

# STRATEGIC COOPERATION AGREEMENT

between

**the Government of Hungary and Johnson Electric Hungary Kft.**

(hereinafter referred to as : “Agreement”) was entered into by and between:

**the Government of Hungary** (hereinafter referred to as “**Government of Hungary**”),  
represented by László Szabó, Deputy Minister of the Ministry of Foreign Affairs and Trade;

and

**Johnson Electric Hungary Kft.**

(registered seat: 3000 Hatvan, Szepes Béla u. 7 ; Company registration number: 10 09 025639;  
hereinafter referred to as “**Johnson Electric**”),

represented by Ákos Bánrévi, executive director and Róbert Juhász executive director ;

hereinafter the **Government of Hungary** and **Johnson Electric** together referred to as  
“**Parties**” – as follows:

## **Preamble**

The Hong Kong-owned Johnson Electric Group - which has seven sites in Europe and is dynamically expanding in Hungary since 2012 - carries out product development and production of automotive components in its premises in Ózd and Hatvan. The Parties agree that the investments, presence and activity of Johnson Electric Hungary Kft. plays an important role in Hungary's economy.

The aim of this Agreement is to contribute intensively to the preservation and further maintenance of the already well-established economic ties and cooperation of the Parties. The Government of Hungary expresses its satisfaction that it can count on Johnson Electric on long term as a reliable partner.

The main purposes of this Agreement are the following:

To establish the framework for dialogue between the Parties, based on mutual trust and predictability, to ensure long-term and durable operation of Johnson Electric in Hungary.

To support the expansion of manufacturing activities of Johnson Electric in Hungary and its deeper integration in the Hungarian economy.

To strengthen the active participation of Johnson Electric in the implementation of the economic policies of the Government of Hungary, aimed to improve the performance and international competitiveness of the Hungarian economy.

**The Parties have agreed as follows:**

1. Development of manufacturing facilities

Johnson Electric expresses its willingness to further expand its Hungarian investments continuously and gradually, and increases the export of its products manufactured in Hungary year by year.

The Government of Hungary hereby expresses its intent to support the Hungarian investments of Johnson Electric and the export of the products manufactured in Hungary in accordance with the legislation in force.

2. Innovation, research and development

Johnson Electric hereby expresses its intent to carry out research and development activities in Hungary in the future with the participation of Hungarian educational institutions and research centers.

The Government of Hungary is committed to supporting such activities with all available means.

3. Development and training of employees

3. 1. The renewal of the legislative framework underpinning educational cooperation

The Government of Hungary expresses its intention to make the system of training subsidies more effective and more bureaucracy-free. For the renewal of the regulation on training subsidies the Government of Hungary welcomes those proposals that are consistent with these intentions.

3.2. Development and training of employees

The Government of Hungary welcomes the intent of Johnson Electric to train and educate new hires and thus enable them to operate the latest cutting-edge machines and equipment, and improve their skills which increases their application on the labour market.

Based on the Decree of the Ministry for National Economy No. 3/2015. (II.13.) on the detailed rules on the individual decision of the Minister responsible for vocational training and adult education on subsidies from the training base of the National Employment Fund, in case of matching the criteria and if the decision of the Minister for National Economy is positive Johnson Electric can avail itself of the special subsidy for promoting the training of new employees.

3.3. Cooperation to facilitate the development of the training system

Act CLV of 2011 (hereinafter referred to as Act) on the training contribution and the support of the development of trainings allows Johnson Electric – as required to contribute – to reduce the compulsory training contribution – as defined in the Act - related to the apprenticeship for the accepted vocational school students.

In case of compliance with Act Johnson Electric is entitled to reduce the compulsory training contribution by also the amount spent on the training of their employees.

Based on the Decree of the Ministry for National Economy No. 3/2015. (II.13.) from the training base of the National Employment Fund, in case of compliance with Decree and positive decision of the Minister for National Economy, Johnson Electric can avail itself of subsidies for the establishment of classrooms and for the development of the material conditions of practical trainings by apprenticeships.

#### 4. Cooperation to help Hungarian suppliers

The Parties express their willingness to enhance and improve their cooperation in the area of supplier activities. In full consideration of the industry's particulars, strict quality requirements and authority regulations, as well as the factors of cost effectiveness – and in full compliance with the EU and national competition rules – Johnson Electric endeavors to involve Hungarian companies in their supply chain, in the process of which they can rely on the active support of the Hungarian Investment Promotion Agency (hereinafter referred to as “HIPA”). Johnson Electric may contribute to improve the competitiveness of Hungarian suppliers through its mentoring and educational activities.

The Hungarian Export-Import Bank Ltd. (hereinafter referred to as “Eximbank”) facilitates supplier financing programs to suppliers of Johnson Electric which may help increase the number of Hungarian suppliers at the company.

#### 5. Active participation of Johnson Electric in the life of local communities

The Government of Hungary welcomes that Johnson Electric is willing to actively participate in the local and national public life in Hungary by supporting activities, and are ready to support them in several areas. This support covers education, culture, sports, social issues and healthcare.

#### 6. Cooperation to promote Hungary

Being one of the key investors in Hungary, Johnson Electric hereby expresses its intent to recommend Hungary to international investors as an attractive economic partner and investment location. Furthermore, Johnson Electric is willing to take an active role in conferences and training courses organized by HIPA.

#### 7. Cooperation to strengthen the competitiveness of Hungary

Johnson Electric is ready to take part actively in giving opinion related to the draft legislation affecting the competitiveness of Hungary.

#### 8. Evaluation of the cooperation between the Government of Hungary and Johnson Electric

The Parties intent to evaluate the results of their cooperation as far as possible and jointly establish the tasks that lie ahead. From Hungarian Government side the cooperation is coordinated by the Ministry of Foreign Affairs and Trade of Hungary. A joint Task Force shall

be set up that includes representatives of the Parties and HIPA. The venue and date of meetings shall be established by the Heads of the Task Force elected at the first meeting.

9. Miscellaneous

This Agreement shall take effect when duly signed by the Parties.

This Agreement was prepared in the Hungarian and English languages. In case of any differences the Hungarian version shall prevail.

The Parties read and understood the content of this Agreement and in witness whereof the above the designated and authorized representatives of the Parties signed it in full conformity with their will and intention.

Any disputes or differences of opinion arising out of or in connection with this Agreement shall be settled amicably by the Parties.

Budapest, 20 July, 2015



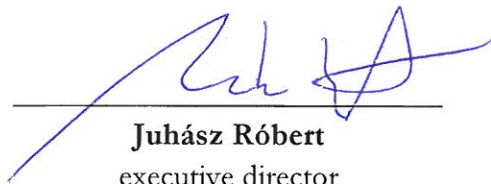
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**László Szabó**  
Deputy Minister of the Ministry of  
Foreign Affairs and Trade  
**on behalf of the Government of Hungary**



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**Bánrévi Ákos**  
executive director  
**on behalf of Johnson Electric Hungary Kft.**



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**Juhász Róbert**  
executive director  
**on behalf of Johnson Electric Hungary Kft.**