



Non- Financial Disclosure Report **2020**

Johnson Controls International Plc.

The power behind **your mission**





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"At Johnson Controls, sustainability is our business."

"We do more than just talk about sustainability at Johnson Controls. We have created an ambitious strategy that integrates sustainability into all that we do, from the highest levels of corporate governance to our company operations.

We are committed to providing sustainable products and services, attracting people who want to make a difference, and to leading by example."

George Oliver
Chairman and CEO
Johnson Controls
Business Roundtable
April 2019

A vertical photograph on the left side of the page shows a modern glass skyscraper. The building's facade is composed of many rectangular glass panels, reflecting the sky and surrounding environment. In the foreground, there are green trees and a concrete structure, possibly a walkway or part of a building's base, adding a natural and architectural context to the corporate theme.

Introduction

The purpose of our corporation

At Johnson Controls, our employee purpose is to power our customers' success and protect the environment. We have a legacy of innovation stretching back more than 130 years. Now, with a global team of 105,000 experts in more than 150 countries, our people create innovative, sustainable products and services that empower customers and communities to consume less energy and conserve resources.

From optimizing building performance to improving safety and enhancing comfort, we drive the outcomes that matter most.

We grow our business by providing sustainable products and services, improving

operational effectiveness, empowering our people, and reducing the environmental footprint of our operations and supply chain. We believe our leadership in sustainability ultimately creates long-term benefits for our customers, employees, shareholders and society as a whole.

To this end, George Oliver recently joined other corporate CEOs in signing the Statement on the Purpose of a Corporation. This document outlines a modern standard for corporate responsibility and includes a commitment to protect the environment by embracing sustainable practices.

We also announced several ambitious commitments at the 2019 United Nations Climate Action Summit in New York, supporting actions to limit climate change and increase global prosperity.

For more than 130 years, Johnson Controls has made sustainability an integral part of our business through our vision and values. The hard work and dedication of our employees around the globe enables us to achieve our sustainability goals and deliver on our vision of a safe, comfortable and sustainable world.

You can find out more about our company's sustainability initiatives, commitments, and achievements at: <https://www.johnsoncontrols.com/corporate-sustainability/reporting-and-policies>.

Our Values

Integrity First

We promise honesty and transparency. We uphold the highest standards of integrity and honor the commitments we make.

Purpose Led

We believe in doing well by doing good, and hold ourselves accountable to make the world a better place through the solutions we provide, our engagement in society, the way we do business, and our commitment to protect people and the environment.

One Team

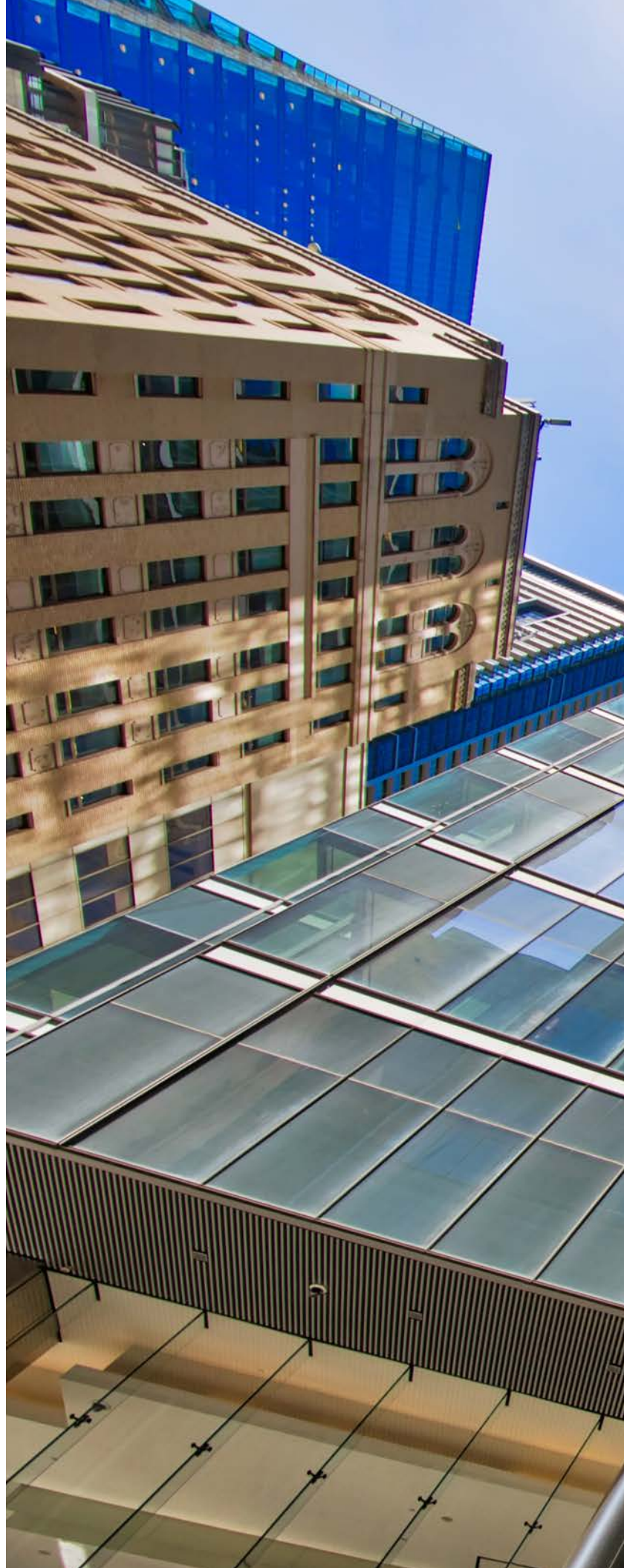
We are one team, dedicated to working collaboratively together to create the purposeful solutions that propel the world forward.

