

# Third-Party Gifts, Entertainment and Travel Policy

Johnson Controls Compliance Policy



## Applicability

Corporate .....	Yes
U.S. divisions and majority owned subsidiaries .....	Yes
Non-U.S. divisions and majority owned subsidiaries .....	Yes
Consolidated joint ventures and affiliates .....	Yes
Unconsolidated joint venture affiliates .....	Recommended

Johnson Controls always conducts business to the highest ethical standards. That is how we win - by building relationships based on trust and value for both sides and never through inappropriate Gifts, Entertainment or Travel.

Sometimes giving gifts or providing entertainment can create legal and ethical risks. This document will help you make good decisions in line with our Code of Ethics and the law.

**Purpose:** The Johnson Controls Third-Party Gifts, Entertainment and Travel Policy gives you the information you need to give and receive Gifts, Entertainment and Travel while avoiding legal or ethical risk.

(15-00.104.GLBL. Rev.3)

## What are the general guidelines I need to know?

Employees cannot offer or give Gifts, Entertainment or Travel to any Third Party, including Government Officials, that could influence them in an improper way.

Employees can give or receive Gifts or Entertainment of limited value with third parties under these conditions:

- When it is meant to create positive relationships
- When it encourages trust in a business relationship
- When it doesn't improperly affect the recipient's ability to make decisions

Gifts and Entertainment must be reasonable, infrequent, appropriate and in line with the Johnson Controls Code of Ethics. Travel should always serve a legitimate business purpose.

### **Please note**

**You are not allowed to use personal funds or assets to pay for Gifts, Entertainment or Travel.**

## What are some key terms I need to understand?

### **Cash Equivalents**

Items that are easily converted to cash, such as gift cards, vouchers, travelers' checks, credit cards, or bank drafts. Gift cards or vouchers that can only be used at specific retailers are not considered cash equivalents.

### **Design Consultant**

A Design Consultant is an individual or company engaged by end users or customers to develop or support the development of technical specifications or design drawings. The Design Consultant may also be tasked with sourcing, selecting, and appointing manufacturers suitable for the approved design.

### **Entertainment**

Entertainment includes meals, refreshments and cultural, sporting or other recreational activities that you might attend with third parties. If a Third Party invites you to entertainment that they pay for but do not attend, you should treat this entertainment as a Gift and follow the Gift guidelines.

### **Gift**

A gift is anything of value that is exchanged between people or organizations. This policy does not cover gifts to employees from other employees, donations, sponsorships, incentive programs or marketing expenses.

### **Third Party**

A Third Party is any person or business that is not a Johnson Controls employee, company, or joint venture partner.

### **Travel**

Travel includes all costs associated with transport or accommodation.

## Government Official

A Government Official means:

- An employee of any government, or any agency, ministry or department of a government (at any level) or of any state-owned enterprises (for example, public utilities and transport services).
- A person acting in an official capacity for a government of any rank or in any position (for example, a consultant working for a public university).
- An officer or employee of a company completely or partially controlled by a government (for example, a public school or hospital).
- A political party or any official of a political party.
- An officer or employee of an international public organization, such as the United Nations or the World Bank.

If you are unsure of someone's status, please check with Compliance.

Always check your timing

Gifts, Entertainment or Travel cannot be given or accepted while approvals or decisions are pending and when the recipient can influence the outcome.

Is what I am doing appropriate?

### Ask yourself three questions

1. Is the Gift/Entertainment/Travel intended, or could it be seen as an attempt, to improperly influence a business decision?
2. Will the recipient feel they have to do or not do something because of the Gift/Entertainment/Travel?
3. Will it cause embarrassment if the public is made aware of the Gift/Entertainment/Travel?

If you are answering 'yes' to any of these, then it is likely inappropriate.

What is the process?

### Step 1

Identify the Gift, Entertainment or Travel that requires Compliance pre-approval

### Step 2

Request pre-approval by filling in a form via the **Compliance Portal**

### Step 3

Do not proceed until you receive all required pre-approvals

## What are my responsibilities when giving and receiving Gifts?

- Get any Gift approved in line with the Delegation of Authority (DOA).
- Obtain Compliance pre-approval using the **Compliance Portal** when the Gift:
  - is being given to a Government Official, including a government-owned Design Consultant, regardless of value.
  - given or received has a value of more than US\$200.
  - is given to a privately-owned Design Consultant and has a value of more than US\$50.
- Inform your supervisor if you receive a Gift with a value of less than US\$200.
- Remember that Gifts of small value or items bearing the company logo are recommended.
- Ensure Gifts are always given on behalf of Johnson Controls and never from a particular employee.
- Make sure Gifts are expensed in line with the correct expense policies and procedures.

