Individuals within the organization's governance bodies							
Male	73	73	73	%	GRI405-1		–
Female	27	27	27				
Total number of incidents of discrimination	Zero	Not available	Not available	cases	GRI406-1		–
Percentage of total employees who received a regular performance and career development review [12]							
By gender	100%	Not available	Not available	%	GRI404-3		–
By employee category							
Total Training Hours	179,000	114,000	123,000	hours	GRI 404-1	B3.1	–
Percentage of employees who received training	32.0	35.9					
By Gender							
Male	32.4	Not available					
Female	31.3	Not available	Not available	%	GRI 404-1	B3.1	–
By Employment roles							
Manufacturing operators	21.9	24.6					
Technicians and other operational and administrative support	33.2	48.9					
Individual contributor / supervisory	65.4	56.2					
Managerial	100.0	100.0					
Average training hours per employee	4.7	2.9					
By gender							
Male	5.5	Not available					
Female	3.4	Not available	Not available	hours	GRI404-1	B3.2	57
By Employment Roles							
Manufacturing operators	4.0	1.9					
Technicians and other operational and administrative support	4.0	3.7					
Individual contributor / supervisory	7.1	5.9					
Managerial	13.6	8.0					

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Percentage of sites with ISO 45001	74%	Not available	Not available	%	GRI403-8		47
Number of work-related fatalities	Zero	1	Zero	cases	GRI403-9	B2.1	48
Work-related fatalities rate	Zero	0.002	Zero	cases per 100 employees	GRI403-9	B2.1	48
Number of recordable injuries ("RI") [13]	95	125	166	cases	GRI403-9	B2.2	48
Recordable injury frequency ("RIF") [14]	0.20	0.26	0.35	per 100 employees	GRI403-9	B2.2	48
Lost-time accidents ("LTA") [15]	47	53	69	cases	GRI403-9	B2.2	48
Lost-time accident rate [16]	0.10	0.11	0.14	per 100 employees	GRI403-9	B2.2	48
Number of hours worked	97,263,445	97,225,639	95,891,722	hours	GRI403-9		–
Number of work-related ill health	8	13	Not available	cases	GRI403-10		–
Number of lost days	1,414	2,580	Not available	days		B2.2	–

[6] Includes employees and contingent workers and all sites.

[7] Employees only, excludes Riyong sites.

[8] Includes employees and contingent workers, excludes Riyong sites.

[9] Employees and contingent workers, excludes Riyong sites.

[10] Employees only, excludes manufacturing operators and Riyong sites.

[11] Turnover ratio is calculated as number of employees leaving during the year (voluntarily and involuntarily) divided by average of starting and ending total workforce.

[12] 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.

[13] Recordable injuries include all injuries except first-aid cases as defined by US OSHA regulation.

[14] Recordable injury frequency is calculated as the number of recordable injuries per 100 employees working each year.

[15] Lost-time accident refers to recordable injuries with lost time of more than one working day.

[16] Lost-time accident rate is defined as lost-time accidents per 100 employees working each year.

Communities

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Percentage of operations with implemented local community engagement, impact assessments, and/or development programmes [17]	100	Not available	Not available	%	GRI413-1		–

[17] We have our community engagement initiative, JEnerations, in place in all our operating sites.

Trust and transparency

Items	FY21/22	FY20/21	FY19/20	Unit	GRI 2021	HKEx indicators	Page No.
Significant instances of non-compliance with laws and regulations	Zero	Not available	Not available	cases	GRI2-27		–
Number of legal cases concluded regarding corrupt practices brought against the issuer or its employees	Zero	Zero	Zero	cases	GRI205-3	B7.1	–
Total number of employees that have received training on anti-corruption [18]	1,389	Not available	Not available	no.	GRI205-2		73
Percentage of employees that have received training on anti-corruption [18]	3.6						
By Employment Roles							
Manufacturing operators	0.2						
Technicians and other operational and administrative support	2.4						
Individual contributor / supervisory	16.7	Not available	Not available	%	GRI205-2		73
Managerial	36.1						
By Region							
Asia	3.6						
Americas	4.5						
Europe	3.1						
Legal and regulatory actions for anti-competitive behaviour, anti-trust, and monopoly practices	Zero	Not available	Not available	cases	GRI206-1		–
Number of suppliers assessed for environmental impacts	200	Not available	Not available	no.	GRI308-2	B5.2	–
Suppliers by region							
Asia	42	42	43				
Europe	37	37	35				
Americas	21	21	22	%		B5.1	–
Others	–	–	–				
Proportion of spending on local suppliers [19]							
Asia	94.8						
Europe	83.3	Not available	Not available	%	GRI204-1		–
Americas	84.6						
Number of suppliers assessed for social impacts.	200	Not available	Not available	no.	GRI414-2	B5.2	–
Total number and percentage of suppliers that the organization's anti-corruption policies and procedures have been communicated to, by region [20]							
Asia	673 / 1141 (59%)						
Europe	270 / 628 (43%)	Not available	Not available	no. (%)	GRI205-2		–
Americas	495 / 519 (95%)						