Customer Driven

We win when our customers win. Our long-term strategic relationships provide unique insights and the ability to deliver exceptional customer experiences and solutions.

Future Focused

Our culture of innovation and continuous improvement drives us to solve today's challenges while constantly asking 'what's next.'





Johnson Controls business model

At Johnson Controls, we transform the environments where people live, work, learn and play. From optimizing building performance to improving safety and enhancing comfort, we drive the outcomes that matter most. We deliver on our promise in industries such as healthcare, education, data centers and manufacturing. We are dedicated to protecting the environment.

Buildings have purpose. They are places where people live or work. Facilities for learning or healing. Venues for entertainment and shopping. Sites for the specialized storage of goods or mission-critical data. Buildings have a huge variety of functions – they are central to our customers' missions.

This is where Johnson Controls comes in, driving the outcomes that matter most. We make buildings smarter using a wide range of systems and digital solutions. A smarter building is safer, more comfortable, more efficient, and, ultimately, more sustainable. Smart buildings are better for people, better for our customers' bottom line and better for the planet.

We have been making buildings smarter since 1885. Our capabilities, depth of innovation experience and global reach have been growing ever since. Today, we offer the world's largest portfolio of building products, technologies, software and services.

Johnson Controls is a global market leader in engineering, developing, manufacturing and installing building products and systems around the world. Our offering includes a wide range of high-quality HVAC equipment and controls, energy management systems, security systems, fire detection systems, and fire suppression solutions.

Johnson Controls has a strong presence in the North American residential air conditioning and heating systems markets in addition to being a global leader in industrial refrigeration products.

We further serve customers by providing technical services in the HVAC, security and fire protection spaces. We also provide energy management consulting and data-driven solutions through our dedicated Digital Solutions business.

Sustainability governance

Our vision is to create a smart, safe and sustainable world. In addition to achieving financial performance objectives, our board and management know we must assume a leadership position in good corporate governance to fulfill our vision. Our board of directors believes good governance requires not only an effective set of specific practices but also a culture of responsibility and accountability throughout the company. Governance at Johnson Controls is intended to foster and promote both.

Johnson Controls maintains that good governance ultimately depends on the quality of its leadership. We are committed to recruiting and retaining directors and officers of proven leadership ability and personal integrity. Our board adopted and adheres to Corporate Governance Guidelines which provide a resilient framework for the effective governance of Johnson Controls.

We were recently named a World's Most Ethical Company and one of the 100 Best Corporate Citizens. Since Johnson Controls first signed the United Nations Global Compact in 2004, we have remained committed to aligning our operations and strategies with the U.N. Global Compact's Ten Principles. These principles are based on The Universal Declaration of Human Rights; The International Labor Organization's Declaration on Fundamental Principles and Rights at Work; The Rio Declaration on Environment and Development; The United Nations Convention against Corruption; and the United Nations Framework on Business and Human Rights.

Our 2025 Sustainability Strategy integrates sustainability throughout our business and drives sustainability across our value chain by focusing on five key areas:

- Solutions
- People
- Partnerships
- Performance
- Governance

The Johnson Controls Global Sustainability Council (GSC) leads our efforts to be a global leader in providing scalable, market-based building and energy solutions addressing the world's greatest sustainability challenges. The GSC reports to the Chief Executive Officer and their direct reports to deliver on the strategy. The council also provides quarterly reports for review by the board of directors on our progress toward our 2025 Sustainability Strategy goals.

Sustainable financing

In December 2019, Johnson Controls became one of the first industrial companies to tie its senior revolving facilities to individual sustainability metrics in the U.S. syndicated loan market. Our new five-year senior revolving credit facility and our one-year senior revolving credit facility include a sustainability-linked pricing mechanism that adjusts interest rates in line with our sustainability performance. The sustainability metrics are tied to employee safety, the greenhouse gas emissions savings we are able to achieve for our customers, and reduced greenhouse gas emissions from our operations.

Risk management

As a global industrial company, we face a range of risks. These include general economic, credit and capital market conditions risks, regulatory risk, global climate change risk, social and employee matters, and several other risks that are set out in our Irish Statutory Reports for FY2019.

We handle our enterprise risks and opportunities using a robust risk management and mitigation program. Our board of director's role in risk oversight is consistent with our leadership structure. Management has day-to-day responsibility for assessing and managing our risk exposure. The board and its committees provide oversight in connection with those efforts, with a particular focus on the most significant risks we face.

The board performs its risk oversight role in several ways. Board meetings regularly

include strategic overviews by the CEO and other members of senior management that describe the most significant issues, including risks, affecting us. In addition, the board regularly receives updates from business unit leaders, the General Counsel, and other functional leaders. The board reviews the risks associated with our financial forecasts, business plan and operations. These risks are identified and managed with our enterprise risk management (ERM) process.

The company's ERM process provides a common framework and terminology to ensure consistency in identifying, reporting, analyzing and managing key risks. It is also linked to the strategic planning process, compliance and internal auditing.

Further, it includes a formal process to identify and document the key risks

to Johnson Controls as perceived by a variety of stakeholders in the enterprise.

The results of the ERM activity are presented to the board at least annually. In addition, a Risk Committee oversees the ERM program by providing feedback, guidance and direction on the process, procedures, and results.

