



## CORPORATE ACCOUNTING & FINANCIAL PROCEDURES

SERIES NUMBER	SEQUENCE NUMBER
140	80

DATE ISSUED: Nov 2016 DATE REVISED: LAST REVIEWED: April 2017	SUBJECT:  ANTI-CORRUPTION POLICY	Page 1 of 7
DEPARTMENT:  Legal Compliance Department	DEPARTMENT CONTACT:  VP, Chief Ethics & Compliance Officer (414) 524-2370	APPROVED:  Matt Tanzer

### 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 .....Yes

### INTRODUCTION

Johnson Controls is committed to complying with all applicable anti-corruption laws, regulations, and policies. The United States, United Kingdom, and many other governments around the world have implemented these laws to prohibit the making or offering of bribes to public officials or for commercial purposes in connection with retaining business or securing any other improper advantage. Johnson Controls must comply with these laws, which may affect our operations and activities in the United States and globally, whether conducted directly or indirectly through third parties.

### PURPOSE

This Anti-Corruption Policy ("**Policy**") provides a framework for:

- Promoting effective compliance with applicable anti-corruption laws and regulations by relevant Johnson Controls business organizations.
- Designating organizational responsibilities for compliance with these laws and regulations throughout Johnson Controls' business operations.
- Encouraging a commitment to compliance with laws, transparency, and integrity in all business activities as set forth in Johnson Controls' Ethics Policy.

### SCOPE

This Policy addresses anti-corruption laws, regulations and other standards concerning bribery of Public Officials and commercial bribery that include:



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- The U.S. FCPA
- The U.K. Bribery Act
- Other relevant laws and regulations of the United States or any foreign country where Johnson Controls or Covered Persons conduct business, transactions, dealings, or operations
- The principles described in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the Convention's Commentaries
- The UN Global Compact – Principle 10.

### DEFINITIONS

**Anti-bribery prohibitions of the Foreign Corrupt Practices Act ("FCPA")** are triggered when a Covered Person provides anything of value to any foreign government official, with a corrupt motive, meaning for the purpose of:

- Influencing an official act or decision of that official or to affect a government act or decision.
- Inducing that official to do or omit to do any act in violation of a lawful duty.
- Securing any improper advantage, in order to obtain, retain, or direct business to any person.

**Provide anything of value** means to pay, give, promise, agree, offer, further, transfer, or authorize anything of value, which may include a payment (cash or in-kind), loan, kickback, gift, fee, commission, reward, contribution, donation, reimbursement of expense(s), reciprocal favor, job or educational opportunity, advantage, support, or any other benefit for prohibited purposes.

**Business Venture Partner** includes shareholders, prime contractors, teaming partners, joint venture partners, or foreign affiliates or offices.

**Designated Personnel** are those Johnson Controls employees that have special approval or oversight duties under this Policy.

**Improper Activity** could include circumstances even where:



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- The benefit or thing of value sought is for someone other than the person or party making the bribe.
- The business sought is not with a government.
- The bribe is not successful, and no business is awarded or no benefit is obtained.
- No competitive advantage is secured for Johnson Controls.
- The official or person receiving the bribe is not the government or administrative decision-maker for the benefit sought by Johnson Controls.

**Knowledge** includes actual knowledge of corrupt activity, or circumstances where a person is aware of, but consciously disregards, a high probability that a bribe or offer will be made.

**Outside Parties** includes agents, consultants, representatives, distributors, subcontractors, or authorized service providers, which include but are not limited to, customs brokers, freight forwarders, lobbyists or other government facing business consultants.

**Public Official** means any:

- Person working for the government, or a government agency, subdivision, or instrumentality, including but not limited to those employed or working for state owned or controlled enterprises.
- Political party or party official.
- Candidate for political office.
- Any other person while knowing that the payment or promise to pay will be passed on to one of the above.

**Politically Exposed Person (PEP)** means individuals with close personal or familial dealings with a Public Officials, such as people related to the Public Official by blood or marriage.

### APPLICABILITY

This Policy applies to all directors, officers, and employees of Johnson Controls, who are defined as “**Covered Persons.**” Other individuals or parties acting on behalf of Johnson Controls, including Outside



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Parties and Business Venture Partners, as defined, are included within the scope of Covered Persons.  
This policy applies to:

- All Johnson Controls subsidiaries, branches and affiliates;
- All Johnson Controls majority-owned/consolidated joint ventures;
- All Johnson Controls minority-owned/unconsolidated joint ventures (as identified)

### **POLICY**

It is the policy of Johnson Controls that Johnson Controls and all Covered Persons must comply with applicable anti-corruption laws and regulations. It is also the policy of Johnson Controls that neither Johnson Controls nor any Covered Person:

- Has authority to engage in any activity inconsistent with, or a violation of, the anti-corruption laws and regulations covered by this Policy, nor to authorize, direct, or condone such conduct by any Covered Person or designated Outside Party.
- Shall demand or solicit, or be expected to provide, any bribe, anything of value, or other undue advantage.
- Shall use subcontracts, purchase orders, agreements, arrangements, or any other vehicles as means of channeling payments directly or indirectly to a Public Official or to a business associate or close relation of a Public Official, known as Politically Exposed Persons or any Outside Party.

