Conflict Minerals

Awareness Training



Dodd-Frank Act – Conflict Minerals (Section 1502)

- The intent of the Conflict Minerals provision in the Dodd-Frank Act is to reduce violence in the Democratic Republic of the Congo (DRC) and surrounding countries (Figure 1) funded through exploitation of mining and trade activities.
- This act requires SEC registrants, such as Johnson Controls to identify whether the use of conflict minerals are included in its products via assessment or due diligence of the supply chain.
- On an annual basis (by May 31), companies must report their results on the use of conflict minerals by filing the Form D with the SEC which may declare one of the statuses shown below.
- Company products found to contain conflict minerals must be identified in the company's filing, along with the country of origin and smelter of the conflict minerals in those products.
- Based on findings, companies may be required to have an independent audit performed over their due diligence process.

DRC Conflict Undeterminable

Sources of potential conflict minerals are either:

- Unknown <u>or</u>
- From DRC but not yet determined to be conflict free through Johnson Controls due diligence process

DRC Conflict Free

All sources of potential conflict minerals are:

- Known <u>and</u>
- Determined to be conflict free (including those within DRC)



Not DRC Conflict Free

At least one source of potential conflict minerals are:

- From DRC <u>and</u>
- Determined not to be "DRC Conflict Free"



What are Conflict Minerals?

The term "conflict minerals" and their derivatives refers specifically to four metals (referred to together as "3TG") determined by the US government to be financing conflict in the covered countries.

Metal (3TG)	% world-supply from DRC
Tin (Cassiterite)	5%
Tantalum(Columbite-Tantalite)	15%
Tungsten (Walframite)	3%
Gold (Gold Ores)	2%

- The following slides provide examples of Johnson Controls' use of each of these metals at its business units.
- Source: (1) SEC Release No. 34-63547; File No. S7-40-10; (2) U.S. Geological Survey (<u>http://minerals.usgs.gov/minerals</u>); (3) USGS Minerals Handbook 2019 Gold (<u>https://www.usgs.gov/centers/nmic/gold-statistics-and-information</u>); (4)) USGS Minerals Handbook 2008 Tin (<u>http://minerals.usgs.gov/minerals/pubs/commodity/tin/myb1-2008-tin.pdf</u>); (5) USGS Minerals Handbook 2010 Tantalum (<u>http://minerals.usgs.gov/minerals/pubs/commodity/niobium/mcs-2010-tanta.pdf</u>) (6) USGS Minerals Handbook 2008 Tungsten (<u>http://minerals.usgs.gov/minerals/pubs/commodity/tungsten/myb1-2008-tungs.pdf</u>).



Potential Conflict Minerals Used – Buildings

- Plating of metals
- Alloys (bronze, brass etc.)
- Capacitors
- Metal wires
- Electrodes
- Electrical contacts
- Variable Speed Drives
- Fans
- Compressors
- Circuit breakers
- Controls
- Sensors
- Transformers
- Fasteners
- Heat exchangers
- Coils, tanks, flues, valves
- Motors





Johnson Controls' Compliance Efforts

- Executive Steering Committee was established to oversee and support the company's program.
 - The committee is comprised of representatives from Global Procurement, Legal, Engineering, Communications, Information Technology, Internal Audit, Finance and Regulatory Compliance
- The Johnson Controls compliance framework, conforms to the primary principles of the internationally recognized due diligence framework of the Organization for Economic Co-operation and Development (OECD).
- Assessment is performed at Johnson Controls business units to identify parts, products, and materials—and the suppliers of each—that may contain 3TG.
- The procedures for Reasonable Country of Origin Inquiry (RCOI) and due diligence are performed annually.



Johnson Controls' Compliance Efforts continued

An enterprise conflict minerals policy was developed to comply with the related requirements in the Dodd-Frank Act. <u>Click here to access policy</u>

Conflict Minerals Policy Statement

Johnson Controls

INTRODUCTION

In response to violence and human rights violations in the mining of certain minerals from the Democratic Republic of the Congo (DRC) and sumranding countries the "Covered Countries", the U.S. Securities and Exchange Commission (SEC) adopted notes to implement reporting and doclosure requirements visited in "Confict minerals", and disorded by the Dock Frank Wall Street Reform and Commission Protection Act of 2010. The rules require companies who file reports with the SEC to annually disclose due diligence measures taken to determine whether the products they manufacture or contract to manufacture contain "sortifict minerals" that are "necessary to the functionality or products" of their products.