This committee escalates any new risks that should be elevated to the Executive Committee.

In addition, we have key teams in place to oversee and advise on our sustainability risks and opportunities. They include our Executive Committee, Executive Leadership Team, Global Sustainability Council, Purchasing Leadership Team, and specialized committees and management groups.

2025 Sustainability Strategy

	Strategy	2025 goals	Progress by the end of FY2019
	Solutions Provide increasingly sustainable products and services	Integrate sustainable design for products and services identified as having the highest environmental and social impact	<ul style="list-style-type: none"> • Since January 2000, performance contracting projects have helped our customers save more than 29.4 Million Metric Tons CO2e and \$6.3 billion through energy and operational savings. • Use end-of-life impact models on main product lines near completion. • Our products and services were honored with sustainability awards including: Sustainability Product of the Year for the YORK® Mission Critical Direct Evaporative Cooling Air Handling Unit by The Business Intelligence Group along with our project partners, and the Digie Award for “Most Intelligent Building – Corporate Headquarters” for Bee’ah’s new sustainable headquarters in the United Arab Emirates.
	People Foster a culture of sustainability that engages and attracts people who want to make a difference	<ul style="list-style-type: none"> • Volunteer 2.5 million hours by 2025 • Align 80% of volunteer activities with U.N. Sustainable Development Goals • Establish employee engagement groups globally • Integrate sustainability into recruitment 	<ul style="list-style-type: none"> • In 2019, employees brought our total volunteer hours to 1.74 million, both individually and on group projects in communities around the world. • More than 83% of our volunteering and philanthropy efforts align with U.N. Sustainable Development Goals. • Our sustainability employee group has grown from one chapter in North America to multiple chapters in Asia, North America, South America, and Europe.
	Partnerships Lead in global partnerships that significantly increase our sustainability impact	Leverage our impact through at least three global strategic sustainability partnerships	<ul style="list-style-type: none"> • At the U.N. Climate Action Summit in September, we made three global commitments to the Three Percent Club for Energy Efficiency, The Cool Coalition, and the EP100 Cooling Challenge, which focus on building efficiency and high-efficiency cooling. • Clay Nesler, vice president, Global Sustainability and Regulatory Affairs, and the Global Sustainability Council’s chairman, is serving as interim president and an executive-on-loan to the Alliance to Save Energy, a nonprofit, bipartisan alliance of business, government, environmental and consumer leaders working to expand the economy while using less energy.

	Strategy	2025 goals	Progress by the end of FY2019
	Performance Improve our sustainability performance and track our progress	From a 2017 baseline: <ul style="list-style-type: none"> • 25% reduction in greenhouse gas emissions intensity • 25% reduction in energy intensity • 10% water reduction at water-stressed locations • 25% reduction in recordable safety incidents • Increase diverse supplier spend at a rate exceeding revenue growth 	<ul style="list-style-type: none"> • Achieved two significant sustainability milestones in 2019 by reducing our enterprise-wide greenhouse gas intensity by half while doubling the energy productivity of our operations over a period of 16 years. • Our renewable energy amounted to 251,908 MWh through the purchase of Renewable Energy Certificates. Through this initiative we offset 100% of our greenhouse gas emissions from our Global Products manufacturing plants in the United States. • We exceeded our FY2019 2.5% reduction goal for greenhouse gas intensity by achieving 5.1%, and also reduced our energy intensity by 1.8%. • We are on track to meet our Zero Landfill goals and have achieved 19 Zero Landfill certified facilities • Committed to adopt science-based targets in 2020.
	Governance Demonstrate our commitment from the top	Continue to integrate sustainability into company goals and decision-making <ul style="list-style-type: none"> • Ensure a robust sustainability governance process • Disclose climate-related risks in financial reporting • Implement new policies/practices to maintain leadership 	<ul style="list-style-type: none"> • Sustainability-linked financing agreement completed. • Conducted Sustainability Materiality Assessment aligned with SASB and GRI. Results integrated into sustainability reporting. • Annual U.N. Global Compact Communication on Progress submitted by George Oliver. • Quarterly sustainability performance scorecard reviewed by board of directors and Executive Committee. • Grady Crosby, Chief Diversity Officer and vice president, Public Affairs, is secretary of the board and chairman of the nomination and governance committee of the United Nations Global Compact Network USA. • Katie McGinty, vice president, Global Government Relations, appointed to Wisconsin Governor Tony Evers' climate change task force.

Sustainability Materiality Assessment 2019

Johnson Controls conducted a Sustainability Materiality Assessment in 2019. We reached out to key stakeholders – including shareholders, customers, suppliers, non-profit organizations, industry groups, trade press and academia, executive leadership, and Business Resource Group leaders – for feedback. The assessment asked for our key stakeholders' feedback on the most important environmental, social and governance issues for Johnson Controls to address. The issues were aligned to the SASB Materiality Matrix and the GRI Standards for our sector.

We are using these results to identify and prioritize sustainability issues that are likely to affect our financial condition or operating performance in order to inform both sustainability and reporting.

Top issues identified by our stakeholders in 2019:

- Ethics and compliance
- Employee health and safety
- Product quality and safety
- Innovation
- Energy-efficient products
- Human rights
- Cybersecurity
- Energy and environment laws and regulations
- Waste and hazardous materials management
- Climate policy and engagement leadership
- Sustainable products and services

See the 2019 Sustainability Materiality Assessment report, our Climate Commitments and Partners, and public sustainability reports: <https://johnsoncontrols.com/corporate-sustainability/environment>



Sustainability commitments

Johnson Controls has always been a company that drives energy efficiency, both internally and for our customers. In 2019, we stood before the United Nations, our colleagues and our customers to reaffirm our global commitment to reducing our environmental footprint both through building efficiency and utilizing highly efficient cooling. Here are some of the new commitments and public statements we made which demonstrate our vision for a safer, more sustainable world.

