

Slavery & Human Trafficking Policy

BACKGROUND

On March 26, 2015, The Modern Slavery Act 2015 was passed into law in the United Kingdom. This law requires all business entities that carry on a business, or part of a business, in any part of the United Kingdom to prepare and publish a slavery and human trafficking statement for each financial year of the organization. The law also creates the obligation to report on steps taken during the financial year to ensure that slavery and human trafficking is not taking place in any part of its supply chain or in any part of its own business. Johnson Controls has business entities operating in the UK, therefore Johnson Controls abides by this law.

SCOPE

This policy applies to Johnson Controls' global business operations. Employees whose responsibilities relate to the sourcing of parts, components, and materials are informed and are expected to assist our compliance with these requirements, associated legislation, and regulations. This policy is reviewed annually and changes are incorporated accordingly.

OUR COMMITMENT

We respect the environment, the communities in which we operate, and our employees' human rights, and we oppose corruption. Therefore, we are committed to conducting our worldwide business operations in a manner that complies with applicable laws and regulations. We are also committed to taking steps to ensure that slavery and human trafficking is not taking place in any part of our supply chain or in any part of our business. This commitment is in alignment with our Human Rights and Sustainability Policy and our Ethics Policy which define how we abide by these principles and related global standards.

DEFINITIONS

As an early signatory of the United Nations Global Compact (UNGC), Johnson Controls supports the Compact's Ten Principles which are based on *The Universal Declaration of Human Rights*. The UNGC specific Ten Principles are:

1. Support and respect the protection of internationally proclaimed human rights.
2. Ensure the company is not complicit in human rights abuses.
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Uphold the elimination of all forms of forced and compulsory labor.
5. Uphold the effective abolition of child labor.
6. Eliminate discrimination in employment and occupation.
7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Work against corruption in all its forms, including extortion and bribery.

Under the UNGC, Human rights are the same as labor rights; human trafficking and slavery assessments adopt UNGC assessment approach and definitions.

- **Supply Chain:** Entities with which the enterprise has a direct or indirect business relationship and which either (a) supply products or services that contribute to the enterprise's own products or services or (b) receive products or services from the enterprise.
- **Due Diligence:** Due diligence in the context of human rights comprises an ongoing management process designed to support the organization in meeting its responsibility to human rights. A human rights due diligence process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses and communicating how impacts are addressed.



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- **Human Rights Risk:** Any risks that a business's operations may lead to one or more adverse human rights impacts.
- **Adverse Human Rights Impact:** An adverse impact occurs when an action removes or reduces the ability of an individual to enjoy his or her human rights. A human rights impact may be actual or potential. Adverse impacts may be caused by an enterprise through its own activities; may be contributed to by an enterprise either directly or indirectly through an outside entity or may be caused by someone with whom the entity does business and is linked to the entities own operations, products or services.
- **Worker:** Workers include direct employees, temporary workers, migrant workers, student workers, contract workers, and any other person(s) providing labor and employment services to entities in the supply chain.

OUR EXPECTATIONS

Johnson Controls has a multi-tiered, complex and geographically dispersed supply chain and engagement with our suppliers in this environment requires focused efforts to comply with these rules. We expect our suppliers not to be involved in forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons of any age at any tier of the supply chain. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. Suppliers, as employers or agents, may not hold or destroy employees' identification or immigration documents, such as government-issued identification, passports or work permits, unless the holding of work permits is required by law. Employers may not restrict workers' freedom of movement in the facility or entering or exiting company-provided facilities. All work must be voluntary and workers shall be free to terminate their employment and leave work at any time. Employers and agents may not use misleading or fraudulent practices during the recruitment of employees. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment and the hazardous nature of the work, prior to the worker departing from his or her country of origin. Workers must not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees must be repaid to the worker.

We expect our suppliers to have a compliance plan in place to ensure that human trafficking and forced labor are not used and that risks of worker exploitation are mitigated. We will continue to promote and encourage our suppliers to take steps to ensure that slavery and human trafficking is not taking place in any part of our supply chain or in any part of their businesses. We expect our suppliers to conduct due diligence on their respective supply chains and to assist us with our compliance with these rules.

To the extent that a supplier refuses to cooperate with our compliance efforts, we may reconsider our supply arrangement and implement remedies available to us.

REPORTING CONCERNS

Johnson Controls maintains a web- and telephone-based, 24-hour Integrity Helpline (www.jci.ethicspoint.com), providing any interested party a confidential reporting mechanism to communicate issues regarding Johnson Controls' supply chain.

Sincerely



Alex A. Molinaroli
Chairman, President and Chief Executive Officer