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 axiss with our compliance with these requirements, associated legislation and regulations. This piblic is nevered annually and changes are incomponed accountingly.

DEFINITIONS

The identition of "conflict minerals" refers to gold, as well as tin, tantatum, and tangotan, the derivatives of casaiterite, outuntitie-tantatile, and worthantile, regardless of wohere they are sourced, processed or sold. The U.S. Severatary of State may designate other minerals in the facture of talements that such means are facture growthin the Covered Countries.

In addition to the DRC, the "Covered Countries" are: Angola, Burundi, Central Alrican Republic, Congo Republic, Revanda, South Sudian, Tanzania, Uganda and Zambia

OUR COMMITMENT

We support the humanitarian goal of ending violent conflict in the Covered Countries. Therefore, we are committed to conducting our worklevide business operations in a manner that complex with applicable laws and regulations. We are also committed to the responsible scoring of "conflict innerate" broughdo dor supply data. Johnson Controls is a neutrator of the Conflict-Free Saussing Interest (FSI) and we compare the aggregation of analytic plans. Johnson Controls is a neutrator of the Conflict-Free Saussing index (FSI) and we compare the aggregation of analytic plans. Johnson Depletes with the CPSI list of compliant smelters to determine which members are CRG conflict thes. Our doe diligence processes also combus to the primary principles of the internation principles of the internationally recognised due deglence harmework from the Cognisation for Cosmic Co-operation and Development (DECD).

OUR EXPECTATIONS

Johnson Control has a multi-fored, complex and peopraphically dispersed supply chain and engagement with our suppliers in this environment means focused effects to comply with these rules. We submit to promote and encourage suppliers to conduct our enficiency are sourching from the Covered Countries, and to use responsible sourching practices. We expect our suppliers to conduct due disgence on their respective supply drains and to assist to with our compliance with these noises.

To the extent that a supplier refuses to cooperate with our compliance efforts or does not conduct conflict-free sourcing from the Covered Countries, we may reconsider our supply arrangement and implement remetiles available to us.

Likewise, as a supplier, Johnson Controls is committed to assisting its continners with fulfilling their legal obligations under the conflict miteration rules. The processes and systems we have put it place to support to compliance with the conflict miteration rules are also expected in high up provide our continense with appropriate information is assist in their compliance effects.

REPORTING CONCERNS

Johnson Controls maintains a web- and belephone-based, 24-hour Integrity Helpine (<u>www.ini.efbicappint.gom</u>), providing any interested party a confidential reporting mechanism to communicate issues regarding Johnson Centrols' supply chain.

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- Conflict Minerals Report filed by Johnson Controls.
 - Click here to access report





Summary

- Johnson Controls is required to comply with the Conflict Minerals requirements of Section 1502 of the Dodd-Frank Act.
- Johnson Controls has developed an understanding of how it uses tin, tantalum, tungsten, and gold ("3TG") in its products.
- Johnson Controls is working with its suppliers to identify whether 3TG is supplied, and if so, whether those 3TG are evaluated as Conflict Free.
- This is a Johnson Controls-wide effort, and your help raising awareness of the program will help ensure Johnson Controls' compliance.
- To learn more about conflict minerals, reporting requirements, and Johnson Controls' efforts to achieve compliance, please see the resources provided in the Appendix.
- Questions related to Johnson Controls' conflict minerals program can be directed to the contacts provided in the Appendix.



Appendix



- Conflict Minerals in the Supply Chain Summary Video <u>http://www.youtube.com/watch?v=qs-Pm5iKg60</u>
- Conflict Minerals Tools & Resources <u>http://www.conflictfreesourcing.org/</u>
- Johnson Controls Conflict Minerals dedicated page <u>https://www.johnsoncontrols.com/suppliers/sustainability/conflict-minerals</u>

Contact person Corporate: Juraj Gregus, Substances Compliance Manager Juraj.Gregus@jci.com

Reporting concerns: Via Integrity Helpline at <u>www.jci.ethicspoint.com</u>