Purpose of a Corporation

In August 2019, George Oliver joined other CEOs from around the world in signing the Business Roundtable's Statement on the Purpose of a Corporation. This statement included commitments to deliver value to our customers, invest in our employees, deal fairly and ethically with our suppliers, support the communities where we work, embrace sustainable practices across our business, and generate long-term value for shareholders.

Three Percent Club

Launched at the U.N. Climate Action Summit in September 2019, the Three Percent Club is a new coalition. It includes Johnson Controls, nations and international organizations that are committed to driving a three percent global increase in energy efficiency each year – a move that can help limit climate change and increase global prosperity. It builds on International Energy Agency research that shows the right efficiency policies could deliver more than 40 percent of the emissions reductions needed to reach the goals of the Paris Agreement – and all without the need for new technology.

EP100 Cooling Challenge

Johnson Controls was the first U.S. company to commit to the EP100 Cooling Challenge. We are leading by example on efficient cooling across our own operations and are joining businesses around the world who seek to cool their operations in the most energy-efficient ways possible. International nonprofit The Climate Group partnered with the Alliance to Save Energy to launch this new initiative in September 2019.

Cool Coalition

The Cool Coalition comprises more than 80 partners from the public and private sectors, finance, and academia in addition to international organizations and various global cities. It aims to accelerate the shift to sustainable energy sources for cooling, protect vulnerable populations, and achieve sustainable development through efficient cooling.

"Getting cooling right offers a three-in-one opportunity to cut global warming, improve the lives of millions of people, and realize huge financial savings," said Inger Andersen, executive director, U.N. Environment Program.

Her comments were made during the Climate Action Summit in September 2019.

"The Cool Coalition is a powerful new collective force for realizing these and many other benefits," Andersen added.

Environmental

We are committed to improving the environmental performance of our global operations. Johnson Controls is committed to transparency and has publicly reported sustainability data since 2002. As part of our 2025 Sustainability Strategy, we are committed to ambitious 2025 goals related to greenhouse gas emissions, energy, water, waste, safety, and supplier diversity from a 2017 baseline. These goals aim to improve our operational excellence, reduce our exposure to climate change risks, reduce our reliance on natural resources and minimize costs.

Energy and emissions

To achieve our 2025 goals of 25 percent reductions in both energy and emissions intensity, we rigorously evaluate our energy use at a facility and global level. Energy and waste improvement is built into our Johnson Controls Manufacturing System (JCMS) which, among other things, defines progressive levels of maturity in energy, environmental and facility management.

We conduct energy hunts in manufacturing facilities to identify energy and cost savings. We continuously seek to purchase renewable energy locally at our facilities where possible. We have on-site renewable energy at a number of our locations and continue to increase the percentage of renewable energy across our portfolio. All three of our corporate headquarters buildings – in Glendale, Wisconsin, USA; Cork, Ireland; and Shanghai, China – are certified LEED Gold or Platinum and our policy is to achieve LEED certification for all new facilities.

Nearly a quarter of our GHG emissions come from our vehicle fleet. We analyze our transportation supply chain annually to improve cost structure and reduce emissions. We are systematically changing our fleet vehicles, utilizing higher fuel economy and electric vehicles where appropriate as well as taking advantage of telematics to improve efficiency. We also optimize our logistics and our packaging in order to decrease weight and increase load factors.

Water

Our goal is to reduce water consumption by 10 percent at our facilities in water-stressed areas by 2025. We conducted a detailed analysis identifying which of our locations meet this goal. We measure consumption in both our manufacturing and office buildings, detect and repair water leaks, recalibrate flow meters, and deploy water-saving technologies.

Waste

Our goal is to make 25 percent of our manufacturing locations landfill-free by 2025. Every location is encouraged to minimize or eliminate the amount of waste sent to landfill to the greatest extent possible. This year we reached a milestone of 19 total manufacturing locations that have a 100 percent diversion rate and are certified as zero landfill.

Climate change

Johnson Controls provides a range of innovative, sustainable, clean technologies and solutions that help our customers mitigate and adapt to climate change, use fewer resources, protect the environment, and reuse and recycle materials. We believe that urgent action on climate change is needed. We believe a complementary set of market-based policies will be necessary to increase deployment of energy efficiency, accelerate emission reductions, and reduce the overall cost of compliance to businesses and consumers. Climate change effects, such as extreme weather conditions, could impact our business. For example, the demand for our products and services, such as heating and air conditioning equipment, may be affected by changing weather conditions. Climate change could also impact the availability and price of materials needed for manufacturing and could increase insurance and other operating costs. These factors may influence our decisions to construct new facilities or to maintain existing facilities in areas prone to physical climate risks. We could also face indirect financial risks through supply chain disruptions caused by changes in the physical climate.

