Johnson Controls
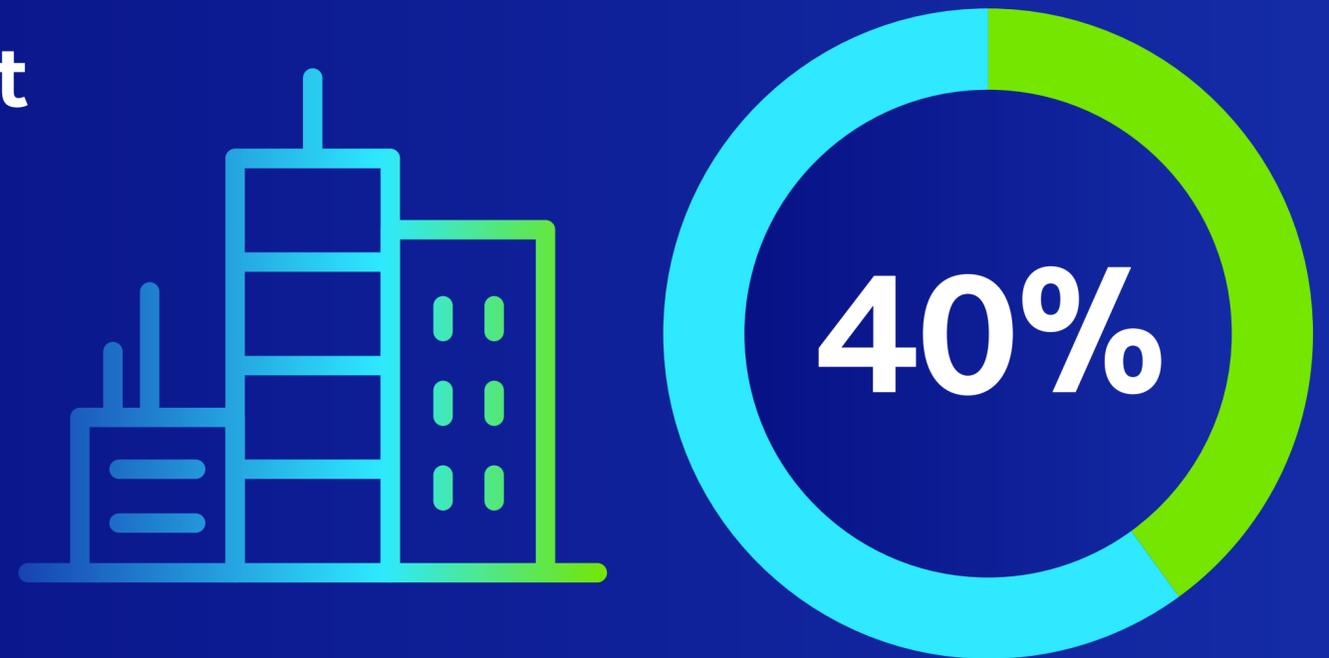
Smart, healthy and sustainable buildings

# 2023 Sustainability Report

Buildings represent nearly 40 percent of global greenhouse gas emissions, and it is evident that there is no decarbonizing the planet without decarbonizing buildings.

**40%**

# Thank you

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# **2023** Sustainability Report



**George Oliver**
Chairman and CEO



**Katie McGinty**
Vice President and Chief
Sustainability and External
Relations Officer

## LETTER FROM GEORGE OLIVER, CHAIRMAN AND CEO, AND KATIE MCGINTY, VICE PRESIDENT AND CHIEF SUSTAINABILITY AND EXTERNAL RELATIONS OFFICER

**To our customers and partners, to our employees, to people everywhere, living and working in buildings**

2022 marked a turning point for the nearly 40 percent of global emissions caused by buildings. In our meetings with leaders around the world, there is a consensus that there will be no net zero without decarbonizing buildings. And they have realized the good news, that existing technology can transform buildings into one of the quickest, biggest wins in the race to net zero.

We have entered a seven-year countdown – the March 2023 Report from the United Nations Intergovernmental Panel on Climate Change (UN IPCC) says emissions will need to be cut by almost half by 2030 if warming is to be limited to 1.5°C. But the most important message from IPCC scientists is one of action and hope: "Urgent climate action can secure a livable future for all." We can cut emissions in half by 2030 if we deploy existing technology and mobilize financing to make that technology available to everyone.

The proof is in the 2022 International Energy Agency (IEA) emissions report. In Europe, emissions dropped 2.5 percent, 70 million metric tons, even while the economy grew. Heat pumps played a major role, with a 38 percent increase in heat pump sales, or about three million new heat pumps put to work. Added to that, for the first time in history, combined solar and wind generation surpassed both gas and nuclear in European electricity networks. Globally, the IEA says emissions were kept to below a one percent rise, much lower than predicted, thanks in significant measure to unprecedented growth in energy-efficient equipment, heat pumps, renewable energy and electric vehicles. The fact that three out of four of those are low-carbon building technologies is no surprise to us. It affirms our business priorities and the sustainability commitments we've made in our operations and our products.

**As the seven-year countdown begins, the smart building trifecta – energy-efficient equipment, clean electrification and digitalization – is one of the world's quickest, biggest net zero wins.**

We use the smart building trifecta to decarbonize buildings for our customers. First and foremost, we have to bring down energy demand. Less energy, less emissions. After 138 years in business, we offer some of the most sustainable and efficient heating and cooling systems in the world, with significant breakthroughs in 2022. Retrofitting with efficient modern systems can save at least 30 percent to 40 percent in energy, emissions and costs.

The next step to net zero is clean electrification, and in 2022 the heat pump was a rising star in the in the global wave of building electrification. Able to take a single unit of electrical energy and deliver three to seven times that amount of energy for heating or cooling, heat pumps offer unparalleled efficiency. Since they also extract and amplify thermal energy from sources like sea water, earth, air and thermal waste, they represent a new level of sustainability. Using clean electricity from on-site renewable energy or the grid, heat pumps could become a near zero-emission replacement for gas heating in buildings.

That brings us close, but not all the way, to net zero. The real revolution in buildings is systemic digitalization, using the power of data to make net zero a reality, not just a promise. With Johnson Controls OpenBlue, an ecosystem of connected solutions, we can break down silos and connect building systems. With dynamic AI, OpenBlue can enable buildings to be fine-tuned as a whole to address business goals, including energy, emissions, cost, water and waste reduction. To see the proof for both individual buildings and portfolios, read about our OpenBlue Pioneers around the world. Whether in a thriving metropolis or in the middle of a desert, they are using OpenBlue to redefine healthy, sustainable building outcomes for their industries and regions.

Since its launch in 2020, OpenBlue has earned widespread recognition, most recently at the 2023 IoT Breakthrough Awards, for transforming buildings into "intelligent business partners to reduce energy costs, improve the occupant experience and advance net zero goals."

**Innovation and knowledge sharing will further advance the net zero frontier.**

Even as we work towards net zero, we know we actually can achieve more for people and the planet. We can move beyond net zero to enable a new class of net energy positive buildings. As electrification increases demands on grids, these buildings can generate more energy than they use through the incorporation of on-site renewable energy, and sell that energy back to the grid, boosting grid resilience and accelerating community-wide decarbonization. We are transforming buildings from balance-sheet liabilities into net zero assets for businesses and communities.

We can talk about the possibilities in building technology, but seeing is believing. We have launched an international network of OpenBlue Innovation Centers that serve as regional knowledge hubs, allowing public and private leaders to see for themselves how to use the smart building trifecta to accelerate climate action.

We are also innovating in financing, overcoming capital constraints that can make businesses hesitant to start their net zero journeys. OpenBlue Net Zero as a Service redefines risk by guaranteeing energy savings and paying project costs out of the savings. Since January 2000, our innovative financial models have helped our partners avoid more than 37 million metric tons of emissions, and are set to save them more than $7.8 billion in energy and operational costs over the project terms.

Since this is just the beginning of an era that will be defined by deep decarbonization and sustainability, we keep innovating. In fiscal year 2022, we invested 90 percent of our new product research and development into sustainability-related innovation. We are also addressing hard-to-abate steel production and embodied carbon through low-carbon steel purchases, closed-loop steel recycling and material recycling, all of which serve to make our product footprints smaller.

**Our own net zero journey is ahead of schedule, and we continue to push forward to lead by example.**

We are ahead of schedule on our scope 1, 2 and 3 emissions targets approved by the Science-Based Targets initiative (SBTi). We have committed to a scope 1 and 2 reduction of 55 percent by 2030; we have already reached 42 percent and have saved over 455,934 metric tons of absolute emissions across our operations. Our 2030 scope 3 target is to reduce customers' emissions by 16 percent, and we have reduced emissions by 14 percent from the use of our products, over 18 million metric tons of $CO_2e$. We have pledged to drive our scope 1 and 2 emissions to net zero by 2040, 10 years ahead of goals set out in the Paris Agreement and to get to 100 percent renewable energy by then as well. We were the first company on the S&P 500 to adopt an Integrated Sustainable Finance Framework, and we have led the market with three pioneering green finance instruments, including a sustainability-linked senior credit facility, a green bond and a sustainability-linked bond.

**Nobody can win the climate race alone, but we can win together.**

We applaud leaders around the world who are leading in building decarbonization. From the US to the EU, UAE, India and beyond, the more that government leaders see building technology and financing in action, the more they are providing incentives and guidelines to expedite the work.

We also work with a wide range of NGOs, from chairing the Sustainable Buildings Task Force of the Sustainable Markets Initiative, to serving on the boards of the World Sustainable Development Summit, the American Council for an Energy Efficient Economy, the Business Council for Sustainable Energy and other dedicated and effective organizations, we see the power of partnership driving inspiring progress.

**All of this is possible thanks to our 100,000-strong team.**

We are honored by the recognition we receive for climate leadership, ethics, diversity and employee satisfaction. However, the greatest reward is real-world impact. When we can support women in India as they pursue STEM training at a center of excellence that is contributing to India's climate innovation, we are confident that we are on the right path. When we see students learning about sustainable building technology with the backing of our Community College Partnership or when we support future leaders through our Johnson Controls Future Leaders Internship Program, we know that the pace of progress will accelerate as the ranks of professionals with a passion for tackling climate swell.

Sustainability is embedded at all levels of our organization – into our goals, into our actions. Compensation for our CEO and executive committee is tied to sustainability and diversity performance goals. In 2023, more than 16,000 employees tied their annual goals to sustainability and diversity. Our employees volunteered over 45,800 hours in 2022 – nearly a 50 percent increase year-on-year, and 86 percent of those hours supported UN Sustainable Development Goals.

**Let this seven-year countdown mark the beginning of the net zero building era.**

Climate change is the defining theme of this century. With seven years to cut emissions by almost half, and with nearly 40 percent of emissions coming from buildings, we have the technology, financing and people to turn buildings from one of the greatest challenges into one of the biggest and quickest solutions – let the era of net zero buildings begin!

**George Oliver**
Chairman and CEO

**Katie McGinty**
Vice President and Chief Sustainability and External Relations Officer

# We are
# honored

**Sustainability is at the heart of our business and fundamental to everything that we do.**

We are proud to be recognized as one of the World's Most Ethical Companies, to be ranked number one in our industry group and number 12 overall as one of the 100 Most Sustainable Corporations in the World, and to be recognized by the following organizations for our commitment, our results and our transparency.

# We are honored

**Johnson Controls**

## CLIMATE



**3BL MEDIA 100 Best Corporate Citizens 2022**

Recognized for our commitment to transparency and social responsibility. Honored annually since 2006.



**GLOBAL 100 2023 — THE WORLD'S MOST SUSTAINABLE CORPORATIONS**

Corporate Knights 100 Most Sustainable Corporations in the World. Ranked number one in our industry and number 12 overall.



**Corporate ESG Performance — RATED BY ISS ESG — Prime**

Awarded to companies with an ESG performance above the sector-specific Prime threshold, which means they fulfill ambitious performance requirements.



**FT FINANCIAL TIMES — statista — CLIMATE LEADERS 2022**

Identifies companies across Europe that have shown the highest reduction in their emissions intensity.



**CDP DISCLOSURE INSIGHT ACTION — A LIST 2022 — CLIMATE**

CDP Climate Leadership score of A- for comprehensiveness of disclosure and best practices associated with environmental leadership.



**PLATINUM 2022 ecovadis Sustainability Rating — Top 1%**

Top one percent of all companies assessed across environment, labor and human rights, ethics and sustainable procurement.



**Sustainability Award Industry Mover 2022 — S&P Global**

Leading global companies in ESG criteria.

## GOVERNANCE



**2023 WORLD'S MOST ETHICAL COMPANIES — ETHISPHERE**

Sixteen-time honoree for unwavering commitment to business integrity.



**SUSTAINALYTICS a Morningstar company — ESG INDUSTRY TOP RATED 2022**

For strong ESG management.



**FTSE4Good**

For strong ESG practices.



**MSCI ESG RATINGS — AAA — CCC B BB BBB A AA AAA**

Selected as a company leading its industry in managing the most significant ESG risks and opportunities.



**Sustainability Yearbook Member 2022 — S&P Global**

Top 15 percent of our industry insustainability performance.



**STOXX — Member 2022/2023 ESG Leaders Indices**

Leading global companies in ESG, based on ESG indicators provided by Sustainalytics.



**Forbes 2023 AMERICA'S BEST LARGE EMPLOYERS — POWERED BY STATISTA**

Based on recommendations from employees who are asked to rate their willingness to recommend their employers to others.

8

# We are honored

## INNOVATIVE, SUSTAINABLE, PRODUCTS AND SERVICES

**CLEAN200 2023**

Recognized since 2016, ranked by green energy revenues.

**FORTUNE CHANGE THE WORLD 2022**

Recognized for our innovative OpenBlue solutions, specifically OpenBlue Net Zero Buildings as a Service.

**Top 100 Global Innovator 2022 — Clarivate**

Chosen as one of the most innovative corporations and institutions in the world for seven consecutive years.

**IoT BREAKTHROUGH AWARDS**

IoT Breakthrough selected George Oliver for CEO of the Year for leadership in the Internet of Things and selected Johnson Controls for Enterprise Software Company of the Year for OpenBlue and IoT-driven sustainability solutions.

**Global Sustainability Changemaker of the Year**

Recognized for our OpenBlue technology that optimizes building performance with advanced data analytics and artificial intelligence.

**Most Efficient 2023 — ENERGY STAR www.energystar.gov**

Included on lists of the most efficient products.

**TERRA CARTA**

One of the first 45 companies globally to receive this honor. The Terra Carta Seal denotes private sector companies who are leading their peers in creating genuinely sustainable markets.

## SOCIAL IMPACT AND EMPLOYEE EXPERIENCE

**Mexican Standard on Labor Equality and Non-Discrimination: Gold**

Recognizes adoption of and compliance with Labor equality and non-discrimination workplace practices.

**Forbes 2022 THE BEST EMPLOYERS FOR DIVERSITY — Newsweek — POWERED BY STATISTA**

Top 500 companies most dedicated to diversity, equity and inclusion.

**AMERICA'S GREATEST WORKPLACES FOR DIVERSITY**

Recognized for our diversity and inclusion initiatives including growing our Business Resource Groups more than 300 percent since 2020.

**HUMAN RIGHTS CAMPAIGN FOUNDATION — BEST PLACES TO WORK 2022 for LGBTQ+ Equality 100% CORPORATE EQUALITY INDEX**

Corporate policies and practices related to LGBTQ+ workplace equality.

**US VETERAN BEST OF THE BEST 2022**

Top veteran-friendly companies.