**Do not** offer or give Gifts of any value to a United States Federal Government employee.

**Do not** offer or give Gifts when a decision is pending that may affect the business of Johnson Controls business.

**Do not** loan or borrow any money or items of value to or from third parties.

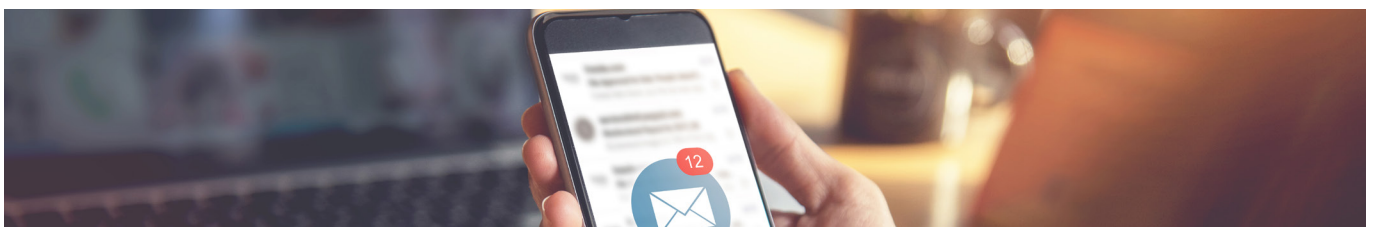
**Do not** offer cash or give Cash Equivalents as Gifts. Low-value cash Gifts that are customary culturally may be given with Compliance pre-approval.

**Do not** accept cash or Cash Equivalents as Gifts without Compliance pre-approval.

## Real-life scenario

One of my suppliers has offered me VIP tickets to the Olympic Games. Can I accept these tickets?

As these tickets are likely to be worth more than US\$200, pre-approval is required from Compliance.



## What are my responsibilities when giving and receiving Entertainment?

- Get any Entertainment approved in line with the Delegation of Authority (DOA).
- Obtain Compliance pre-approval using the **Compliance Portal** when the Entertainment:
  - is provided to a Government Official **and**
  - is valued at more than US\$50 per person **or** has a total cost exceeding US\$1,000
- In relation to Design Consultants, obtain Compliance pre-approval using the **Compliance Portal** when Entertainment is provided to:
  - All government-owned Design Consultants, regardless of value.
  - Privately-owned Design Consultants, if the expense is valued at more than US\$50 per person.
- Inform your supervisor about any Entertainment received.
- Limit Entertainment to your business contacts. Supervisor pre-approval is required when entertaining people not involved in the business, such as spouses or friends.
- Pay the services provider directly and expense Entertainment in line with the correct expense policies and procedures.

**Do not** provide or accept Entertainment of a sexual nature or any other Entertainment that will reflect badly upon the Johnson Controls business.

**Do not** provide Entertainment of any value to a United States Federal Government employee.

**Do not** provide or accept Entertainment when a decision is pending that may affect the Johnson Controls business.





## What are my responsibilities when giving and receiving Travel?

- Get all Travel approved in line with the Delegation of Authority (DOA).
- Obtain Compliance pre-approval by filling in a form via the **Compliance Portal** when Johnson Controls is paying for the Travel of a Government Official including a government-owned Design Consultant, regardless of value.
- Obtain Compliance pre-approval by filling in a form via the **Compliance Portal** when Johnson Controls is paying for the Travel of a privately-owned Design Consultant which has a value of more than US\$50.
- Secure pre-approval from your supervisor before accepting Travel from any Third Party.
- Before providing Travel to a Third Party, obtain written confirmation from the traveler's employer that the Travel has been approved and is in line with local laws and regulations.
- Plan trips so their length and locations are appropriate to the business purpose of the Travel.
- Ensure that a Johnson Controls employee will accompany the Third Party at Johnson Controls-sponsored Entertainment.
- Verify that the quality of the Travel and accommodations provided are consistent with the Travel guidelines for Johnson Controls employees.
- Pay the services provider directly and expense Travel costs in line with the correct expense policies and procedures.
- Make sure any Travel for Third Parties on incentive programs is in accordance with the Third Party Incentive Program Guidelines.

**Do not** give or accept Travel for spouses, family members, or personal guests that accompany the Third Party unless they are directly involved in the business and their presence is necessary for Johnson Controls business purposes.

**Do not** give cash or Cash Equivalents to a Third Party to pay their expenses.

**Do not** have more than one non-business day (other than for Travel) in each work week.



## Real-life scenario

We have a contract to deliver chillers to a public hospital. Two hospital employees need to Travel for a factory acceptance test. Do I need pre-approval from Johnson Controls to pay for their Travel?

Yes, you need to obtain pre-approval from Compliance for any Travel offered to a Government Official.

Different locations, different laws?	Always consider that local law or policy may be different than the guidelines given in this document. Take care to ensure you are clear about the policies and approaches in the jurisdiction you are in and adhere to those local requirements.
What happens if I violate this policy?	Giving or receiving Gifts, Entertainment or Travel in violation of this policy may lead to disciplinary action up to and including termination of employment.
If in doubt, reach out.	Contact Compliance or Legal, or email <a href="mailto:askcompliance@jci.com">askcompliance@jci.com</a>
Useful links	<ul style="list-style-type: none"> <li>• <a href="#">Johnson Controls Code of Ethics</a></li> <li>• <a href="#">Compliance Portal</a></li> <li>• <a href="#">Third Party Incentive Program Policy</a></li> <li>• <a href="#">United States Government Contracting Policy</a></li> <li>• <a href="#">Delegation of Authority (DOA)</a></li> </ul>

Dates	Subject	Policy Number
Date originally issued: Feb 2008 Date last reviewed: Nov 2019 Date updated: May 2023	Third Party Gifts, Entertainment and Travel	15-00.104.GLBL. Rev.3
Department	Policy Owner	Approved
Legal Compliance	VP & Chief Compliance Officer	Mara Murphy, Vice President, Chief Ethics & Compliance Officer
Corporate Accounting	VP, Chief Accounting and Tax Officer	Skip McConeghy, VP, Chief Accounting and Tax Officer

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