Environmental key performance indicators

	Unit of measure	2019	2018	2017
Energy				
Energy Intensity	Gigajoules per Million USD	381	388	398
Emission	Greenhouse gas (GHG)			
Direct (scope 1)	Metric tons CO2e	686,713	672,253	733,256
Indirect (scope 2)	Metric tons CO2e	269,191	310,990	404,242
Other Indirect (scope 3)	Metric tons CO2e	24,097,000	27,827,200	28,571,800
GHG Total (Scope 1+2+3)	Metric tons CO2e	25,052,904	28,810,444	29,709,298
GHG intensity	Metric tons CO2e per Million USD	40	42	50
Water				
Total water withdrawal	Cubic meters	3,828,417	4,165,612	3,941,413
Waste				
Non-hazardous waste	Metric tons	104,172	107,655	98,582
Hazardous waste	Metric tons	5,315	5,430	6,425
Total waste	Metric tons	109,487	113,086	105,007
Zero landfill sites	Total sites	19	17	10

Environmental sustainability metrics for reported FY2019 include data from Building Technologies & Solutions and the Johnson Controls-Hitachi joint venture. All data for FY2017 and FY2018 was adjusted to exclude Power Solutions, now Clarios, except for Scope 3 emissions. Indirect emissions (Scope 2) are market-based.

Delivering sustainability to our customers

Making the future more productive, more sustainable, and more secure

Johnson Controls transforms the environments where people live, work, learn and play. From optimizing building performance to improving safety and enhancing comfort, we are the power behind our customers' missions. We are the building experts who work to ensure customer buildings are more comfortable, more productive and more efficient, driving positive outcomes for our customers.

Dedicated to protecting the environment, we deliver on our promise in industries such as healthcare, education, data centers, and manufacturing.

Enterprise management applications

Building owners and managers can optimize building performance by monitoring equipment, managing energy consumption, and efficiently utilizing available space. Our platforms offer applications to provide our customers with actions and insights that identify issues and faults, pinpoint inefficiencies, and give tenants control of comfort and convenience features. Not only does it help customers reach energy and sustainability goals, it helps exceed one of the most important goals: occupant satisfaction.

Heating, cooling, air handling, and controls

Every substantial facility needs efficient, reliable climate control. Today, Johnson Controls offers the largest portfolio of HVAC equipment and controls in the world. Our broad portfolio of solutions and controls is built on a foundation of innovation and expertise that dates back more than a century when our founder, Warren Johnson, invented the first modern thermostat. Whether our customer is constructing a new facility or retrofitting an old one, we deliver cost-effective comfort and sustainable efficiency. Johnson Controls is committed to the worldwide transition to low global warming potential (GWP) refrigerants and offers

alternative refrigerants across all chiller platforms. These GWP reductions range from 56 percent to 99 percent. We also offer a wide range of industrial refrigeration and cooling equipment using natural and other ultra-low GWP refrigerants.

YORK® Mission Critical Direct Evaporative Cooling Air Handling Units

The 2019 Sustainability Awards by the Business Intelligence Group named the YORK® Mission Critical Direct Evaporative Cooling Air Handling Unit the Sustainability Product of the Year for the business services industry. The awards honor those who have made sustainability an integral part of their business practices. Our units optimize operational water and energy use to achieve lower energy costs by maximizing cooling capacity per square foot and providing superior efficiency. They also enhance efficiency and reliability in data centers and offer higher cooling capacity per unit square foot.

Energy Performance Contracting

Our Energy Performance Contracting (EPC) expertise helps organizations make energy efficiency a reality by keeping facility upgrades within financial reach. It guarantees that building improvements will deliver operational and utility savings over a fixed period. Energy efficiency projects funded by EPC deliver significant benefits beyond energy savings. These include creating jobs, focusing investment in new growth industries, mitigating risk, and providing healthier, safer and more comfortable environments. We have implemented more than 3,000 performance contracts in North America alone. Since January 2000, our efforts helping our customers save energy through performance contracting have resulted in a reduction of 29.4 million metric tons CO₂e.

Renewable energy solutions

Our renewable energy solutions help organizations increase energy security and independence while reducing long-term energy costs and minimizing their environmental footprint. We help customers upgrade buildings located away from traditional power sources using a variety of funding sources and utility rebates. Our solutions help save energy while improving infrastructure, enhancing energy security, and reducing greenhouse gas emissions. Several agencies that have limited expertise in this area have partnered with us to finance projects and streamline their execution. Our range of services include designing, engineering, installing, maintaining and operating renewable energy systems.

Building automation and controls

Our intelligent Building Management System (BMS) technologies collect and analyze data, then provide insights on how to control and improve a building's efficiency and productivity. Our advanced technologies provide essential instrumentation and controls, reducing environmental impact, saving energy, lowering operational costs, and enabling productive and secure environments.

Fire suppression, detection, safety and security

We are a leader in integrating building security systems and solutions to keep environments safe and protected. Our access control, fire detection, mass notification and video surveillance solutions safeguard people and buildings. Our fire suppression products protect what matters most in the event of a fire.





Projects:

Bee'ah – Sharjah, United Arab Emirates

Bee'ah

Sharjah, United Arab Emirates

Bee'ah is the fastest-growing environmental management company in the Middle East. As a sustainability champion in the region since its inception in 2007, it needed a partner that shares its vision of a sustainable future. That partner was Johnson Controls.

We were brought in to transform Bee'ah's awe-inspiring headquarters in Sharjah, in the United Arab Emirates. The building will be powered by 100 percent renewable energy, and aims to achieve the highest rating a green building can receive: LEED Platinum.

Bee'ah's showpiece headquarters had to be a tangible demonstration of the environmental standards set by the organization, in addition to showing its commitment to creating experiences that boost productivity and promote sustainable practices.