**TOP EMPLOYER 中国杰出雇主 CHINA 2022 — CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS**

Named one of China's Top Employers for the eleventh consecutive year for creating exceptional employee conditions

**MILITARY FRIENDLY EMPLOYERS 2022**

Recognized for our commitment to supporting the military community.

# Materiality

Using Environmental, Social and Governance Materiality Assessment to inform our strategy

**Disclaimer:** The term "material" used in this report refers to the "material topic" definition of the Global Reporting Initiative. It is used to refer to relevant topics, which potentially merit inclusion in the report and that can reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders. This concept of materiality does not correspond with, and should not be confused with, concepts of materiality utilized for securities, financial or regulatory purposes.

# Materiality

3-1 | 3-2 | 3-3

In January 2023, we conducted an updated Materiality Assessment to understand the most impactful ESG topics for our business and ensure we are building robust strategies to fully manage our strategic risks and opportunities.

The Materiality Assessment followed a process where we:

**1** Identified a list of 25 topics related to Leadership and Governance; Environmental; Human and Social Capital; and Business Model and Innovation

**2** Surveyed over 100 internal Johnson Controls leaders and 50 external stakeholders across customers, suppliers, partners, NGOs and trade associations

**3** Topics were rated based on quantitative ratings and qualitative assessments

**4** Identified and grouped the most impactful topics under three material topics, representing the fundamental themes and concepts to provide strategic clarity

## 2023 Materiality Assessment

ESG Material topics

### HIGHEST PRIORITY

**1. Sustainable products and solutions**

- Net zero buildings
- Energy-efficient products and services
- Product GHG emissions
- Digital transformation
- Decarbonization-as-a-Service
- Supplier environmental impact

**2. Greenhouse gas emissions** (Scope 1 and 2)

**3. Social impact and employee experience**

- Diversity, equity and inclusion
- Employee health, safety and well-being

### HIGH PRIORITY

- **Air quality and air emissions**
- **Climate policy and engagement leadership**
- **Cybersecurity**
- **Ethics and compliance**
- **Employee recruitment, engagement and development**
- **Human rights**
- **Increased use of renewable energy in our operations**
- **Embedded carbon**

### PRIORITY

- **Board oversight of sustainability**
- **Circular economy**
- **Climate risk and resilience**
- **Community investment**
- **Management of ESG laws and regulations**
- **Waste management**
- **Water management**
- **Supplier diversity**

# Sustainability governance and management of our material topics

2-12 | 2-13 | 2-14 | 2-24

The results of the ESG Materiality Assessment identified nine priority topics, that we then aligned under three material topics: sustainable products and solutions, greenhouse gas emissions and social impact and employee experience.

Each of the ESG material topics are managed under our Enterprise ESG Governance Program, which includes four levels of oversight (see: Governance):

**Board of Directors and board committees**
The Board of Directors oversees the implementation of our mission, vision and values across all aspects of our Company. The Board reviews our environmental, social and governance (ESG) goals, achievements and strategy, including climate, sustainability, employee health and safety and human capital management.

**Executive Committee**
The authority for day-to-day oversight and management of economic, environmental and social topics is delegated to the Executive Committee, which is chaired by our Chairman and Chief Executive Officer, George Oliver, and comprises the senior executives responsible for all our major corporate functions.

**ESG Leadership Committee**
The ESG Leadership Committee is chaired by our Vice President of Global Sustainability and Regulatory Affairs, and reports to the Chief Sustainability and External Relations Officer. Its members consist of senior leaders across our businesses, functions and regions.

**Enterprise ESG Workstreams**
All sustainability and corporate responsibility topics and associated targets, metrics and strategies fall into one of six ESG strategy workstreams: climate, product stewardship, sustainable value chain, diversity, equity and inclusion, social impact and governance.



Board of Directors
Governance & Sustainability Committee

Executive Committee

ESG Leadership Committee

CLIMATE

GOVERNANCE

PRODUCT STEWARDSHIP

SUSTAINABLE SUPPLY CHAIN

DIVERSITY, EQUITY & INCLUSION

SOCIAL IMPACT

Our ESG Leadership Committee oversees the Enterprise ESG Workstreams and guides our three material topics.

**The three material topics align to the following workstreams:**
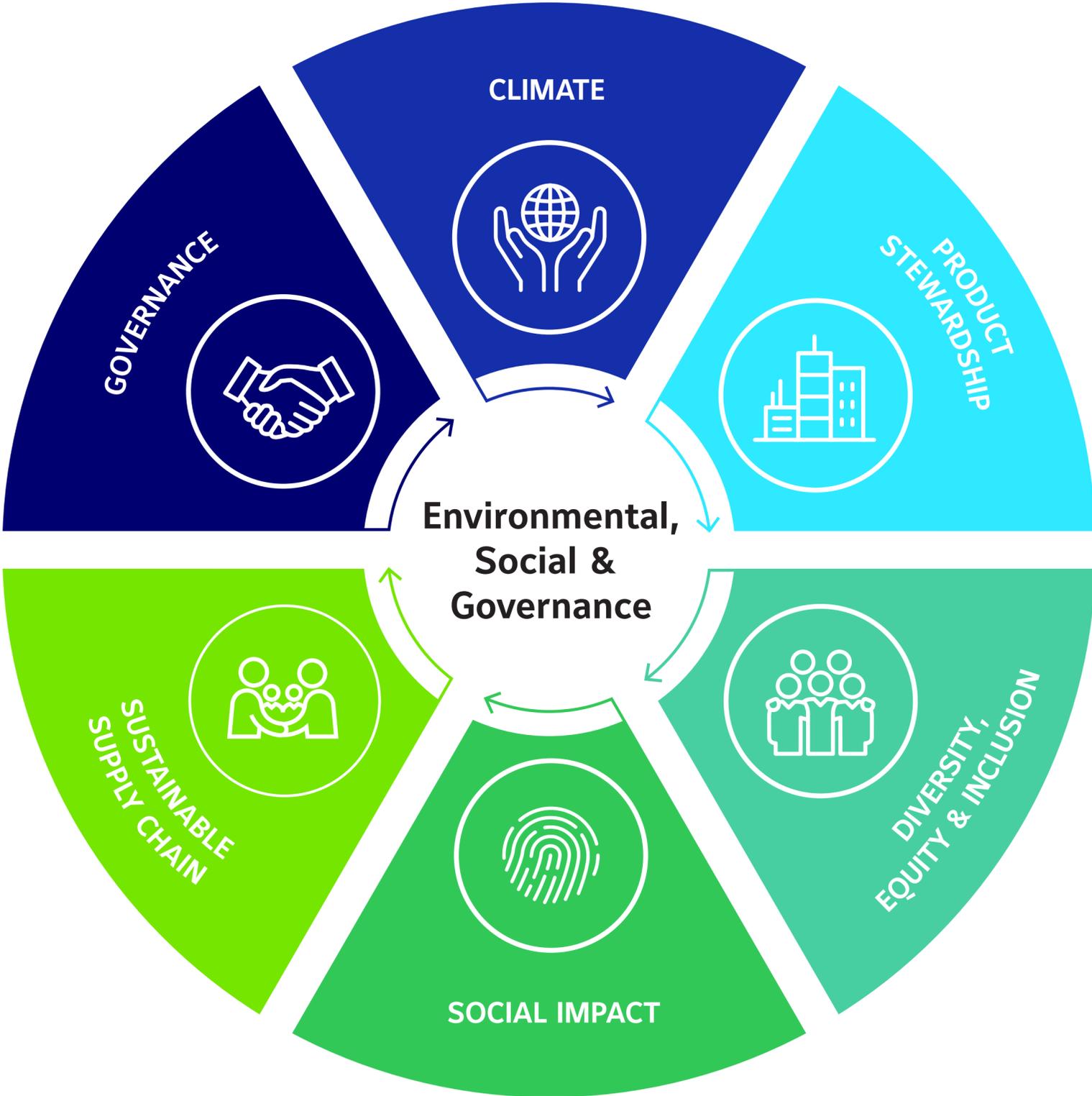
**SUSTAINABLE PRODUCTS AND SOLUTIONS:**
Product stewardship and sustainable supply chain

**GHG EMISSIONS:**
Climate

**SOCIAL IMPACT AND EMPLOYEE EXPERIENCE:**
DE&I, social impact

Our governance workstream ensures alignment with our Executive Committee and Board of Directors and our ESG disclosures.

In this report, we focus on our management of our highest priority material topics as identified in our ESG Materiality Assessment as well as related topics using the GRI Standards and SASB Standards.

CLIMATE

PRODUCT STEWARDSHIP

GOVERNANCE

Environmental, Social & Governance

SUSTAINABLE SUPPLY CHAIN

SOCIAL IMPACT

DIVERSITY, EQUITY & INCLUSION

# Sustainable products and solutions

Priority topics: Net zero buildings, energy-efficient products and services, product GHG emissions, digital transformation, decarbonization-as-a-service and supplier environmental impact

1 | 2-2 | 2-6 | 203-1 | 203-2

Delivering sustainable products and solutions is core to our business and growth as a global leader in smart, healthy, sustainable buildings. As we work to help our customers manage the carbon transition and enable deep decarbonization of their facilities footprints, we have a four-part strategy and six critical metrics to measure progress:

**1** Develop low-carbon and energy-efficient products

**2** Enhance our services and digital solutions to help our customers decarbonize buildings

**3** Reduce the carbon footprint of our products to enable customers to build net zero embodied carbon facilities

**4** Actively engage with our suppliers to build sustainable roadmaps for decarbonization

**Metrics are aligned to a 2017 baseline**
Bolded metrics are publicly committed goals.

**16%**

1. **Reduce scope 3 emissions 16 percent by 2030 from Use of Sold Products**

**75%**

2. **Invest at least 75 percent of new product R&D annually in climate-related innovation to develop sustainable products and services**
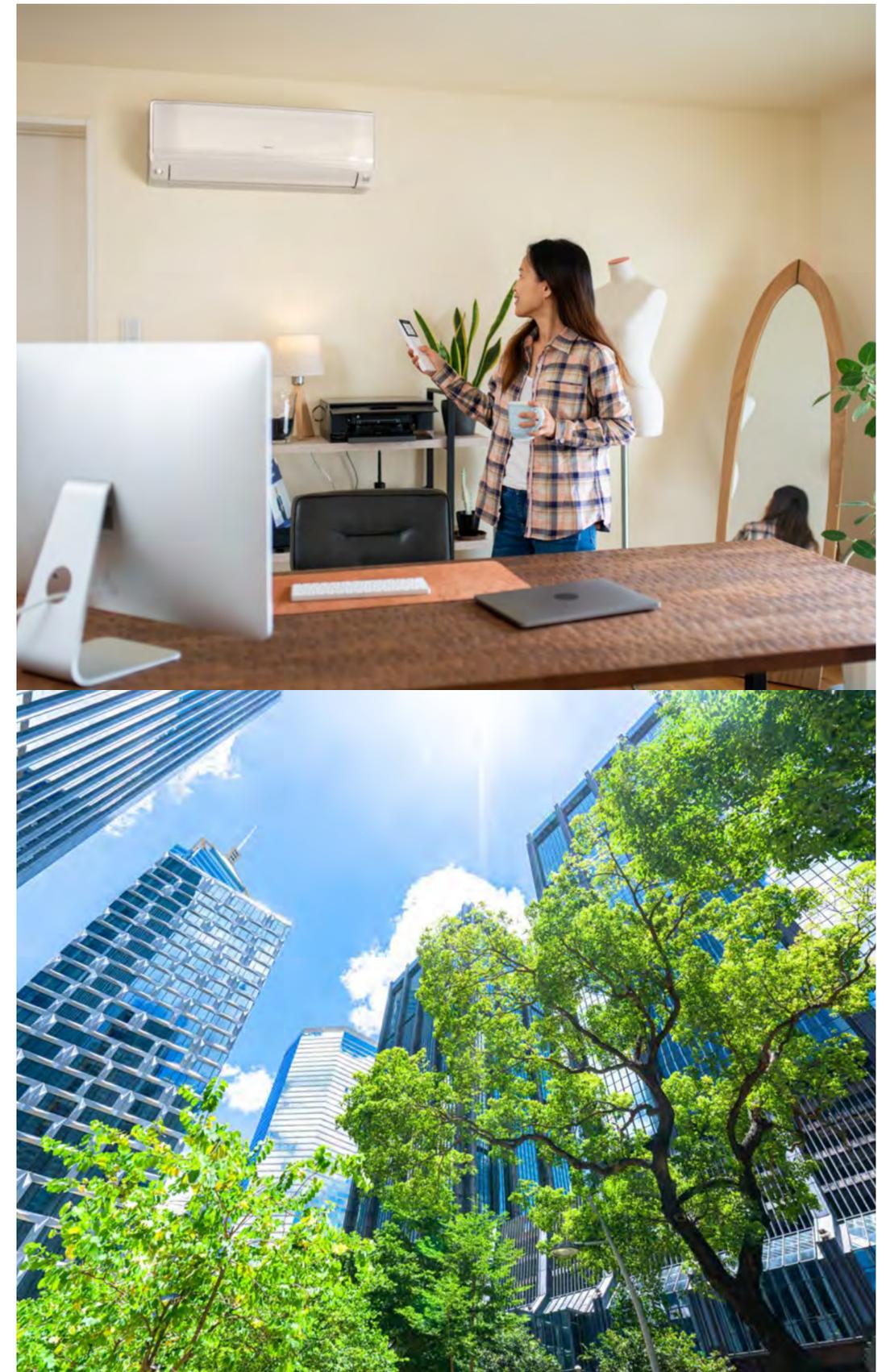
3. **Purchase 10 percent near net-zero carbon steel by 2030**

4. **Double avoided emissions through customers' use of Johnson Controls OpenBlue digitally enabled products and services**

5. Achieve carbon and cost savings for our customers

6. **Weigh sustainability equal to other key metrics in supplier performance evaluations**

| Goals (2017 baseline) | Progress by the end of the year | |
|---|---|---|
| Reduce scope 3 emissions by 16 percent by 2030* from use of our products | Reduced scope 3 emissions by 14 percent compared to fiscal year 2017. The use of sold products represents more than 90 percent of our scope 3 emissions.<br>See: Sustainable Products and Services | 14% |
| Invest at least 75 percent of new product R&D annually in climate-related innovation to develop sustainable products and services | In fiscal year 2022, more than 90 percent of new product research and development was invested in climate-related innovation to develop sustainable products and services.[1] We include sustainability key performance indicators in product design in the stage gate review of our innovation process.<br>See: Building the future – product and service innovation | 90% |
| Purchase 10 percent near net zero carbon steel by 2030 | Johnson Controls continues to make progress to significantly reduce embodied carbon, with over 70 percent of our steel purchases in the US and 45 percent globally produced from recycled scrap materials using the low-carbon electric arc furnace steel-making technology, which averages 60 percent to 75 percent less carbon than traditional blast furnace steel manufacturing.<br>See: Low Carbon Materials | 70% |
| Double avoided emissions through our customers' use of our OpenBlue digitally-enabled products and services from a 2017 baseline | With the launch of our OpenBlue Enterprise Manager we have the ability to accelerate avoided emissions by leveraging energy performance data and artificial intelligence to optimize building operations and subsequent carbon emissions. The greatest gains in building decarbonization will come from data and digitalization, with carbon measurements quantified in the Net Zero Advisor application.<br>See: Digital transformation | |
| Achieve carbon and cost savings for our customers | Since January 2000, performance contracting projects have helped avoid more than 37 million metric tons $CO_2e$ and are set to save more than $7.8 billion for our customers through energy and operational savings over the project term.<br>See: Low-carbon and energy-efficient products | |
| Weigh sustainability equal to other key metrics in supplier performance evaluations. | We doubled the weight the sustainability rating has on supplier scorecards. It is now weighted at 21 percent of preferred suppliers' global scorecards, making sustainability equal to cost, quality and delivery.<br>See: Supplier environmental impact | 21% |
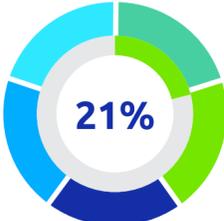
[1] We have established criteria for sustainable R&D that is used to identify and prioritize climate-related innovations. We define R&D projects as sustainable if it meets one of these criterion; the cumulative investment in these projects, expressed as a percentage of total annual R&D budget, is our reported climate-related innovation.