[18] Anti-corruption training is also included in our 2-year cycle for training on our code of ethics and business conduct. In FY20/21 2,012 employees completed refresher training on our Code.

[19] Proportion of spending on local suppliers is calculated by number of regional suppliers divided by total number of suppliers in the region.

[20] Percentage of suppliers that our anti-corruption policies and procedures have been communicated is calculated by number of suppliers acknowledged our Supplier Code of Conduct over the total number of suppliers in the region.

ESG related ratings

Organization	Award/Rating	Year	Description
CDP	Climate Change B- Water Security B-	2021	CDP scores companies and cities based on their journey through disclosure and towards environmental leadership
EcoVadis	Bronze	2021	EcoVadis Sustainability Assessment rates companies' environmental, social, ethical and overall sustainability performance in alignment with international standards
Hong Kong Quality Assurance Agency (HKQAA)	A+	2021	HKQAA Sustainability Rating and Research (HKQAA SRR) evaluates a company's system maturity and risks with regard to sustainability performance, based on and with reference to international guidelines
MSCI	BBB	2021	MSCI ESG Rating measures a company's resilience to long-term industry material environmental, social and governance (ESG) risks

Verification statement

Scope and Objective of Verification
Hong Kong Quality Assurance Agency ("HKQAA") has been engaged by the Johnson Electric Holdings Limited (Stock Code: 179) "Johnson Electric" to undertake an independent verification of its Sustainability Report 2022 ("the Report"). The Report stated the economic, environmental and social performance of Johnson Electric in the period of 1st April 2021 to 31st March 2022 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 ("GRI") Sustainability Reporting Standards together with GRI Universal Standards 2021 and the Appendix 27 "Environmental, Social and Governance Reporting Guide" ("ESG Guide") of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited ("SEHK").

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 together with GRI Universal Standard 2021 and ESG Guide of the SEHK.

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 in the opinion that:

- The Report has been prepared in accordance with the GRI Standards together with GRI Universal Standard 2021 and ESG Guide of the SEHK;
- 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

Jorine Tam
Director, Corporate Business
July 2022

About this report

Our Sustainability Report 2022 (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 2022, 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 all Johnson Electric's major operating locations worldwide from 1 April 2021 to 31 March 2022, unless stated otherwise. 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. It has been independently verified by the Hong Kong Quality Assurance Agency ("HKQAA").

The HKEx content index can be found on page 88 to 91. The GRI content index can be found on page 92 to 97. The HKQAA verification statement can be found on page 104.

Our Report is published in English and Chinese. Both versions are available for download from www.johnsonelectric.com. In the interests of environmental protection, we do not provide printed copies of this Report.

We welcome feedback on the Report and our sustainability approach. If any, please contact us at sustainability@johnsonelectric.com

Disclaimer

This Sustainability Report contains certain forward-looking statements with respect to our future plans, targets, objectives, expectations and intentions. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance of Johnson Electric to be materially different from any performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding Johnson Electric's present and future business strategies and the socio-political and economic environment in which Johnson Electric will operate in the future. Laws and regulations in the jurisdictions where we operate are also subject to potential change. Consequently, our sustainability targets are not projections or estimates of future performance. Instead, they represent targets that we strive to achieve.

Johnson Electric Holdings Limited
(Incorporated in Bermuda with limited liability)

12 Science Park East Avenue, 6/F
Hong Kong Science Park
Shatin, New Territories
Hong Kong
Tel: (852) 2663 6688
Fax: (852) 2897 2054

www.johnsonelectric.com