Johnson Controls has the perfect blend of products and solutions to meet Bee'ah's requirements. Our partnership with Microsoft means we can use their Azure platform to build extended capabilities, all backed, supported and driven by our game-changing Digital Vault engine. We will install smart edge systems, intelligent devices and adaptable software solutions to deliver enhanced building outcomes. The site will leverage new IoT capabilities, including big data, cloud accessibility and neuro-linguistic programming. We will

optimize energy efficiency, assist in peak space utilization and advance employee productivity using an innovative AI persona. This AI expertise will unify building management, security and employee systems to streamline operations and enhance occupant satisfaction.

All of these solutions will enable Bee'ah to reach its goal of attaining a 20 percent improvement in employee satisfaction. After all, sustainability is also about ensuring people are getting the best building experiences available.

Lastly, new relationships and partnerships are formed. We work closely with Evoteq, Bee'ah's own in-house digital venture, on implementing these solutions.

At Bee'ah, the future of sustainability is now, and its headquarters serve as a living, breathing exemplification of its environmental leadership role both in the Middle East and globally.

Bee'ah has set aggressive goals of zero carbon emissions, 20 percent less water used, and a five percent reduction in energy consumption for its operations, setting a new standard for sustainable, smart buildings globally.

Johnson Controls is proud to be the power behind Bee'ah's mission to reach those goals.



Projects:

Fiserv Forum Milwaukee, Wis., USA

Fiserv Forum

Milwaukee, Wis., USA

This world-class arena and entertainment district sought to increase fan engagement and operational efficiencies through technology innovations. We drove this by designing a network infrastructure for the arena and surrounding district that integrates building, business, vertical market systems and business applications. This creates an environment that is safe, comfortable, connected, and which operates efficiently. The Fiserv Forum was awarded a LEED Silver Certification from the U.S. Green Building Council (USGBC). It received an A+ rating and is the first sports and entertainment venue in Wisconsin to earn LEED Silver Certification.

University of Hawai'i Campus System

Hawaii, USA

The University of Hawai'i Maui College is now recognized as the first campus in the United States capable of generating 100 percent of its energy on-site. We provided customized solutions, such as improved energy usage through solar photovoltaic (PV) systems, battery storage and lighting to increase energy efficiency measures across the campuses. The colleges will save \$80 million through an energy retrofit and renewable energy solutions, and reduce energy usage by an average of more than 80 percent across four campuses. Further, fossil fuel consumption will reduce by between 70 and 98 percent at the community college campuses.

Projects:

University of Hawai'i
Campus System,
Hawaii, USA

Social

Supplier sustainability

Johnson Controls employs the Johnson Controls Sustainability Supplier Rating, a proprietary supplier questionnaire, to quantitatively measure our suppliers' sustainability programs. The survey contains questions related to human rights, working conditions, employee safety, energy management, carbon footprints, waste management, local and diversity sourcing, and overall environmental impact.

The questionnaire also asks if the supplier is publicly reporting data such as its greenhouse gas emissions and specifically asks if the supplier is disclosing its carbon emissions to the CDP global disclosure system.

In addition to this survey, on-site reviews of supplier operations may also occur as needed. The Johnson Controls Sustainability Rating is part of the overall assessment of our suppliers.

Details of our supplier sustainability program can be found at:

<https://www.johnsoncontrols.com/suppliers/sustainability/supplier-sustainability-rating>

Supplier diversity

Johnson Controls defines diverse suppliers as companies certified as owned, operated, and/or controlled by minorities or women, and those designated by government agencies as small or disadvantaged businesses. Our diversity business initiative is integrated into our corporate strategy and directed by senior management. Goal attainment and progress is reviewed and communicated to the organization on a monthly basis. In 2019, we achieved our supplier diversity goal to purchase from certified diverse suppliers at a higher percentage rate than revenue growth.

We economically equip entire communities and gain competitive advantage by incorporating diversity into our customer solutions. We expect our key suppliers to pursue similar initiatives. We have spent more than \$22 billion with certified diverse suppliers since 1993. Globally, we have included diverse and historically underutilized companies into more than 50 product and service categories to support our customer solutions.



Employee matters

Health and safety

Health and safety is critical to our success as a company. We are committed to a safe and healthy work environment for our employees, our customers and contractors, our visitors and our communities. We promote a Zero Harm vision worldwide.

In 2019, we launched a multi-part campaign to promote our vision of Zero Harm to people and the environment. We recognize that our leaders, employees, customers and communities expect us to work safely and protect the environment. Our Zero Harm vision includes specific pillars around employee safety, health and wellness, and the environment. Zero Harm is our shared belief that all incidents are preventable and we will work together as one team to promote a safe culture globally in all that we do. One example that supports this vision is that we developed and launched our Distracted Driving Policy in which all employees are prohibited from using any mobile device when driving while on company business.

Johnson Controls utilizes a mixture of leading and lagging indicators to assess the health and safety performance of its operations. Lagging indicators include the OSHA Total Recordable Incident Rate (TRIR) and the Lost Time (or Lost Workday) Incident Rate (LTIR) based upon the number of incidents per 100 employees (or per 200,000 work hours). Leading indicators include reporting and closure of all Near Miss events and field risk assessments before work takes place. Reported Total Workforce numbers include employees and supervised contractors.