# Revenue from sustainable products and services continues to increase as a percent of our total revenue.

We follow the Corporate Knights Sustainable Economy Taxonomy standard for defining sustainable products and calculating sustainable revenue, with modifications needed to align with specific Johnson Controls solution definitions.

**Sustainable revenue in 2021 was 54 percent of total company revenues, up from 48 percent the year before.**

54%

**The definition includes:**

· Products that enable beneficial electrification of heating

· Products that exceed minimum energy efficiency regulations for cooling or heating

· Products that use low Global Warming Potential (GWP) refrigerants

· Products that enable greater energy efficiency in buildings, such as energy recovery, building control and automation systems and other connected products

· Digital solutions, including our suite of OpenBlue offerings

· Products that are manufactured with recycled or reground materials

· Revenue from the installation, maintenance and service attributable to the products listed above

# Low-carbon and energy-efficient products

## Beneficial electrification with heat pumps

Heat pumps are energy multipliers that provide zero-carbon heating when powered by clean electricity. Where conventional heating systems 'convert' electricity or fuel into heat, heat pumps 'move' heat from a source – air, water, earth or waste streams – in a process that uses one-third of the energy. Heat pumps are a priority for the European Union, US, China and other governments around the world. That is because their use in place of boilers and other traditional heating systems could contribute to replacing 80 percent of the gas used to heat buildings and will play a significant role in helping building owners and occupiers reach net zero and drive energy security.

Through our YORK®, Sabroe and Johnson Controls-Hitachi brands, we offer one of the world's most comprehensive range of heat pumps across residential, commercial and industrial applications. Important examples include our water-to-water YORK® CYK and YVWH heat pump chillers, which can produce water temperatures at 76.6°C (170°F), making them viable boiler replacements. Our ducted heating, ventilation and air conditioning (HVAC) products also deliver significant energy savings for our customers, including the YORK YZV and HMH7 residential heat pumps, which exceed ENERGY STAR cold climate heat pump performance requirements at –15°C (5°F) ambient conditions.

## Energy-efficient cooling

Our line of YORK chillers includes the revolutionary YZ magnetic-bearing centrifugal chiller, the most efficient chiller in the world, delivering a 35 percent improvement in energy-efficiency over a conventional chiller. Another important product in the YORK line card is the recently launched YVAM air-cooled chiller designed specifically for data center applications. The YVAM is 14 percent more efficient than competing air-cooled data center chillers and does not require water evaporation in the cooling process. In our ducted systems business, the YORK Sun™ Choice ultra-high efficiency rooftop unit delivers the highest efficiency in its class, surpassing US Department of Energy standards by up to 45 percent.

## Low-GWP refrigerants

In addition to market-leading efficiency, the YORK YZ chiller also utilizes a next-generation refrigerant with a 99 percent reduction in Global Warming Potential (GWP), and technology that enables up to a 60 percent reduction in refrigerant charge. Across the YORK chiller portfolio, all of our screw and centrifugal chillers offer models with low or ultra-low GWP refrigerants. By 2025, our ducted systems products will transition to a refrigerant with a 78 percent reduction in GWP, the lowest available solution in its equipment class.

## Energy retrofits

We also help our customers achieve energy savings using energy performance contracting. Through these projects, we deploy equipment upgrades and management services to deliver guaranteed energy savings and help customers achieve greenhouse gas reductions. Since January 2000, performance contracting projects have helped avoid more than 37 million metric tons of carbon dioxide equivalent ($CO_2e$) and are on track to deliver more than $7.8 billion in energy and operational savings over the project term.

**YORK YZ Centrifugal Chiller**
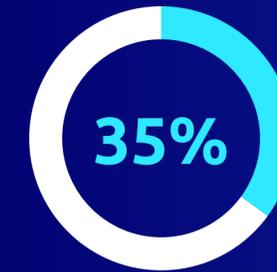
**35%** improvement in energy-efficiency over a conventional chiller
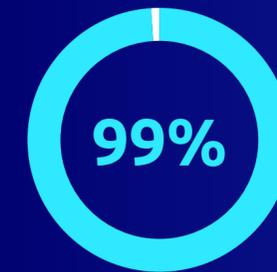
**YORK YZ Centrifugal Chiller**

**99%** reduction in Global Warming Potential (GWP)

**78%** By 2025, our ducted systems products will transition to a refrigerant with a 78 percent reduction in GWP

**$7.8 billion** energy and operational savings

# OpenBlue
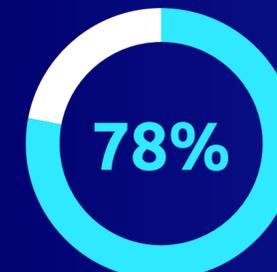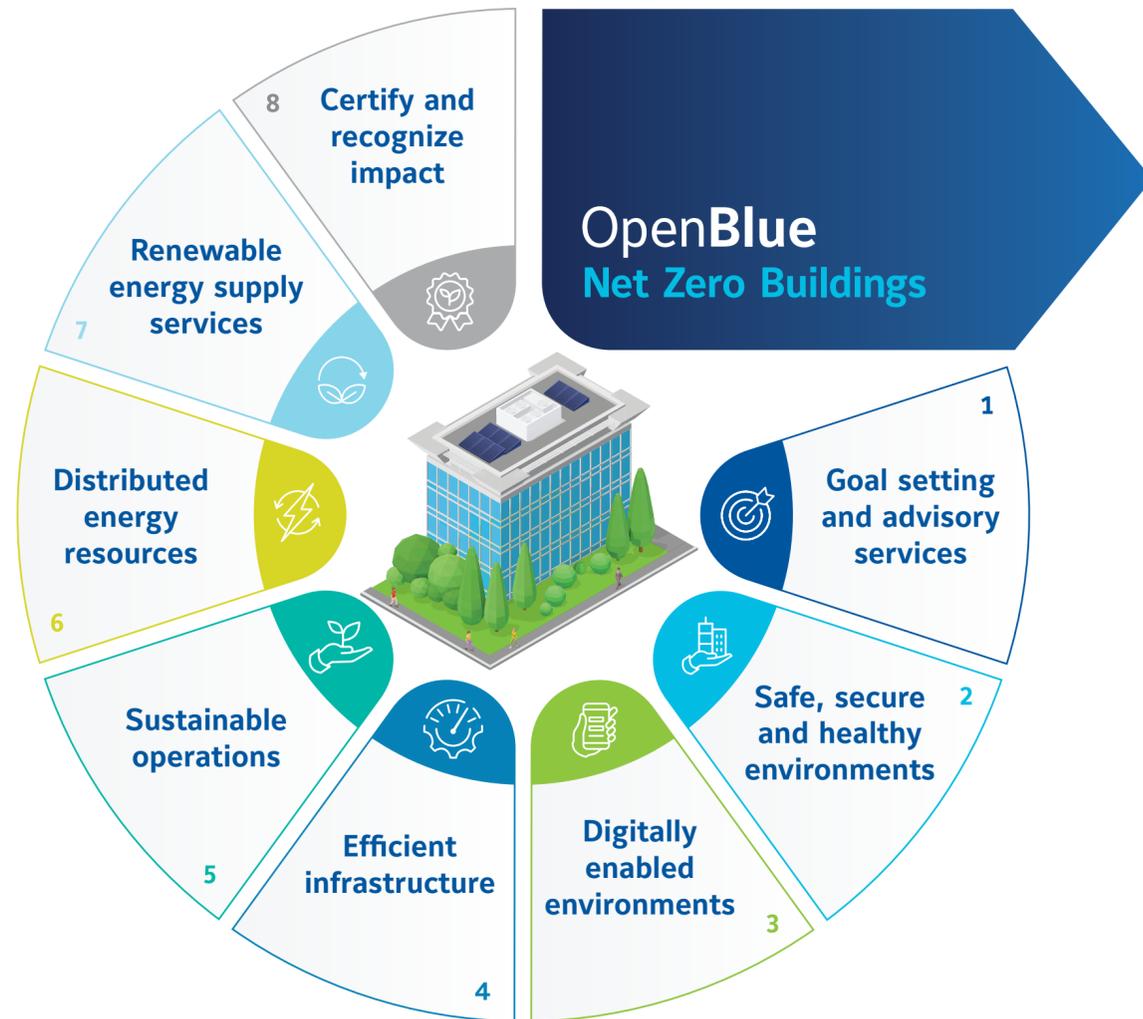## Enhancing our service and digital capabilities

### OpenBlue Net Zero Buildings-as-a-Service

In 2021, we launched OpenBlue Net Zero Buildings-as-a-Service, a solution for companies looking to achieve net zero carbon buildings and renewable energy goals. This as-a-service offering includes access to successful net zero building roadmaps, with eight steps to achieve full building decarbonization:



OpenBlue
Net Zero Buildings

8 Certify and recognize impact
7 Renewable energy supply services
6 Distributed energy resources
5 Sustainable operations
4 Efficient infrastructure
3 Digitally enabled environments
2 Safe, secure and healthy environments
1 Goal setting and advisory services

### OpenBlue Enterprise Manager

OpenBlue Enterprise Manager is a suite of applications producing real-time performance dashboards to analyze energy, greenhouse gas emissions and support customers' increasing need for data and transparency when reporting to internal and external stakeholders. The tools digitally transform buildings so that their hardware is monitored, connected and protected and seamlessly integrates with leading technology partners and existing building technologies.

Our ability to connect and optimize buildings allows us to analyze and act upon vast amounts of data to deliver proactive solutions for our customers. Smart buildings can boost energy savings by up to 50 percent. Although each individual building system can save energy and emissions, OpenBlue connects all of them, using sensors, edge computing, cloud connectivity and AI analytics to optimize the entire building – multiplying the savings in energy, emissions and operational costs. The Net Zero Advisor application digitally collects and analyzes scope 1 and 2 emissions, enabling building owners to track and manage emissions in real-time.

We have opened nine OpenBlue Innovation Centers, where industry leaders can experience how technology can transform old and new buildings, connecting in real-time to our facilities and see the energy improvements from our products and solutions in action.

San Jose | Milwauke | Birmingham | Boca Raton | Cork | Rotterdam | Pune | Singapore | Shanghai

Smart buildings can boost energy savings by up to **50%**
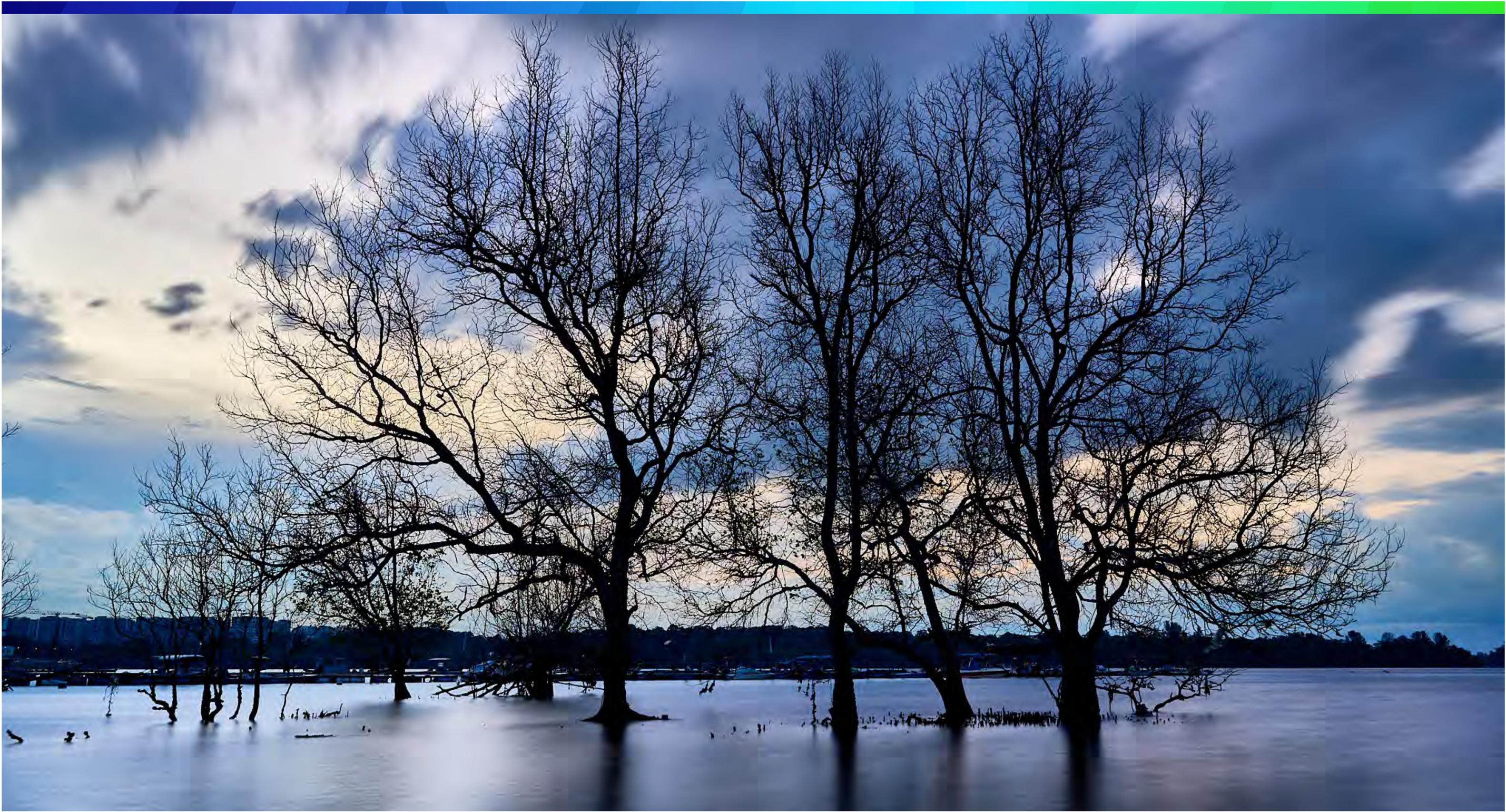
# Activating the circular economy through innovative product design

To drive and engage circular thinking throughout the organization and in new offerings, we include sustainability and circularity principles throughout our stage gate review process for innovation and new product development, including key performance indicators for:

**1** **Material reduction**

**2** **Use of recycled content**

**3** **Elimination of single-use plastic**

**4** **Design for end-of-life recyclability**

These four strategies align with our definition of green revenue to demonstrate not only the focus during product development but the movement of circular principles into our everyday business model.

We are continuously working to ensure we are building products and offering services through our field service operations that enable end-of-life recycling, especially as we see an increase of building retrofits pivoting toward energy-efficient and low-carbon products.