### **COVERED PERSON RESPONSIBILITIES**

All Covered Persons are responsible for:

- Complying with applicable anti-corruption laws and regulations by not making, offering, promising, authorizing, assisting, or taking any other act in furtherance of a bribe or Improper Activity.



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- Not making any contribution to any political party, political organization, candidate for public office, or elected public official on behalf of Johnson Controls or by using Johnson Controls funds or assets without the express approval of the Legal Department.
- Maintaining accurate documentation and records of any and all transactions entered into by or on behalf of Johnson Controls.
- Completing the appropriate level of compliance training as directed.
- Reporting information to the Legal Department and appropriate Johnson Controls organizational leadership as advisable by this Policy.
- Cooperating with any reviews or investigations conducted by Johnson Controls or the U.S. Government concerning violations or suspected violations of this Policy.

### JOHNSON CONTROLS BUSINESS LEADERS

Johnson Controls business leaders are responsible for fostering adherence to this Policy by:

- Promoting Covered Persons' awareness of the importance of, requirements, and steps necessary to comply with applicable anti-corruption laws and regulations, and the impact on Johnson Controls in the event of non-compliance.
- Following procedures that discourage and detect bribery, corrupt practices, or other Improper Activities.
- Ensuring training for Covered Persons under their direction take all required training as directed to ensure compliance with this Policy and applicable anti-corruption laws and regulations.
- Cooperating with efforts to discipline Covered Persons for violations of this Policy and applicable anti-corruption laws and regulations.

### DESIGNATED PERSONNEL

As directed by relevant Johnson Controls' policies, "designated" Covered Persons are responsible for adhering to the following principles covered by this Policy:



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- Assuring that no payments are made by, to, or from Johnson Controls or Covered Persons in violation of this Policy or applicable laws and regulations, and that relevant payments are properly authorized.
- Evaluating direct and indirect dealings with Public Officials.
- Reviewing, and where reasonable and lawful approving:
  - ✓ The furnishing of business entertainment, gifts, favors, or other benefits to Public Officials.
  - ✓ Any payment for or reimbursement of travel or travel-related expenses related to Public Officials.
  - ✓ The donation of any charitable contribution or scholarship, whether cash or in-kind, to Public Officials or public entities.
  - ✓ The hiring or retention of current or former Public Officials or known family or close associates of Public Officials.
- Resolving concerns about whether certain activities may be considered “red flags” indicating bribes, corrupt payments, or other Improper Activities.
- Ensuring that appropriate due diligence is implemented concerning Johnson Controls’ retention and oversight of Outside Parties and Business Venture Partners, and that remuneration for such Outside Parties or Business Venture Partners is reasonable and legitimate.
- Using appropriate anti-corruption safeguards in Johnson Controls’ contracts with Outside Parties and Business Venture Partners, which may include representations, warranties, covenants, audit rights, and termination rights, depending on the circumstances.
- Preventing the delegation of substantial discretionary authority to Outside Parties and Business Venture Partners known (or as to whom through due diligence it should be known) have or may have the propensity to engage in illegal, corrupt, or Improper Activities.
- Ensuring the maintenance of fair and accurate books, records, and accounts.
- Following accounting and auditing practices that prevent the establishment of “off the books” or secret accounts, or the creation of records or documents which do not properly and fairly record the transactions to which they relate.
- Assuring that all required documentation is secured and maintained consistent with custodial responsibilities or organizational obligations.

### FACILITATING PAYMENTS



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**Johnson Controls prohibits Facilitating Payments.** Facilitating Payments are small payments, often in cash or the provision of a small gift, to a Public Official for the sole purpose of expediting or securing the performance of a routine governmental action, where the Public Official does not have the discretion to deny the performance of such action. In extreme circumstances, such as a health or safety emergency, a Johnson Controls employee may be exempted from this Policy. Under no circumstances shall any Johnson Controls officer, director or employee or any third party who conducts business on Johnson Controls behalf make, provide, offer or authorize any Facilitating Payment in the absence of obtaining a written exception to this Policy from the Legal Department. Any Facilitating Payment, even if approved as an exception, must be accurately recorded in Johnson Controls' book and records.

### TRAINING

All Covered Persons are required periodically to participate in training covering compliance with this Policy and Johnson Controls' anti-corruption standards and procedures, as directed and scheduled.

### OTHER POLICIES & PROCEDURES

Johnson Controls has enacted a number of other Policies and Procedures to carry out the goals of this Anti-Corruption Policy. These policies can be found at the Corporate Accounting & Financial Procedures Sharepoint Site.

### VIOLATIONS

Violations of anti-corruption laws and regulations covered by this Policy can result in substantial civil or criminal penalties both for Johnson Controls and responsible individuals. Such penalties would have serious consequences for Johnson Controls' operations and reputation. Covered Persons who violate laws and regulations covered by this Policy shall be subject to internal discipline, up to and including termination.