Incident Category, Total Workforce	2019	2018	2017	2016
Injury rate (TRIR)	0.41	0.48	0.57	0.68
Lost Time Injury Rate (LTIR)	0.14	0.17	0.24	0.28
Work-related fatalities	1	4	0	2

Diversity and inclusion

Our exceptional products and services make us the power behind our customers' missions. The success of our mission is realized by the engagement and empowerment of our employees to serve and win with clients, everywhere, every day. A rich culture of inclusion and diversity enables us to create, develop, and fully leverage the strengths of our workforce to exceed customer expectations and meet our company growth objectives. Each and every employee has a role to play in the sustained success of our diversity and inclusion journey.

Progress starts at the top of our organization, where our commitment is realized through leadership examples and communicated throughout the organization.

Initiatives to support our goals can be summarized in three categories:

- We must maintain a culture that is rich in diversity and places a high value on inclusion. We embed employee rewards and recognition in our daily business practices to celebrate a passionately engaged workforce.
- Diversity and inclusion is not a program and it is not a process - it is the core of our corporate values. We respect and celebrate the differences of our employees and cultures across the globe.
- We will continue to drive innovation for customers by attracting and retaining top talent. We will continue to seek out diversity of thought, diversity of experience, diversity of leadership, gender, and ethnic diversity in our hires to ensure we are an employer of choice.

Global efforts include signing the European Union Diversity Charter and the CEO Action for Diversity & Inclusion pledges as well as our participation in the Mexican Standard on Labor Equality and Non-Discrimination accreditation. We value and respect the diversity of our employees, officers, directors, suppliers, customers, and communities. We are adaptive, agile, and flexible as we work to create a winning culture sustained by an exceptional work experience for every employee.

We are committed to eliminating discrimination and harassment in all of its forms, including that related to race, gender, sexual orientation and gender identity, age, pregnancy, caste, disability, union membership, ethnicity, national origin or religious beliefs. Our company is committed to providing equal opportunities in all our employment and award-winning purchasing practices. This applies to hiring, salary, benefits, advancement, discipline, termination and retirement.

2019	Male		Female		Minority		Age Groups		
	Number	%	Number	%	Number	%	<30	30-50	>50
Board members*	9	75%	3	25%	6	50%*	0%	8%	92%
Total Employees**	72,483	75.9%	22,989	24.1%	10,406	10.9%	18.8%	57.1%	24.1%
Managers	7,955	80.7%	1,906	19.3%	697	7.1%	2.5%	65.2%	32.3%

* Minority board member data represents all board members. 50 percent of board members are ethnically or racially diverse or non-U.S. citizens.

** Male, female, and age groups data represents all employees globally. Minority data represents U.S. employees only.

Business Resource Groups

Engaging employees in our Business Resource Group (BRG) program is integral to our overarching strategy of being the power behind our customer missions. BRGs are staffed by employees with similar backgrounds, experiences or characteristics who share a common interest in professional development, improving corporate culture and delivering sustained business results. BRGs are driven by employees, voluntary and open to all staff.

Johnson Controls has more than 40 BRG chapters worldwide across ten categories:

- African American
- Asia Pacific
- LGBT&A
- Linking International Needs and Knowledge
- Emerging Leaders
- Hispanic
- Disabilities
- Veterans
- Women
- Sustainability

Community engagement and philanthropy

Our philanthropy and employee volunteer programs strengthen and improve the hundreds of communities we call home. Johnson Controls contributes millions of dollars annually and our employees give freely of their time, skills, and energy. More than 83 percent of our volunteering and philanthropy efforts align with U.N. Sustainable Development Goals.

In 2019, the company's global corporate philanthropy efforts resulted in contributions of more than \$9.6 million. In addition, our employees gave in excess of \$3.5 million.

Global employee volunteer program

Our employee volunteer program, Blue Sky Involve, helps Johnson Controls employees share their passion and expertise through community volunteer activities that strengthen their professional and leadership skills. Employees form volunteer groups and work with local non-profit organizations or schools to support education, environmental stewardship or

social service efforts. Since Blue Sky Involve launched in 2006, our employees have helped coordinate more than 10,280 projects and volunteered 1.74 million hours on individual and Blue Sky Involve projects in local communities.

Community Leadership Program

The Community Leadership Program strategically matches our leaders with community and charitable organizations who require board members. In FY2019, more than 187 leaders represented our company on nonprofit boards. Organizations included hospitals, universities, social service agencies, and civic organizations. Program participants share visibility into the nonprofit sector with the Johnson Controls Foundation so that fiscally sound decisions can be made on grants and sponsorships.

A woman with dark hair, wearing a white and blue striped shirt, is shown in profile, looking towards the right. She is standing in front of a computer monitor. The background is a bright, modern office space with a desk, a potted plant, and a pink sticky note on the desk.

Community sponsorships

Johnson Controls provides many organizations with financial sponsorship and coordinated volunteer efforts. By sponsoring community activities, Johnson Controls supports organizations not only financially, but also by lending the organization the Johnson Controls brand. Other companies and individuals are more likely to step forward in support because of our company's strong record of due diligence. Johnson Controls provided more than \$1.5 million in sponsorships to nonprofit organizations in FY2019.

Training and education

High performance at Johnson Controls is the result of a person's ability to change, adapt, and grow throughout their career. Our emphasis is on the value of real-life, real-time learning that enables a person to meet the demands of challenging and changing work. The company's approach to learning focuses on reinforcing key principles that are

designed to support an individual's effectiveness in their current job and in the future.

Johnson Controls is committed to providing leadership and learning opportunities for talent at all levels in their careers. Johnson Controls provides technical training to employees, customers and suppliers who work with our products and services. Training is provided in a number of formats to accommodate the learner's style and pace, location, and technological knowledge and access. Johnson Controls has utilized a range of delivery methods to offer more than 3,000 courses to all audiences.