**CIRCULAR ECONOMY**

DESIGN · PRODUCTION · PRODUCT-IN-USE · RECYCLING
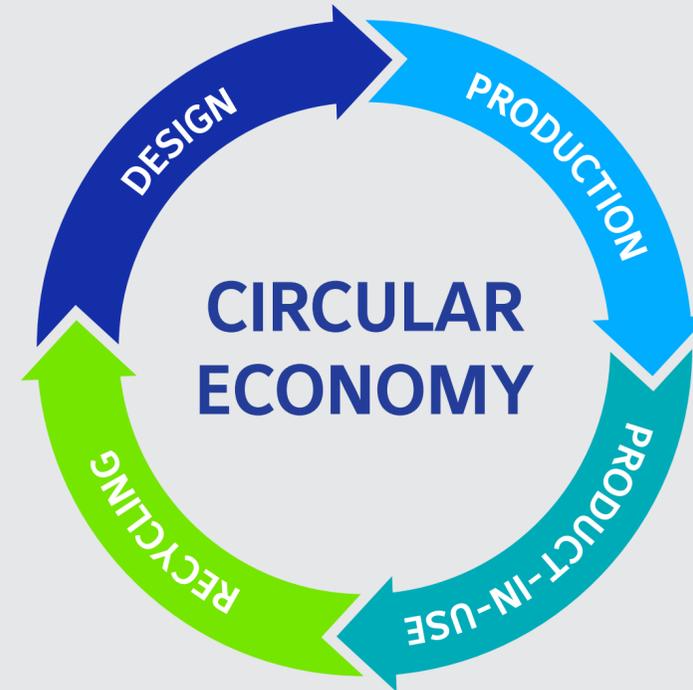
We are launching regional project teams to promote a circular economy and working with trade associations and customers to ensure we find the correct outlets and communication for reuse and recycling.

As part of our program to reduce embodied carbon across our portfolio, Johnson Controls has launched a closed-loop steel recycling partnership program with Nucor. Thousands of tons of scrap steel from Johnson Controls facilities will be recycled using electric arc furnace technology, which generates approximately 75 percent fewer emissions than traditional manufacturing, and allows us to purchase the resulting low-carbon steel products.

**Low-carbon materials**
Embodied carbon is the measure of the carbon in the materials we use to manufacture our products. As our customers aim for net zero buildings, this includes the carbon from buildings operations as well as the carbon footprint of all materials used in new construction and building retrofits.

In 2022, our product teams began using the Chartered Institution of Building Services Engineers (CIBSE) TM65 methodology to estimate embodied carbon in the materials used to construct our products. The analysis included an assessment across all 12 product business units and our top categories, measuring material makeup by weight, per-unit carbon emissions from our manufacturing process and product maintenance and end-of life. We can now estimate embodied carbon for the majority of our product portfolio with transparency.

As we address our upstream carbon emissions, we use 'Design for Sustainability', our product development stage gate review process. The sustainable indicators included in product development are:
· Product weight reduction
· Elimination of single-use plastic
· Use of recycled content
· End-of-life recyclability

**Steel decarbonization and circularity**
As a founding member of the US State Department and World Economic Forum's First Movers Coalition, we are committed to reducing our impact in high-carbon sectors, dialing down carbon in one of the tough-to-abate sectors: steel.

**Johnson Controls continues to make progress to significantly reduce embodied carbon, with more than 70 percent of our steel purchases in the US and 45 percent globally produced from recycled scrap materials using the low-carbon electric arc furnace steel-making technology, which averages 60 to 75 percent less carbon** than traditional blast furnace steel manufacturing. In 2023, We launched a circular steel program with Nucor Steel where 100 percent of steel scrap from five major manufacturing locations in the US, including Norman, Oklahoma and Wichita, Kansas, will be reused in new purchased products. We also have a circular aluminum program with 100 percent of aluminum scrap from these Norman and Wichita plants going back to our aluminum supplier.

We are accelerating our supplier engagement for other sourced components to expand low-carbon materials options and improve the accuracy of our product carbon footprint.

# Supplier environmental impact

2-6 | 204 | 308-1 | 308-2 | 414

## Our supply chain is critical to delivering sustainable products and solutions.

With external stakeholder focus on lowering emissions and increasing energy efficiency, our suppliers play a key role in accelerating our delivery of net zero buildings.

Starting in 2022, EcoVadis is evaluating our supply chain using sustainability criteria across four core themes: environment, labor and human rights, ethics and sustainable procurement. We are aiming for 80 percent of supplier spend to be evaluated.

Supplier sustainability performance is reflected in our supplier ratings, representing 21 percent of the overall rating, equal to cost, quality and delivery in supplier performance evaluations. Our sourcing board reviews the supplier scorecard and specific EcoVadis rating. Suppliers who do not take the assessment are disqualified for a performance award in the Johnson Controls supplier recognition event and are escalated to the Johnson Controls Sourcing Board to assess how we are mitigating risks in the absence of Ecovadis.

EcoVadis evaluations are reviewed by the category managers and require improvement plans for any category scoring below 45, representing a high-risk category. Where the supplier has scored poorly in high-risk areas, such as human rights or anti-corruption, we expect that these matters will be immediately resolved by the supplier or that the category manager raise the issue to leadership for immediate risk mitigation. Johnson Controls requires the EcoVadis assessment to be performed once every three years if there were no material changes in the supplier, such as leadership, footprint or industry participation. However, if a major change takes place, we will require a new assessment to be performed within 12 months of the change.

Our Supplier Sustainability Council is core to developing our ongoing development of supplier environmental impact program. The council shares sustainability best practices, are early adopters of new programs and provide feedback for better integration of our ESG strategy across the global supply chain.



We are proud to have been awarded the Platinum EcoVadis Sustainability Rating, the highest distinction granted. EcoVadis is a leading ratings organization for the sustainability of supply chains. As a result of our strong performance, we rank in the top one percent of the more than 100,000 companies assessed worldwide.

EcoVadis sustainability ratings are based on international sustainability standards, such as the Ten Principles of the UN Global Compact, the International Labour Organization (ILO) conventions, the Global Reporting Initiative (GRI) standards and the ISO 26000 standard.
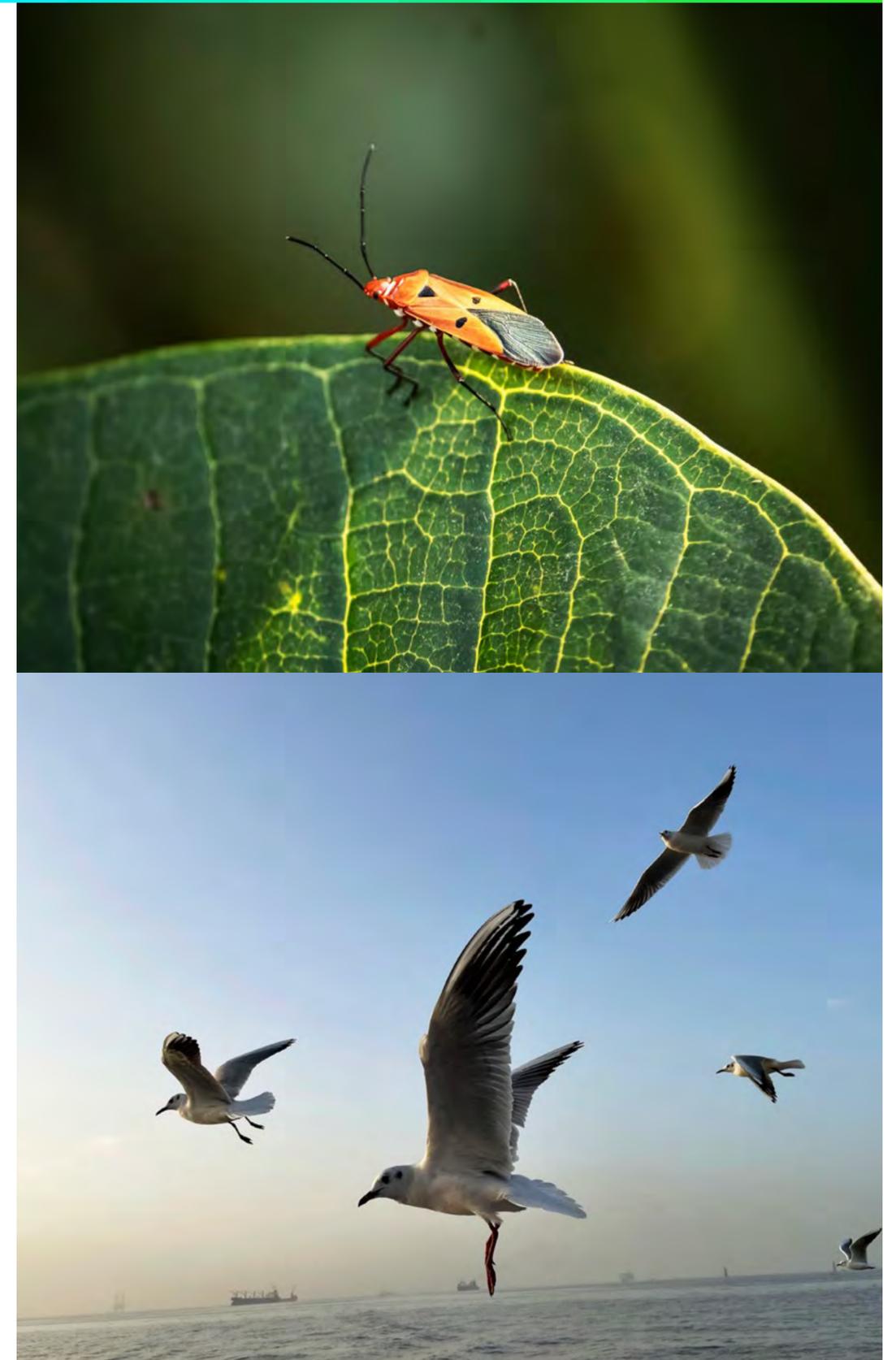
# Case study: US General Services Administration

## Energy-efficient products and services are reducing cost, energy and emissions



We are partnering with the US General Services Administration (GSA) to improve facilities and the energy-efficiency of landmark buildings in pursuit of net zero energy consumption. By upgrading these facilities and leveraging our OpenBlue connected solutions and digital tools, we are guaranteeing energy savings and a reduction of 20,000 tons of greenhouse gases per year. That is equivalent to removing 4,500 cars from the road.

**Overall project objectives include:**
· Reducing energy and water consumption
· Improving efficiency of lighting, water and HVAC systems
· Transforming building automation systems
· Implementing cost-effective retrofits with paybacks of 25 years or less
· Completing construction with minimal disruption to tenants
· A comprehensive and integrated whole-building approach to the various energy conservation measures

The cornerstone of success in these projects is the holistic and interactive consideration of energy conservation measures. For example, at the Ronald Reagan Building and International Trade Center and the New Executive Office Building, energy conservation measures are projected to reduce combined energy consumption by 42 percent and water consumption by 50 percent.

## reduction of

# 20,000

## tons of greenhouse gases per year

*"Sustainability, energy-efficiency and working toward the goal of net zero are top of mind for government leaders across the United States. Partnering with the GSA to make these historic buildings more environmentally friendly and energy-efficient is an honor, and we look forward to upgrading more buildings around the US in the coming years to create healthier places and do our part to support a healthier planet."*

**George Oliver, Chairman and CEO, Johnson Controls**

# Case study: Derwent London

## Investing in net zero

Derwent London plans to become a net zero carbon business by 2030. To achieve its ambitious goal, it must reduce energy use and emissions across all 96 buildings in its portfolio.

It is focusing on reducing its energy consumption, significantly increasing renewable power usage and thoroughly auditing its activities to shrink its carbon footprint. It is adopting all-electric heating and cooling systems for its new pipeline of developments and retrofitting its older properties. It will also use more sustainable building materials, such as low-carbon concrete. For renewable energy, it will use power from its planned solar farm on its land near Glasgow, Scotland, which could cover up to 40 percent of the power consumption of buildings in its London-based portfolio.

Derwent London is also looking to artificial intelligence (AI) to achieve its ambitious goals. It will use Johnson Controls Open Blue Enterprise Manager (OBEM), OpenBlue Central Utility Plant (CUP) and a suite of apps to pull together data about energy usage, asset performance, occupancy, indoor air quality, maintenance and space utilization from a cluster of its major buildings in the UK capital.

The Johnson Controls cloud-based platform creates a 24/7 feedback loop that continually identifies additional operational efficiencies and energy savings from assets, freeing up technicians and facility managers to focus on other priorities.

To learn more, **click here**

## Net zero
**carbon business by 2030**

**40%**

**Solar power will cover up to 40 percent of power consumption**

# Case study: Cherry Creek School District

## Showcasing its energy conservation and sustainability measures.

Cherry Creek School District (CCSD), through a performance contract with Johnson Controls, aims to reduce annual carbon emissions by 25 percent and water usage by 1.8 billion gallons, while creating a net savings that will pay for the contract as well as generate savings of $1 million per year over 20 years to reinvest into the school's environment, teachers and students.

While emissions reduction will be top of mind throughout the project, CCSD and Johnson Controls carefully considered how these upgrades will support the district's efforts to improve equity within the communities the district serves. In support of this effort, 10 percent of minority- and women-owned business enterprises are contracted to work on the project.

**Reduce annual carbon emissions by 25 percent and water usage by 1.8 billion gallons**

**25%**
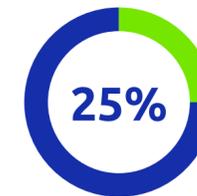
**Savings of $1 million per year over 20 years**

The initiative includes several innovative technologies and solutions integrated by Johnson Controls, including:

- LED light fixtures and controls to enhance learning environments and reduce energy consumption
- Water plumbing and irrigation control upgrades with expected total annual cost savings of nearly 20 percent and 1.8 billion gallons saved over the project term
- Heating, ventilation and air conditioning systems to address deferred maintenance and improve indoor air quality
- Computer power management designed to reduce computer-related energy use by 25 percent to 35 percent

Our OpenBlue technology platform is at the heart of the updates to ensure operational excellence and manage utility spend. The solution also offers full transparency to the community via GreenHub, a powerful public-facing module that enables the district to showcase its energy conservation and sustainability measures.

# Greenhouse gas emissions

302 | 305

## As a leader in sustainability, we understand the work starts with our own operations.

We have set ambitious commitments and pledged to reach net zero carbon emissions by 2040, with interim targets for absolute emission reduction, including approved science-based targets for 2030.

**Our net zero transition plan includes four key strategies to achieve net zero scope 1 and 2 emissions by 2040:**

**1** Global facility decarbonization

**2** Refrigerant loss reduction in manufacturing

**3** Fleet emission reduction through efficiency and electrification

**4** Transition to renewable electricity globally
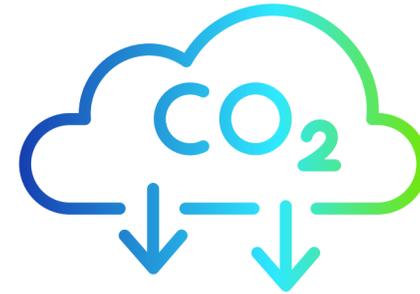
**Metrics**
Bolded metrics are publicly committed goals.

**25%**

**By 2025**
- **Reduce scope 1 and 2 greenhouse gas emissions intensity and energy intensity by 25 percent**
- **Reduce water use by 10 percent at water-stressed locations**
- **Twenty-five percent of manufacturing locations landfill-free**

**55%**

**By 2030**
- **Reduce absolute scope 1 and 2 emissions by 55 percent: as approved by the Science-Based Target initiative (SBTi)**

**100%**

**By 2040**
- **Achieve net zero scope 1 and 2 carbon emissions in alignment with The Climate Pledge**
- **Achieve 100 percent renewable electricity usage globally**

| Goals (2017 baseline) | Progress by the end of the year | |
|---|---|---|
| **by 2025** | | |
| Reduce scope 1 and 2 greenhouse gas emissions intensity and energy intensity by 25 percent | Since 2017, we have achieved a 48 percent reduction in greenhouse gas emissions intensity and an 18 percent reduction in energy intensity. | **48%** |
| Reduce water use by 10 percent at water-stressed locations | Exceeded this goal with a 12 percent reduction since 2017. See: Water | **12%** |
| Twenty-five percent of manufacturing locations landfill-free | Achieved Zero Landfill Certification in 21 locations, representing 23 percent of our manufacturing locations. See: Circular economy | **23%** |
| **by 2030** | | |
| Scope 1 and 2 emissions: 55 percent absolute reduction: science-based target | We have achieved a 42 percent absolute reduction of scope 1 and 2 emissions since 2017 | **42%** |
| **by 2040** | | |
| Achieve 100 percent renewable electricity usage globally by 2040 | In fiscal year 2022, 41.5 percent of electricity purchased globally is from renewable energy | **41.5%** |
| By 2040, achieve net zero scope 1 and 2 carbon emissions in alignment with The Climate Pledge | We have achieved a 42 percent absolute reduction of scope 1 and 2 emissions since 2017 | **42%** |
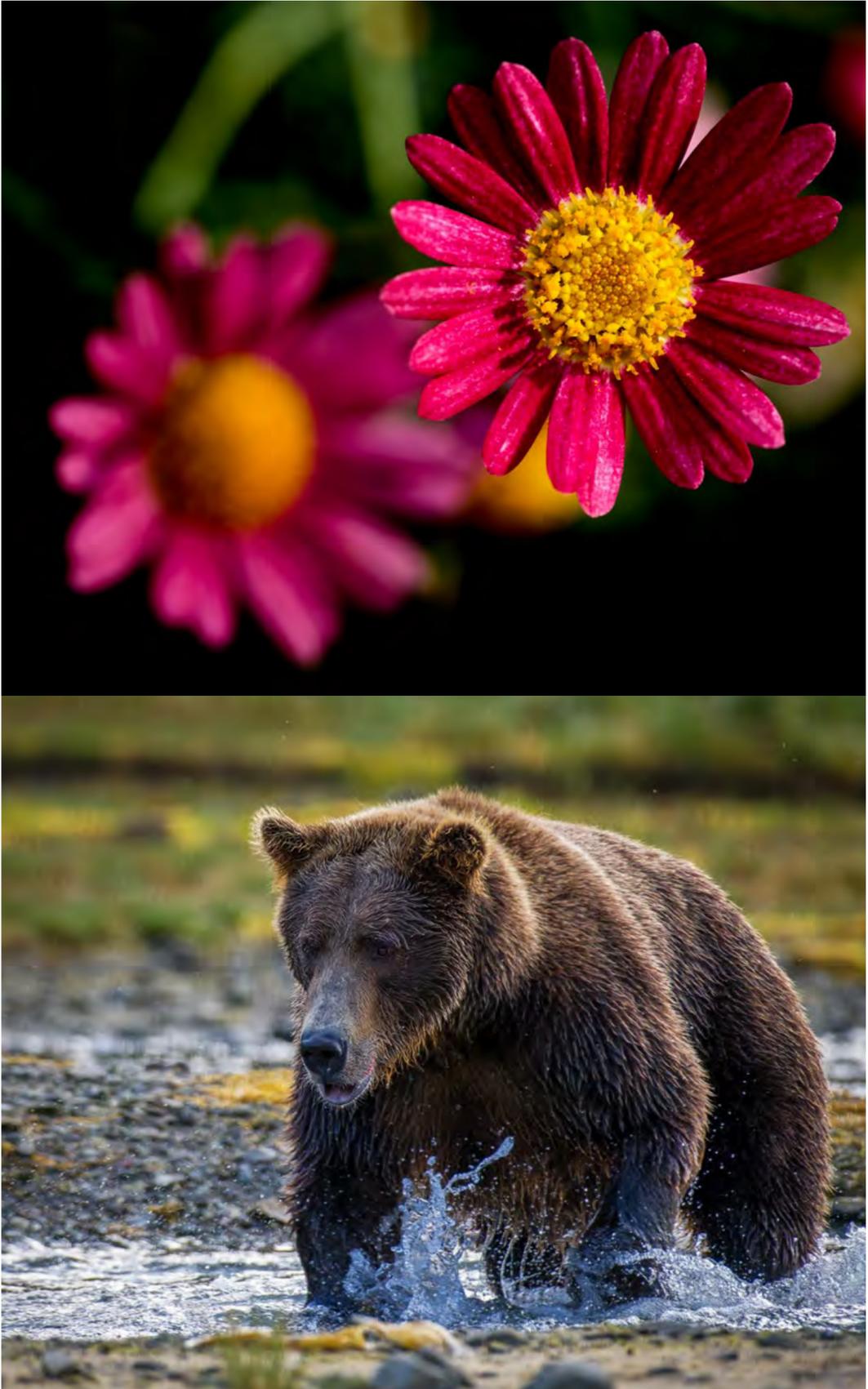
# Scope 1 and 2 emissions reduction

The three primary contributors of scope 1 and 2 emissions are our facilities, refrigerants and fleet. We measure emissions monthly, applying continuous improvement across all categories throughout the year. We have working groups organized under our climate workstream to drive our net zero transition plan, including the improvement measures, investments and timing by area: facility fleet, refrigerants and renewable energy.

As of 2022, scope 1 and 2 emissions have been reduced 42 percent since 2017 and 41.5 percent of our electricity globally comes from renewable sources of energy.



**42%**
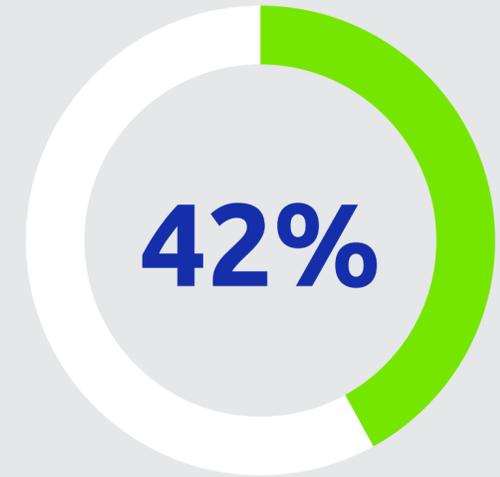
## Facility decarbonization

With the buildings sector accounting for nearly 40 percent of global greenhouse gas emissions, our Johnson Controls facility footprint is no exception.

In 2021, we launched the Johnson Controls Facility Decarbonization Program, forming a cross-functional team of global facilities, operations, environmental, health and safety, information technology and finance professionals along with our in-market subject matter experts in building decarbonization – our Net Zero Buildings-as-a-Service team. The goal is to build the roadmap to net zero buildings through best-in-class energy–efficiency programs, low to net zero carbon products, and implementing digital technologies to optimize our building operations.

In 2022, we started the first phase of retrofitting our facilities. We identified eight facilities which together account for nearly half of our emissions from our North American facilities. The first major stop on our journey is a manufacturing plant in Norman, Oklahoma, a 900,000 square foot manufacturing facility that also serves as a flagship research location and our Rooftop Center of Excellence.

Johnson Controls will replicate this approach globally, targeting the next largest seven manufacturing sites in the U.S., which altogether make up more than 50 percent of Johnson Controls scope 1 and 2 facilities emissions in North America. In late 2022, we expanded focus of facility decarbonization to Asia Pacific, followed by Europe and Latin America.

## Norman, Oklahoma
## Creative implementation and service agreements forge a new path to sustainability

In 2020, the Norman plant was one of the company's largest carbon dioxide equivalent ($CO_2$e) emitters, making its decarbonization critical to meeting our overall emissions goals. We resolved to slash energy consumption and emissions at the plant.

The approach we will take is the same approach we bring to our customers, and is guided by our eight steps to decarbonization:

1.  Goal setting and advisory services
2.  Safe, secure and healthy environments
3.  Digitally enabled environments
4.  Efficient infrastructure
5.  Sustainable operations
6.  Distributed energy resources
7.  Renewable energy supply services
8.  Recognize impact and certify

A plan was developed to design, digitalize and deploy a central utility plant, and redesign and retrofit a 1.56-megawatt carport solar solution with vehicle charging stations, water conservation upgrades and more. The entire solution will be validated and supported in the long-term using OpenBlue Enterprise Manager, the Net Zero Advisor app and the OpenBlue Central Utility Plant software, which enables central utility plant optimization, automated emissions reporting and data-powered decision-making on energy and facility operations.

Through these enhancements, the Norman plant will reduce its GHG emissions by 43 percent in emissions and reduce energy consumption by 26 percent (based on a fiscal year 2017 baseline). In addition, the plant's operations will be streamlined to deliver $960,000 in annual energy and operations and maintenance savings while eliminating potential downtime in the facility.

## Johnson Controls Manufacturing System continues to drive energy and emissions reduction across our global operations

Johnson Controls Manufacturing System (JCMS) defines progressive levels of maturity in environmental and sustainability management, goals and practices. It also provides a framework for continuous improvement in operational management.

We have implemented an Energy Hunt Program across our manufacturing facilities globally. Energy Champions in each plant lead a cross-functional Energy Hunt team in continuous improvement activities that result in annual energy intensity improvements. This program drives culture change and helps our teams identify energy savings opportunities by evaluating measures that include heating, ventilation and air conditioning (HVAC) temperature scheduling, lighting, supply and demand of compressed air, building envelope, and employee energy awareness and engagement.

The Energy Hunt program has yielded significant benefits for us. Since 2011, 1,427 low- or no-cost projects have resulted in energy and operational savings of more than $35.6 million. We monitor projects using our Continuous Improvement Tracking system. We implemented initiatives to improve the energy efficiency of manufacturing operations and processes, and to certify our manufacturing plants to ISO14001, ISO50001 and other relevant standards.

## More than
# $35.6 million
## energy and operational savings

# Refrigerant emission reduction

Our refrigerant decarbonization roadmap includes both the reduction of refrigerant loss within facilities as well as the global transition to products with low and ultra-low Global Warming Potential (GWP).

## Refrigerant loss reductions

Our team of environmental health and safety, operations and research and development professionals work collaboratively to map refrigerant loss reductions by manufacturing location to create our refrigerant decarbonization roadmap. Since 2017, we have reduced total refrigerant emissions from our operations by more than 50 percent and plan to achieve an additional 50 percent reduction by 2030.

At each of our manufacturing sites, multidisciplinary management teams actively reduce all forms of refrigerant loss. The teams meet on a regular basis with a continued focus on annual goal setting; education and awareness; optimizing our current management of processes, standards and protocols; and investment, implementation and sharing of best management practices, including leak detection programs, digitization and monitoring technology to effectively manage this important resource.

Teams completed several Kaizen events at our global manufacturing facilities, mapping refrigerant loss for each facility at each step of the process. As a result, in 2022, we reduced refrigerant loss by nearly 30 percent year over year.

## Refrigerant transition to low GWP

In 2022, we continued transitioning the refrigerants in our products – a process started back in 2016 – within our North America operations. These changes will address policies that target the phase down of hydrofluorocarbons (HFCs), including the American Innovation and Manufacturing (AIM) Act of 2020. Over the next two years, we will be fully transitioning all US operations to low-GWP and extending the best practices to our global facilities.

Under the AIM Act, the US Environmental Protection Agency (EPA) will tighten control of hydrofluorocarbons to align with the Kigali Amendment to the Montreal Protocol and phase down the production and consumption of listed HFCs, manage these HFCs and their substitutes, and facilitate the transition to next-generation technologies. We supported and drove industry efforts to further specify restrictions through the EPA's Technology Transition Petitions and speed the adoption of low-GWP refrigerants. Not only will this positively impact customers, but it will further reduce the impact of refrigerant loss across the Johnson Controls footprint.

## Global transition to renewable energy

We continuously seek lower carbon, renewable energy. In 2022, 41.5 percent of our electricity globally comes from renewable sources of energy.

**41.5%**

We have five sites supplied with 100 percent renewable electricity located in Wichita (US), Vacarisses (Spain), Subic (Philippines), Coroppoli (Italy) and Enschede (The Netherlands). We also have on-site renewables in several locations including our corporate headquarters buildings in Glendale (US) and Shanghai (China), Matamoros (Mexico), Puspokladany (Hungary), Neuruppin (Germany), Cologno (Italy), Corropoli (Italy), Kadi (India) and Wuxi and Guangzhou (China). Our corporate headquarters buildings in Glendale, Cork and Shanghai are LEED Platinum certified and the Glendale headquarters has on-site solar generation, which directly supplies a proportion of the site's electricity needs, replacing our electricity consumption from the standard utility supply.

We entered into a green tariff in Wichita, Kansas, near our 1.3 million square foot heating, ventilation and air conditioning (HVAC) manufacturing plant to cover 100 percent of this facility's electricity, beginning in 2021. The Johnson Controls Wichita plant receives its wind energy from Soldier Creek Wind Farm, a 300-megawatt wind farm in Nemaha County, Kansas. The projected energy cost savings from the wind power agreement are approximately $2.7 million over the life of the 20-year contract – the equivalent of taking 100,000 passenger vehicles off the road.

We voluntarily purchase Green-e Energy Long Renewable Energy Certificate (RECs). In fiscal year 2022, we matched 100 percent of the greenhouse gas emissions from our manufacturing plants in the US and our US corporate headquarters.

In 2022, we stood up a working group dedicated to the growth of clean energy across our operations globally. We will leverage our new and existing partnerships to seek out renewable energy project opportunities, comprising of longer on and off-site engagements that bring new renewable generation to the grid.
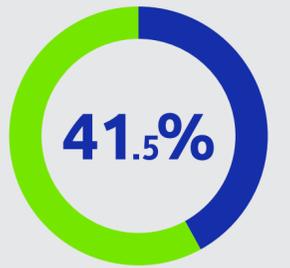
## Fleet decarbonization

The final piece of our scope 1 and 2 emissions is our global fleet, comprised of both of our field service operations and management fleet. Vehicle emissions accounted for more than 30 percent of our total scope 1 and 2 emissions in 2022. Of those total emissions, over 70 percent of our fleet emissions are in the US; 14 percent in Europe, the Middle East and Africa; and the balance across Canada, Mexico and Asia Pacific.

One of the four working groups is dedicated to fleet emission reductions, working on optimizing our current vehicle use and transition to electric vehicles. Quarterly, we analyze our fleet performance, including implementing telematics to understand trends and driving patterns. We systematically bring in higher fuel efficiency options and right-size the equipment needed on our field service operations to decrease weight and increase load factors.

In 2022, we piloted electric vehicles in both our decal fleet and non-decal vehicles. We launched the Early Adopter Electric Vehicle program in the US, with the intent of building a priority pipeline of employees ready and able to take on an electric vehicle.

# Social impact and employee experience

## Diversity, equity and inclusion; employee health, safety and well–being

As a world leader in building technologies, we firmly believe it's our people that make us exceptional. We understand our role in empowering employees to bring their authentic selves to work each day, which in turn adds value, fosters creativity and inspires change across the organization. We are also firmly committed to our vision of Zero Harm to people and the environment and have developed robust policies and strategies to support this vision in our operations and in our communities.