Talent development

At Johnson Controls, we support the continued development of our people. Our leaders monitor the progress of talent diversity representation with succession planning and talent review processes.

The CEO reviews top enterprise talent with senior leadership annually. Leaders discuss key talent management issues, review critical roles, top talent, strategic talent moves, and gain commitment for their talent management focus for the coming year.

The Executive Committee discusses top talent during their monthly meetings to ensure they stay up-to-date on progress and gaps.

Development plans are used to promote and drive growth of high-potential individuals by identifying key strengths and areas for improvement and identifying key events and experiences needed for development. More than half of our management positions are filled internally.

Respect for human rights

Our Human Rights and Sustainability Policy and our Code of Ethics define our overall management approach to human rights, anti-corruption, the environment, governance, social and other related matters.

Johnson Controls requires the management of each facility to ensure they implement equal opportunity and no-harassment policies in accordance with national, state, or provincial law.

Employees, temporary employees, visitors, and other non-employees are encouraged to immediately report harassment or any ethics or compliance violations committed by anyone, including our visitors.

UN Global Compact

As an early signatory of the United Nations Global Compact, Johnson Controls supports the U.N. Global Compact's Ten Principles.

These principles are based on the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, the United Nations Convention against Corruption, and the U.N. Guiding Principles on Business and Human Rights.

Our progress in meeting each of the UN Global Compact's Ten Principles, as well as the 21 criteria required to achieve "Advanced Level" status, is reported publicly on the Global Compact's website.

Slavery and human trafficking

Our slavery and human trafficking policy complies with the Modern Slavery Act of 2015 and is reviewed annually. We are committed to taking steps to ensure that slavery and human trafficking is not taking place in any part of our business or supply chain.

Our Ethics Policy is communicated to our employees, suppliers and contract workers. It encourages individuals to report any wrongdoing which extends to human rights violations such as slavery and human trafficking. All reports are fully investigated and appropriate remedial actions taken when warranted. Our Integrity Helpline is available for individuals to raise concerns or report any alleged wrongdoing. We also gather information to quantitatively measure our suppliers' sustainability programs and to ensure compliance with local, state, federal, and country laws, including forced labor laws.

Conflict minerals

We are committed to responsibly sourcing "conflict minerals" throughout our supply chain. Johnson Controls is a member of the Responsible Minerals Initiative (RMI). We compare the aggregation of smelter lists provided by our suppliers with the RMI list of registered smelters to determine which smelters are conflict-free. The information provided by our suppliers is used to conduct due diligence, including assessing reports for completeness and consistency. Our due diligence processes also conform to the primary principles of the internationally recognized due diligence framework from the Organisation for Economic Co-operation and Development.

Code of Ethics and anti-corruption policy

Johnson Controls has always conducted business with integrity. Our dedication improves our long-term business performance, reputation, productivity and employee retention.

Values First, the Johnson Controls Code of Ethics, applies to everyone at Johnson Controls – including the board of directors, company officers, employees, agents, and contract workers. The Johnson Controls Code of Ethics is translated into 26 languages and provides specific guidance on the behaviors that allow us to implement our culture globally. Compliance with our Code of Ethics and our anti-corruption policy is a condition of employment. Johnson Controls trains its employees on a variety of anti-corruption and related matters, including the Foreign Corrupt Practices Act, anti-bribery, conflicts of interest, and our Code of Ethics. All online employees must undertake annual ethics training, in which employees must complete an online training module and review and attest to the Code of Ethics.

All employees, including those for whom annual training is not required, must attest to having read and understood their obligations under the Code of Ethics as part of their orientation. Each year since we launched the annual online ethics training in 2001, the number of participants has grown. We have also achieved 100 percent compliance with the training and certification requirements. In addition, all managers are assigned a quarterly “Values in Action” training. This requires them to hold a discussion session with their team based on prescribed scenarios that pose a variety of ethical dilemmas. All scenarios are based on cases from the Johnson Controls Integrity Helpline or risks identified through internal audit or management review.

All training campaigns require a minimum completion rate of 90 percent enterprise-wide. In FY2019, we closed the annual campaign at 91 percent completion. The average completion rate for our “Values in Action” training was 93 percent.

We are honored to be recognized



2019 World's Most Ethical Companies
Ethisphere Magazine

100 Best Corporate Citizens, 2019
Corporate Responsibility Magazine
14 selections since 2006



2019 Constituent
MSCI ESG Leaders Indexes



STOXX
Global ESG Leaders



FTSE4Good
FTSE4Good Index Series
FTSE Russell Environment Opportunities 100 Index



Euronext Vigeo Eiris
World 120 and U.S. 50



On behalf of the Directors

/s/ George R. Oliver

George R. Oliver
Chairman and Chief Executive Officer

/s/ Jürgen Tinggren

Jürgen Tinggren
Director

January 9, 2020

Disclaimer: The information in the Johnson Controls Non-Financial Disclosure Report is shared based on the best available data at publication. In some cases, data is estimated. Johnson Controls cautions that our statements with respect to current and future potential implications of corporate social responsibility and sustainability topics are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Johnson Controls' control, which could cause Johnson Controls' actual results and business implications to differ materially from those expressed or implied by the information in this report. The non-financial statements have been prepared in United States dollars ("USD"). Unless otherwise indicated, references to 2019 and 2018 are to Johnson Controls financial years ending September 30, 2019 ("fiscal 2019") and 2018 ("fiscal 2018"), respectively.

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