**We have developed ambitious strategies addressing social impact and employee experience**

**1** Implement diversity, equity and inclusion mission, vision and roadmap including employee experience, business resource groups, learning and development, external impact

**2** Invest and engage in the communities where we live and work

**3** Create Zero Harm culture

**Metrics – by 2025 from a 2017 baseline**
Bolded metrics are publicly committed goals.

1. **Increase diverse supplier spend with women- and minority-owned businesses at a rate exceeding revenue growth**

2. **Launch a supplier diversity initiative focused on underserved markets**

3. **Intend to double the representation of women leaders globally and minority leaders in the US within five years**

4. **Launch an initiative to educate the next generation of diverse leaders in the sustainable building industry**

5. **Grow sustainability employee engagement groups globally**

6. **Volunteer two million hours and align 80 percent of volunteer activities with the United Nations Sustainable Development Goal**

7. **Reduce recordable safety incidents by 25 percent**

| Goals (2017 baseline) | Progress by the end of the year |
|---|---|

## by 2025

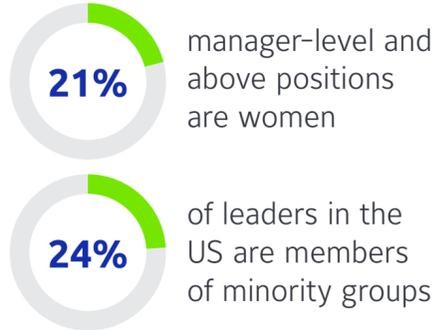| | | |
|---|---|---|
| By 2025, increase diverse supplier spend with women- and minority-owned businesses at a rate exceeding revenue growth.<br><br>Launch a supplier diversity initiative focused on underserved markets. | In 2022, we spent nearly $420 million with diverse suppliers worldwide. We are also implementing a supplier diversity initiative focusing on capacity building for diverse suppliers. It includes training, supplier development and online resources focused on underserved markets.<br>See: Supplier diversity | **$420 million** |
| Intend to double the representation of women leaders globally and minority leaders in the US within five years. | We are proud that we received several honors and awards for diversity, equity and inclusion, including that Newsweek named Johnson Controls as one of America's Greatest Workplaces for Diversity and Forbes honored us as one of the Best Employers for Diversity.<br><br>In fiscal year 2022, 21 percent of our employees globally in manager-level and above positions are women and 24 percent of leaders in the US are members of minority groups.<br><br>In furtherance of our robust diversity and inclusion initiatives, we have elected to publish our EEO-1 report with information regarding the makeup of our workforce because, while it is impossible to capture the diversity of backgrounds and thought in a single chart, we want to be transparent about our diversity. View our EEO-1 report.<br>See: Diversity, Equity and Inclusion | **21%** manager-level and above positions are women<br><br>**24%** of leaders in the US are members of minority groups |
| Launch an initiative to educate and progress the next generation of diverse leaders in the sustainable building industry. | We have many initiatives to educate and progress diverse leaders. Here are a few examples:<br>• Johnson Controls Community College Partnership Program, our largest-ever philanthropic effort, provides funding to expand associate degree and certificate programs in HVAC, fire, security and digital disciplines. The program aims to enroll and graduate students from historically underrepresented groups in local technical college programs to support thriving career paths, spur local economic development, narrow the global skilled labor gap and change the trajectory of lives for the students who may otherwise not have had the opportunity to attend college.<br>• At the Barack Obama School of Career and Technology, students in high school earn college credit while working in a Johnson Controls-donated HVAC lab in connection with the Community College Partnership Program.<br>• We support the STEM 101 program, which bridges the STEM career awareness gap for students through the development of competency-based career exploration and skill-based resources, which connects learners to the in-demand career pathway.<br>• We offer 11 HVAC labs, with nine more in development for 2022-2023. We provide 'Train the Trainer' programs to assist client instructors, assistants and students with lab equipment, curriculum, job-specific courses and performance support tools.<br>• The Johnson Controls Future Leaders Internship Program is a robust, best-in-class experience for the next generation of diverse leaders across the globe. In the most recent program in the US, 57 percent of interns were from diverse backgrounds.<br><br>See: Community investment and engagement | **57%** of interns were from diverse backgrounds |

| Goals (2017 baseline) | Progress by the end of the year |
|---|---|

## by 2025

| | |
|---|---|
| Grow sustainability employee engagement groups globally ✓ | Our nine Business Resource Groups (BRGs) provide employees with opportunities to engage, advocate and develop, both personally and professionally, and continue to grow in numbers and impact. The Global Sustainability Network (GSN), our sustainability focused BRG, has members in 42 countries and from all regions of the world and is one of the most engaged BRGs globally, hosting Earth Month events around the world each year.<br><br>This Sustainability Report features photos from employees around the world who participated in the 2022 Earth Month Nature Photography contest.<br>See: Business Resource Groups **42** 🌍 |
| Volunteer two million hours and align 80 percent of volunteer activities with the United Nations Sustainable Development Goals | Employees volunteered more than 45,800 hours in 2022, representing a 49 percent growth in volunteering year over year, and 86 percent of all volunteering was tied to one of the United Nations Sustainable Development Goals. Nearly 25 percent of volunteering supported Sustainable Cities and Communities and 22 percent supported Quality Education.<br>See: Community Engagement **49%** growth in volunteering year over year |
| Reduce recordable safety incidents by 25 percent by 2025, from a baseline of 2017 | In 2022, we reduced recordable safety incidents by 29 percent from our 2017 baseline, exceeding our goals, but we continue to strive toward our vision of Zero Harm worldwide.<br>See: Health, Safety and Well-being **29%** |
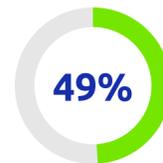
# Diversity, equity and inclusion

2-7 |405 | 406

Our diversity, equity and inclusion (DE&I) mission, vision and roadmap inform our strategies and drive business objectives, further enabling our culture of inclusion to succeed.

## OUR MISSION
Empower every employee to take an active role in creating a culture that values uniqueness, celebrates creativity and drives innovation.

## OUR VISION
Our rich culture of inclusion will drive the right mindsets and behaviors, unlock engagement, accelerate productivity and foster innovation, leading to exceptional customer outcomes.

## CULTURE OF INCLUSION
Our dedication to DE&I starts with our values. We lead with integrity and purpose, focusing on the future and aligning with our customers' vision for success. Our high-performance culture ensures that we have the best talent and people are highly engaged and eager to innovate. Our DE&I mission empowers every employee to take an active role in creating a culture that values uniqueness, celebrates creativity and drives innovation.

# Diversity, equity and inclusion pillars

Employee Experience > Business Resource Groups > Learning & Development > Talent Management > External Impact > Metrics & Measurement

### Employee experience
As the first pillar of our DE&I roadmap, we remain committed to elevating every employee's experience by ensuring they feel personally and professionally supported at Johnson Controls. Our focus on the employee experience is underscored by driving an employee-owned culture of inclusion that values and celebrates talent.

### Business Resource Groups
Our Business Resource Groups (BRGs) act as our company's first avenue for developing and promoting high-performing individuals. Employees involved with BRGs share a common interest in professional development and improving corporate culture to ultimately impact business results that lead to exceptional customer outcomes.

### Learning and development
By embedding DE&I into the development tools and resources that support employee growth, as well as prioritizing continuous learning at all levels of the company, Johnson Controls continues to enable the mindsets and behaviors that foster our culture of inclusion.

### Talent management
As part of our high-performance culture, acquiring, retaining, developing and supporting top talent is intrinsically tied to our enterprise strategy to win. To ensure DE&I values remain embedded across each of those processes, the Office of Diversity, Equity and Inclusion continues to collaborate with our talent management teams to attract best-in-class talent from around the world.

### External impact
Support for the communities in which we live and work has been a longstanding value of Johnson Controls. We are proud of the partnerships we have cultivated in our nearly 140 years of business, and we continue to expand our global reach to form new relationships with businesses and organizations that align with our values and vision for a safer world.

### Metrics and measurement
We understand that without transparency, progress is not sustainable. The final pillar of our DE&I roadmap reaffirms the importance of reporting and analytics across the enterprise to inform our goals and drive inclusive outcomes. Measuring DE&I progress enables our Office of Diversity, Equity and Inclusion to develop the resources our leaders need to support their teams.
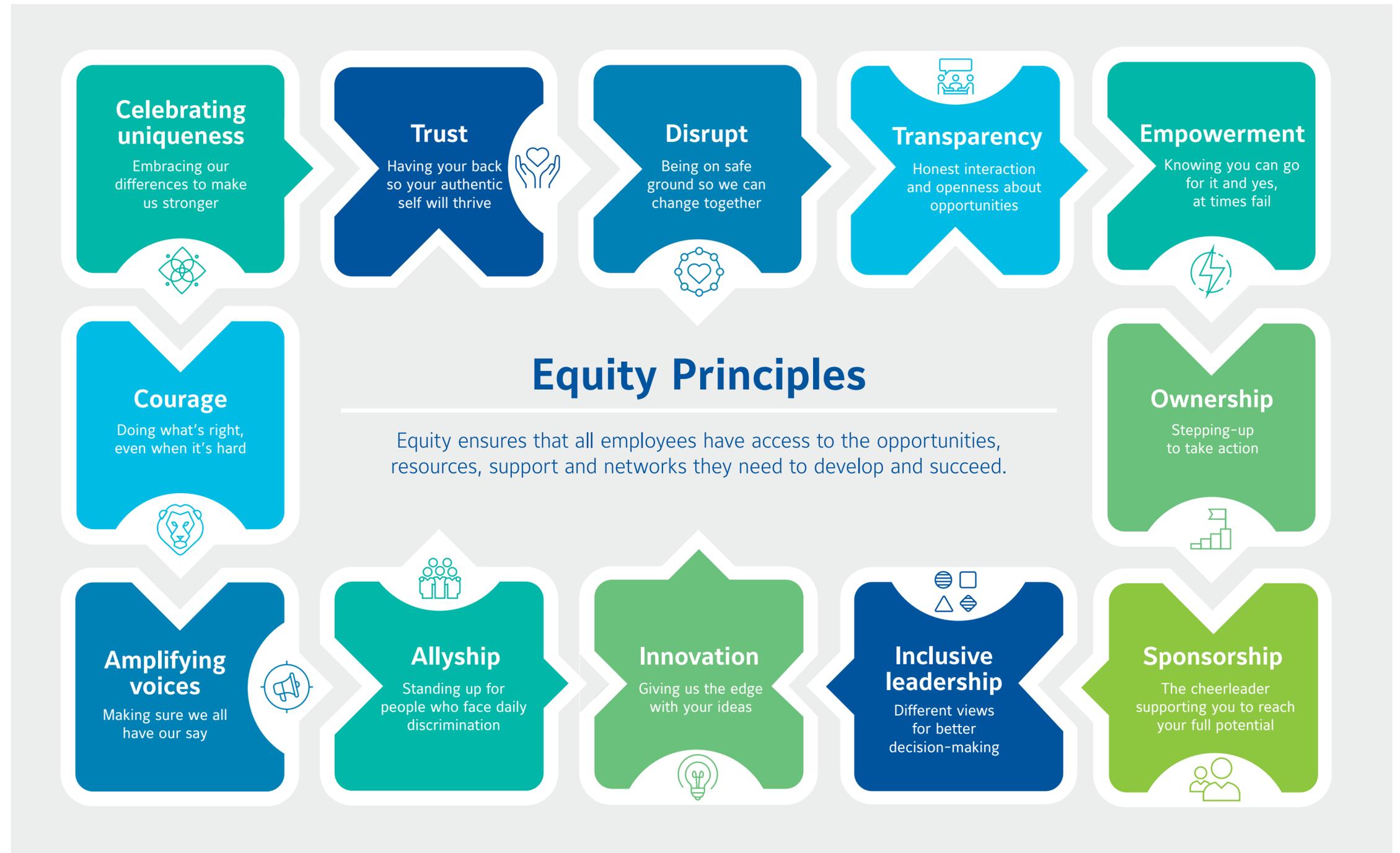
# Employee experience – our culture of inclusion

## Our commitment to equality and allyship

We commit to our employees, our customers, our communities and our shareholders to operate a business that is equitable, inclusive and free of bias and discrimination. While racism can take many different forms across the globe, one consistency we have is that racism, hatred and bigotry of any kind are not accepted or tolerated at Johnson Controls.

## Equity principles

As part of its fiscal year 2022 strategy, the Office of Diversity, Equity and Inclusion at Johnson Controls elevated the focus on 'equity' to further enable all employees to have access to the opportunities, resources, support and networks they need to develop and succeed. As we continue to evolve our diversity, equity and inclusion strategy, we look at the imperatives of the business combined with our goals, progress and employee feedback to evaluate our next steps. The focus on equity ensures that we can continue moving toward sustainable, measurable progress while keeping ourselves accountable for meaningful change. This focus will continue to help fuel and create a culture of inclusion where the voices of every employee are heard, their contributions are acknowledged, and every employee can bring their most authentic self to work.

Our 12 Equity Principles are the foundation of what we know are significant contributors to creating an equitable culture that is inclusive and diverse within Johnson Controls. In fiscal year 2022, we made tools and resources available to managers and employees globally, created a video campaign and an equity conversation corner to enable people to continue the conversation.

## Equity Principles

Equity ensures that all employees have access to the opportunities, resources, support and networks they need to develop and succeed.

**Celebrating uniqueness**
Embracing our differences to make us stronger

**Trust**
Having your back so your authentic self will thrive

**Disrupt**
Being on safe ground so we can change together

**Transparency**
Honest interaction and openness about opportunities

**Empowerment**
Knowing you can go for it and yes, at times fail

**Courage**
Doing what's right, even when it's hard

**Ownership**
Stepping-up to take action

**Amplifying voices**
Making sure we all have our say

**Allyship**
Standing up for people who face daily discrimination

**Innovation**
Giving us the edge with your ideas

**Inclusive leadership**
Different views for better decision-making

**Sponsorship**
The cheerleader supporting you to reach your full potential

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The continued transformation of our culture and organizational health depends on the evolvement and successful implementation of our strategy. Diversity, equity and inclusion is a business imperative, and it is our fundamental belief that it is key to driving and sustaining our transformative growth. We understand that change is a journey. As we become an employer of choice in the markets we serve, we put extra emphasis on the employee experience, putting people always at the heart of all we do. Change efforts in fiscal year 2022 included new branding, educational and promotional resources which reflect our diversity, the formation of global and regional human resources transformation teams and subcommittees, and holistic and inclusive communication strategies.

At Johnson Controls, every employee is encouraged to engage in our culture of inclusion where no one is left out.
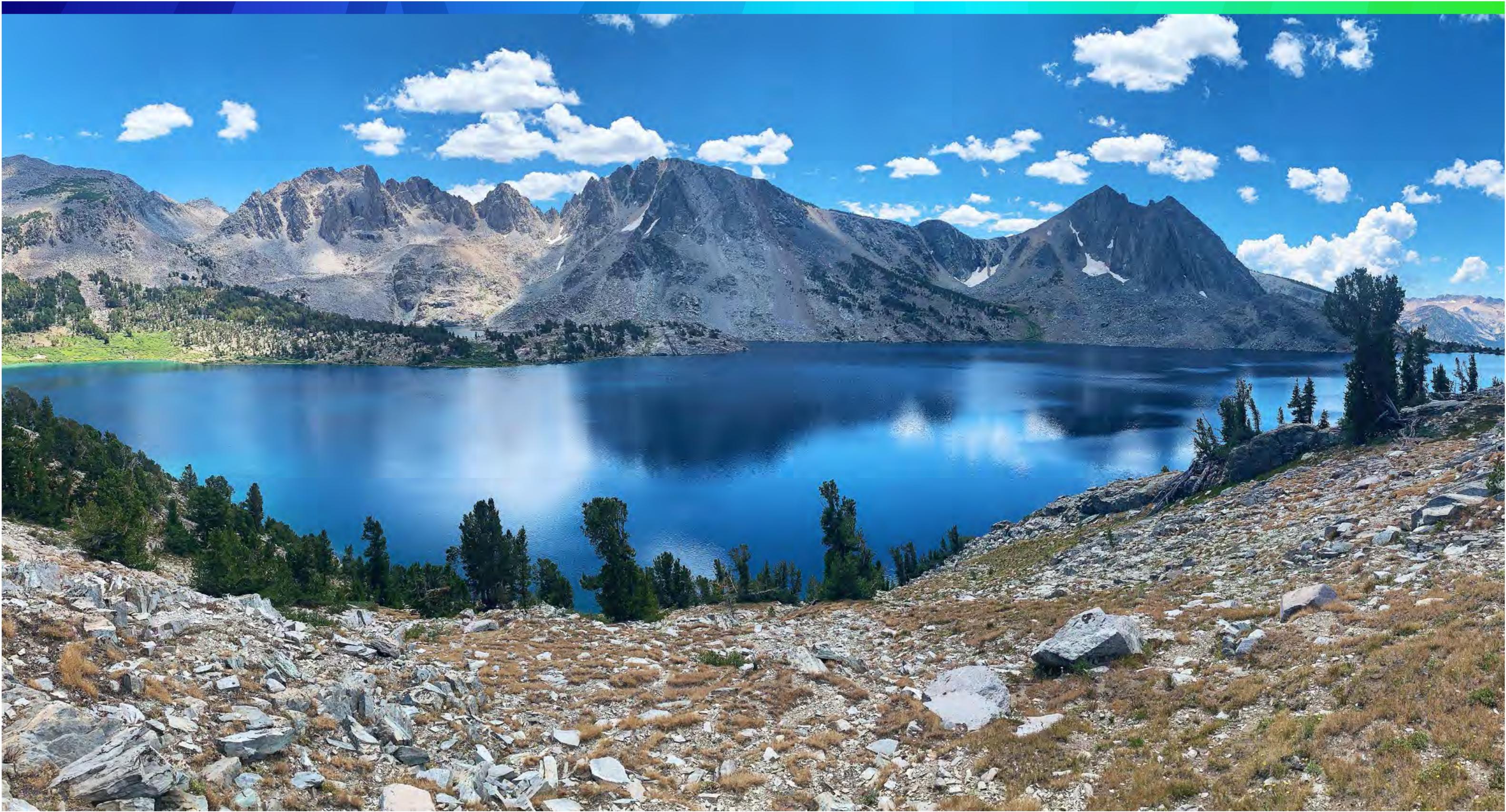
## Diversity, equity and inclusion awards

This year, we proudly launched the Diversity, Equity and Inclusion Awards. These awards were created to recognize employees who are living our company's DE&I mission by taking an active role in creating a culture that values uniqueness, celebrates creativity and drives innovation. These awards encourage employees throughout the organization to nominate an individual who has made a substantial impact.

In our inaugural year, more than 800 peer nominations were submitted, and 12 individuals were selected as winners by a committee based on program criteria. These winners were celebrated for living and modeling diversity, equity and inclusion and leading the way in employee experience at Johnson Controls with recognition within the organization.

The DE&I Awards also include a badge that allows employees to give peer-to-peer recognition to team members who have adopted key DE&I behaviors that promote our culture of inclusion using our Bravo employee recognition platform.

## Employee roundtables

Diverse talent has always been valued at Johnson Controls, and the fiscal year 2022 launch of employee roundtable discussions helped highlight the benefits it continues to bring to our company. These regional sessions were hosted monthly with employees and our DE&I vice president with a vision to provide team members with a sense of belonging, ownership around progressing their careers and empowerment to contribute to work processes.

The goals of these roundtable discussions include:

- Provide a safe, open forum to capture transparent employee feedback and foster leadership connection
- Understand how DE&I resonates personally with team members
- Garner feedback about the overall employee experience at Johnson Controls
- Understand the sentiment of the field and front-line workers about our DE&I culture

## Future Leaders Internship Program

The Johnson Controls Future Leaders Internship Program is a robust, best-in-class experience for our interns across the globe. The global internship program curates a rich, challenging, engaging and rewarding experience for each intern through various aspects of the programming, such as the eight-week-long innovation challenge, our weekly leader-led professional development series, various group networking opportunities with our employee-led resources groups and volunteering opportunities within local communities. The program provides structured opportunities to grow professionally and personally with multiple opportunities to work with our senior leaders, including our CEO.

We have purposefully identified key performance indicators and metrics to ensure the program not only meets but exceeds the expectations of our interns and their managers. The primary goals of the program are ensuring each intern finishes their program enriched with new experiences, new skills and strengthened professional competencies and has built an expanded network to yield additional professional opportunities in the future.

## Women in Leadership Program

In partnership with the Enterprise Learning Team, the Women's Global Network (WGN) created the Women in Leadership Program. This seven-month development program explores the unique issues that women face in the workplace, specifically in operations, and enhances leadership skills to empower participants to strive for their full professional potential.

This year's cohort consisted of nearly 500 women in 25 countries with a combined 1,500 years of experience in more than 20 business areas. Participants said:

*"I am just enjoying this amazing experience. All the new info is usually confirmation of good habits or learning new ways of tackling challenges. It has been so far an amazing journey"*

*"Absolutely loved every session. A lot of wisdom was taken away from each session from the amazing speakers. There is so much more that I need to do – take risks, engage, network, I believe my journey is far from over."*

# Johnson Controls Mexico

## Gold achievement

Johnson Controls Mexico recertified in 2022 and achieved gold level, the highest level, in the Mexican Standard on Job Equality and Non-Discrimination. We are one of only three multinational corporations to be awarded the gold level in multiple sites. This certification was issued by Factual Services with the endorsement of the Mexican Federal Secretary of Labor.

## Culture change

The Mexico Manufacturing Operations Team launched a DE&I campaign to hire employees with disabilities. An assessment was performed at the operations facility by external and local environmental health and safety (EHS) departments to ensure the preparedness and safety of work conditions for all employees, including people with disabilities. As a result, the team was able to improve diversity in the manufacturing plants. Additionally, a new resource was created and implemented to help hearing-impaired employees better communicate with their teams.

## Perspectives listening series

Over the last year, thousands of employees attended the Perspectives Listening Series to engage in honest, courageous and authentic conversations between colleagues on workplace-related topics that are timely and relevant to employees, our communities and global society. These sessions stimulate courageous and authentic discussions between employees that highlight unique experiences, diverse mindsets and the prevailing resilience our employees bring to work each day.

In alignment with our Johnson Controls Zero Harm Week in June, we held a 'Perspectives Session' focused on the impact of the global pandemic, particularly on our well-being and mental health. As we navigated through different pandemic transitions, we looked to rely on the agility that we gained in the constant state of change, our resiliency and our ability to overcome. During this session, our panelists discussed challenges we faced throughout the pandemic, their impact on us as individuals and how we can continue to support each other and collaborate while navigating current world events.
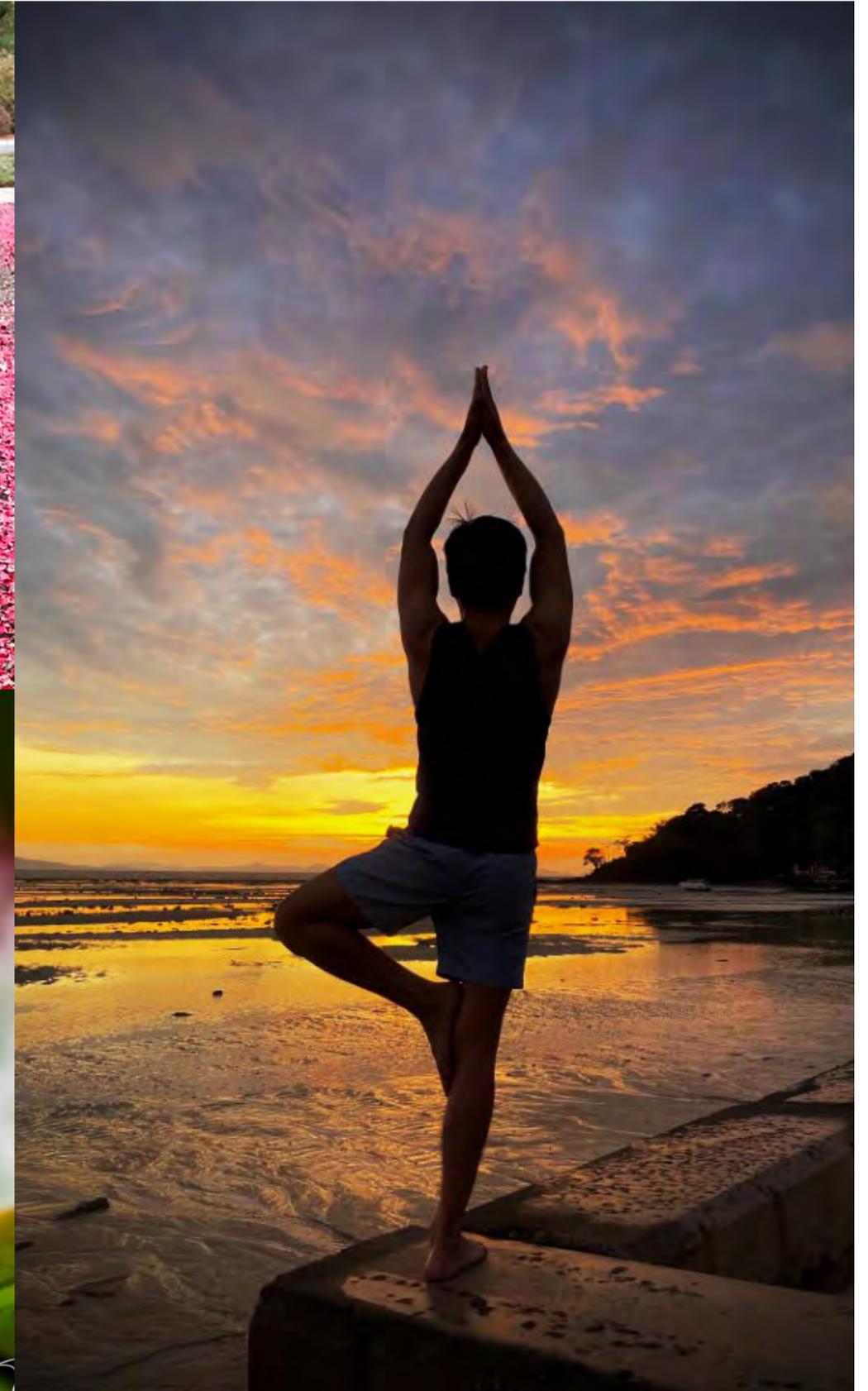
# Business Resource Groups

Our Business Resource Groups (BRGs) consist of employees who share similar interests, backgrounds, experiences and characteristics. These employee-driven groups connect with and support one another while providing a safe environment for respectful dialogue that encourages progress and growth.

While the tangible benefits of BRGs are measured by our membership growth, talent retention and consistent innovations, the inspiring actions, engaging discussions and meaningful progress that took place across the business throughout 2022 highlighted the unquantifiable value BRGs bring to our company.

We recognize the synergies that exist between culture and the employee experience, and our work continues to curate a multidimensional and world-class employee experience, resulting in a sustained culture of inclusion. Additionally, a sustained culture of inclusion sustains a world-class employee experience.

## Asia Pacific BRG
Our community for supporting and uplifting
Asia Pacific Island Heritage

The APBRG creates a stimulating and rewarding work environment to attract, develop and retain top talent while facilitating intercultural exchanges of knowledge, experiences and practices across all cultures. The APBRG holds many cultural awareness events throughout the year, including celebrations for Chinese New Year and Diwali.

## ONYX
Our community for Black and African employees and their allies

ONYX is designed to improve the recruitment, retention and professional development of Black employees for the overall benefit of improving the diversity within Johnson Controls. ONYX leads our Black History Month celebration each year, commemorates Martin Luther King Jr Day, and offers educational and engagement activities throughout the year to promote awareness.

## UNlimited
Our community for employees living
with disabilities and caregivers

UNlimited is dedicated to supporting people living with disabilities through the principles of awareness, appreciation, acceptance and assistance. The group strives to improve the recruitment, retention, engagement and professional development of those impacted by disabilities. UNlimited hosted our International Day of Persons with Disabilities celebration in December which focused on mental health and the awareness of both visible and invisible disabilities.

## Global Sustainability Network
Our community for sustainability employees
passionate about our company's mission

The Global Sustainability Network supports the 2025 Sustainability Strategy to foster a culture of sustainability that engages people who want to make a difference. Its vision supports Johnson Controls as the global leader in smart, healthy and sustainable buildings, re-imagining the performance of buildings to serve people, places and the planet. The Global Sustainability Network is proud to host Earth Month celebrations throughout the month of April each year.

## Synergy
Our community of emerging young professionals

Synergy advances emerging leaders – employees who are new to Johnson Controls, starting their professional careers, or interested in enhancing professional networks by creating connections and promoting the development of our future leaders. Synergy hosts an annual IMPACT Program that aims to provide education and development opportunities to empower any employee who is interested in professional development at Johnson Controls.

## Veterans Engagement Team
Our community for veterans around the world,
military families and supporters

The Veterans Engagement Team (VET) strives to make Johnson Controls the veteran's employer of choice, leveraging this tested, diverse talent pool to exceed our business expectations. VET honors, connects and supports military veterans. Each year on November 11, Johnson Controls honors those who have served in the armed forces by observing Veteran's Day, Poppy Day, Armistice Day and Remembrance Day at both a regional and enterprise level.

## Johnson Controls for Equality
Our community for LGBTQIA+ employees and allies

JC4e fosters a work environment that is inclusive to all employees regardless of sexual orientation or gender identity. Its impact extends to all lesbian, gay, bisexual, transgender and queer employees and their allies. JC4e hosts many awareness events throughout the year, educating and increasing awareness on various topics, including our annual Pride Month celebration each June. JC4e is also the driver of our company's participation in the Corporate Equality Index survey each year.

## UNIDOS
Our community for Hispanic, Latinx,
immigrant employees and their allies

Uniting Johnson Controls (UNIDOS) aims to further the Johnson Controls mission of diversity, equity and inclusion by advancing the skills and professional development for the Hispanic and Latinx employee and allies aligned with the goals of building a high-performance culture, creating growth platforms and driving operational excellence. With members in more than 37 countries, UNIDOS has redefined what 'community' looks like at Johnson Controls.

## Women's Global Network
Our community for supporting, uplifting,
engaging and inspiring women

The Women's Global Network (WGN) harnesses the power, influence and intelligence of female Johnson Controls employees to establish a community that fosters professional development, networking and the awareness and advancement of women in our workplace. The WGN is also the proud presenter of our annual International Women's Day celebration each March.

# Learning and development

We strive to embed DE&I in our entire learning and development experience at Johnson Controls. The DE&I learning journey is embedded in the development tools and resources that support employee growth, all our leadership development programs, as well as continuous learning at all levels of the company.

## Talent management

Leader-focused inclusion learning series

In 2021, we launched a four-session virtual instructor-led DE&I learning series. We continued the deployment of this series throughout 2022, facilitating over 40 live workshops reaching thousands of employees.

Though geared towards hiring managers, the content is critical for all current and future Johnson Controls leaders.

**Topics included:**

· Understanding the Johnson Controls DE&I strategy and why workplace diversity matters for the company and for self

· Exploring common types of bias in the workplace, understanding the science behind unconscious bias and how to interrupt bias in our hiring, performance management and decision-making processes

· Getting comfortable being uncomfortable and creating an inclusive culture and a sense of belonging in the workplace

· Learning strategies to become a more inclusive leader, understanding how to foster psychological safety and creating personal commitments to furthering our culture of inclusion



## Self-paced learning: DE&I channel

We deployed a web-based app for our executive and BRG leadership teams providing personalized lessons and tools to support DE&I learning and behavior changes in 2021.

This pilot was used to identify the key topics for the creation of our in-house DE&I Channel within the new Johnson Controls Learning Hub, our new learning experience platform (LXP). Deployed in 2022, the Johnson Controls Learning Hub serves as the single point of access for all learning content.

Modern and intuitive with enhanced search capabilities, this platform uses artificial intelligence and machine learning that allows employees to own their learning experience. Our DE&I Channel launched June 2022, gaining over 6,000 organic followers before the close of the fiscal year.

We developed and deployed six curated learning paths in addition to the nearly 200 pieces of content categorized by our seven core topics, for those who prefer a more structured learning experience.

## Enterprise leadership development programs

As DE&I has continued to evolve within the company, we have ensured that enterprise leadership development programs are aligned with the company's DE&I strategy.

Further alignment creates a more inclusive learning experience for all employees across the organization. This includes embedding DE&I in all enterprise learning programs to empower team members to own the company's DE&I mission and vision, while working to build a culture of high-performance at Johnson Controls.

Our enterprise leadership competencies provide employees – regardless of rank or role – with the key capabilities, skills and behaviors needed to support their development and performance, which will ultimately help drive business results. Learning resources include Inclusive Leader Editions of our Competency Quick Guides for the Leading Self and Leading Teams levels.

To further support the advancement of women and their career development at Johnson Controls, we launched the Women's Leadership Program late last year. The seven-month global program focuses on building a personal brand, personal development planning, networking and building confidence to drive their own career.

The program brings together more than 300 women from across our geographies and functions so they can network with senior leaders and create a forum to build relationships across the businesses.

## Talent Talks

In fiscal year 2022, the Office of Diversity, Equity and Inclusion and Learning and Development team partnered with our BRGs to bring a Talent Talk series to the enterprise. The BRG Talent Talks are a monthly one-hour learning event open to all Johnson Controls team members. Each session focused on a different enterprise leadership competency and was hosted by one BRG and its executive sponsor(s). These sessions allowed the BRGs to help provide another developmental conversation to the organization, encourage BRG membership, and recognize active members within the business group.

## Diverse Hiring Council

The Diverse Hiring Council is a new business unit-led initiative to drive hiring efforts focused on talent from different backgrounds and perspectives.

Hiring managers with strong records of building diverse teams and diverse high-potential talent were recruited to serve on these councils throughout our different businesses. Council members partner with hiring managers and the talent acquisition team to assist with recruitment strategies, social media sharing, interview panel participation and calibration, among other responsibilities.

In fiscal year 2022, councils were created to support our Global Products, Global Supply Chain, Engineering and Manufacturing Strategy, Commercial Sales, and Buildings Solutions North America functions.

We also established deployment processes for businesses to leverage in creating councils across the enterprise, with plans to establish councils in our Building Solutions businesses in Europe, the Middle East, Africa and Latin America, and the Asia Pacific regions in fiscal year 2023.

## Talent mobility

We're committed to finding the best talent and developing our employees at all levels to ensure we have the right talent, in the right place, at the right time. We completed a deep dive into how we rate and evaluate talent across the organization to understand better opportunities for building robust and diverse talent pipelines. By applying a more strategic approach to talent mobility, we broadened the conversations around evaluating and assessing talent.

Data analytics is key to identifying and cultivating our emerging diverse talent to provide additional opportunities and to set employees up for success. Leaders were provided with tools and resources to help make objective assessments, showing existing trends and bringing awareness to the role biases and unconscious biases can play in enabling the business to pursue diverse high-performing talent. Not only did this create increased engagement and understanding, but it allowed leaders to see diversity both holistically and at the grade level.
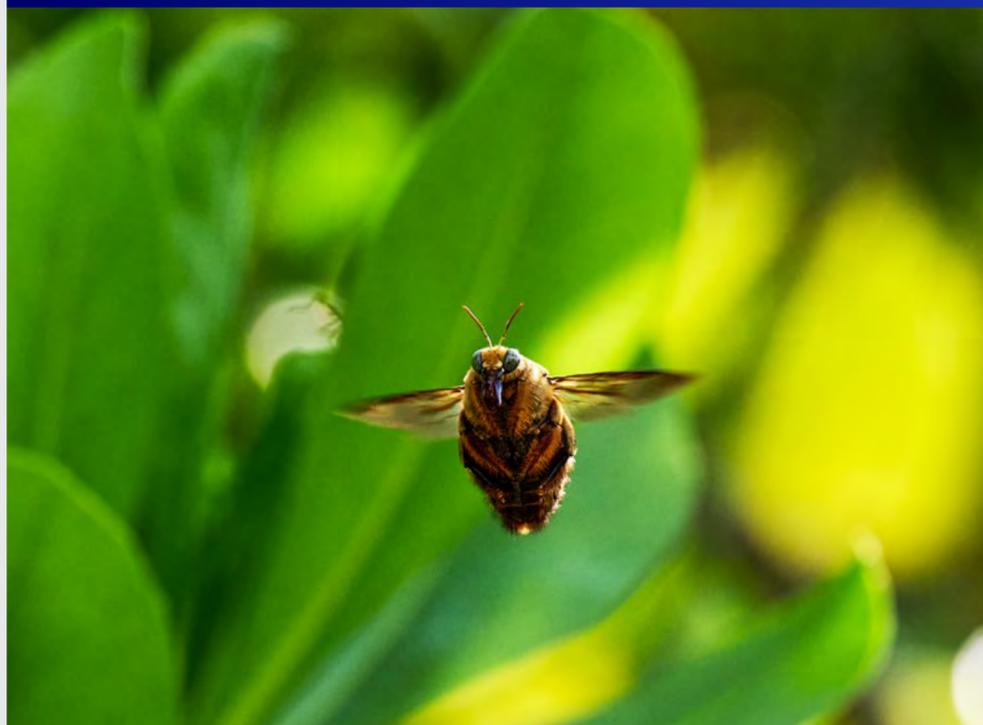
## Recruitment

We have an internal posting system in place globally. This system gives our employees the opportunity to search, review and apply for jobs through a centrally managed website. More than half of our management positions are filled internally.

Diverse recruiting is key to ensuring we employ a workforce that represents all our customers and stakeholders at every level of the organization. We place great emphasis on identifying, attracting and recruiting not only women and minorities, but also people with disabilities, veterans and members of the LGBTQ+ community.

We strive to ensure that we are open to competitive recruitment and attract diverse candidates. In addition to our internal posting process, our external career opportunities are shared to many targeted diversity job boards and organizations to reach diverse applicants. In 2023, we will continue to ensure a broader reach of our jobs to underrepresented talent.

We partner with our BRGs, ensuring they have visibility to internal opportunities, as well as tools, resources and knowledge to confidently search and apply for open positions.

We also directly partner with several organizations to ensure diversity in our candidate pool. Examples of these partnerships are the Society of Women Engineers, the Society of Hispanic Engineers and the National Society of Black Engineers in the US, plus Half the Sky in China.

Our talent acquisition team has created a library where we can leverage job descriptions that are reviewed and written for applicability to all genders, races, ethnicities and generations. We also leverage employee referrals to hire the best talent and ensure a diverse and inclusive workforce.

We leverage competency-based interviewing for our management positions. Our competency-based interview guides are closely linked to our leadership competencies and strategic drivers and support our DE&I mission by reducing the potential for unconscious bias and broadening the talent pool.

## External impact
## Racial equity and justice

In addition to our commitment to diversity, equity and inclusion within Johnson Controls, we have a deep commitment to the communities surrounding the locations where our employees live and work.

Our community-facing initiatives focus on underserved populations, and we seek to support non-profit programming that moves communities towards equity. When COVID-19 highlighted the inequalities in access to technology, we responded with an annual $50,000 gift to United Way's Techquity program to improve access for individuals and grassroots non-profit organizations. We partner with the Milwaukee Bucks for an annual event where students from the area's high schools learn of the benefits of Historically Black Colleges and Universities (HBCUs) and alumni join for networking.

Each year, an outstanding student is awarded a scholarship to an HBCU. Our deep support for the arts includes a commitment to programs like Black Nativity, produced by Black Arts Milwaukee, to ensure that all people see themselves reflected in those who perform on stage.

In all our sponsorships, foundation grants and volunteer programs, we recognize our responsibility to build communities where diversity, equity and inclusion are honored.





## Metrics and measurement

Measuring our progress and converting data into action is critical to executing the path outlined by our DE&I roadmap. The Office of Diversity, Equity and Inclusion uses data-based decisions to determine how to best invest our time and resources to achieve our objectives. Monthly progress-to-goal reports serve as a real-time model for our businesses, regional and functional teams to remain aligned with our enterprise strategy. We took an analytical view at our global processes related to promotion, attrition, talent reviews and overall representation.

Talent management trends and opportunities were identified in the areas of:

· Attrition
· Talent ratings
· Promotions
· Time in role
· Pulse surveys

Additionally, new tactics were designed and executed based on strategic priorities, organizational capabilities and industry benchmarks. This helped identify where the organization was incorporating DE&I organically and the areas where the opportunity remained. As a result, a series of workshops were launched in 2022 to increase transparency and address gaps to provide additional support. Exit data surveys were also used to garner feedback from employees who departed the organization to understand opportunities and trends.

# Community investment and engagement

202-2 | 203-2 | 413-1 | 413-2

## We are committed to promoting the well-being of our communities and our planet.

Our philanthropic and community engagement efforts strive to improve the lives of individuals and strengthen communities through employee volunteerism and the financial support we provide to organizations to support smart, healthy and sustainable tomorrows.

### Smart

We support organizations making our communities smarter, focusing on programs and initiatives that increase access to education in science, technology, engineering, the arts and math (STEAM). This includes direct support to universities and indirect support to K–12 schools through partnerships with non-profit organizations whose programs drive student success.

### Healthy

As part of our commitment to building healthy communities, we support organizations with missions and programming in the areas of health and safety, including housing and home ownership and economic mobility.

### Sustainable

We support organizations that help communities become more sustainable. This includes supporting nonprofit organizations that preserve and protect the environment and supporting relief efforts following natural disasters, such as floods, fires, hurricanes and earthquakes.

## Through our strategic programs, we seek to positively impact our communities.

Leveraging this value of community involvement, we ensure we are world class in our social measures. This, in turn, drives our high-performance culture and leads to exceptional customer outcomes as we build stronger communities.

To promote a global culture of generosity, we provide strategic programs that integrate community involvement with business goals and drive employee engagement, intentionally drawing a connection between corporate funding and employee volunteerism to multiply our impact particularly in underserved communities.

We provide resources and strategic support that expand our philanthropic reach and global volunteer efforts, allowing us to live our values.

Our strategy has resulted in measurable benefits to the community. Total combined giving in 2022 was $14.8 million, including $12 million from the corporation and its foundation and $2.8 million from employees.

Our strategic, yet flexible approach makes us nimble enough to respond quickly to the sudden needs that emerge in communities. When the devastating earthquakes struck Turkey and Syria in February 2023, Johnson Controls moved quickly to launch a giving campaign across the enterprise, supporting three organizations supplying essential support such as food, shelter and medical care to these communities.

We matched donations employees made and more than $100,000 was raised to support relief efforts in the first week of the campaign.

Johnson Controls also provides support to United Way because of the organization's strategic approach to advancing initiatives in education, economic mobility and health. United Way is engaged in solving some of the most challenging issues facing the communities where our employees live and work. Many of our employees donate generously and volunteer for their local United Way, and the organizations supported by United Way in their communities.

Our CEO serves on the board of the United Way of Greater Milwaukee and Waukesha County, serving our North American headquarters location. Here, our contribution of $3.2 million is among the leading corporate employee giving campaigns in the state. The North American campaign outside of Milwaukee contributed an additional $702,000 to United Way in the communities where our employees live and work.

# Community engagement

203-1 | 203-2

## Social impact: Foster a purpose-led culture

The focus of our philanthropic support and employee volunteerism is building smarter, healthier and more sustainable communities where our employees live and work. Johnson Controls contributes millions of dollars annually and our employees give their time, skills and energy freely.

In alignment with our company's vision and values, we strive to be a good neighbor and a positive community partner in numerous ways.

We seek to make the community a better place.

We define success more broadly than just financial achievement.

The communities where we do business are important stakeholders for Johnson Controls. We believe that community involvement and engagement programs enhance our relationships with our communities, customers and employees.

As part of our commitment to support communities, we encourage all employees to volunteer for a cause that is important to them.

We reward their passion and time commitment in giving back to their local community by granting $10 USD per volunteer hour to the non-profit organization of their choice. We also encourage our leaders to engage in their communities through non-profit board service.

Community engagement occurs in many ways throughout the year, including through several key philanthropic and volunteer initiatives.

# Community College Partnership Program

**Launched in 2021, Johnson Controls Community College Partnership Program provides funding to expand associate degree and certificate programs in heating, ventilation and air conditioning (HVAC), fire, security and digital disciplines.**

The program aims to enroll and graduate students from historically underrepresented groups in local technical college programs to support thriving career paths, spur local economic development, narrow the global skilled labor gap and support students who may otherwise not have had the opportunity to attend college.

Since its inception, the program has provided philanthropic funding to 20 community colleges across North America and two in India, with a long-term goal of employment. By the end of 2026, Johnson Controls anticipates providing approximately $15 million in total funding to at least 30 community colleges through this program.

All grant recipients are in cities where we have a significant consumer base and employee presence. Funding for each community college differs based on its needs. In general, colleges use the renewable grants for the programs, personnel and equipment necessary to recruit and retain students and ensure they are successful in completion of a certificate or degree program.

More than 100 of our employees serve as volunteer educators and mentors, providing students with counseling and real-world experiences. The mentoring is directly incorporated into various college programs and provides a pathway for student internships and entry-level opportunities at Johnson Controls.

Our College Partnership Program in Pune, India focuses on women from the impoverished areas around two colleges – Don Bosco College and Siddhivinayak Mahila Mahavidyalaya. While the North American program focuses on developing skilled technicians, the Indian program concentrates on business-related skills. All 600 students in the Bachelor of Commerce course benefit, with about a third of them receiving tuition scholarships funded by Johnson Controls.

Our volunteers work with students on the soft skills needed to enhance their employability. They provide coaching in confidence and business etiquette while providing training sessions in business writing, digital literacy and other functional training. Thanks to the grant from Johnson Controls, one of the schools was also able to upgrade its computer lab. We also donated 40 laptops to the lab when some of our leaders visited the college and saw that its devices were outdated.

**By the end of 2026 –**

# $15 million

**in total funding to at least 30 community colleges through this program**

**More than –**

# 100

**of our employees serve as volunteer educators and mentors**

## Barack Obama School of Career and Technology

**Training for family-supporting jobs**

Johnson Controls has an intentional philanthropic focus in the challenged neighborhoods just west of our Milwaukee, North American headquarters. As part of our engagement in this neighborhood, we have donated a HVAC lab to the Barack Obama School of Career and Technology, a K–12 school.

Through a partnership with Milwaukee Area Technical College (MATC), high school students take classes in the lab, under the guidance of an instructor who has worked in the field, earning college credit towards certificate and associate degree programs.

The program promises hope to students who may otherwise not have seen themselves as candidates for education beyond high school. A MATC retention coach is positioned to further support the students once they graduate from high school and move on to college.



## Johnson Controls Foundation

To ensure robust philanthropic support for communities, we regularly make financial contributions to the Johnson Controls Foundation. The foundation is a separate entity from Johnson Controls and has its own board of directors and charter. The foundation supports smart, healthy and sustainable tomorrows through its philanthropic giving.

## The Johnson Controls Foundation provides approximately $7 million annually to support non-profit organizations.

This support includes direct grants to organizations, significant gifts to United Way and the Milwaukee United Performing Arts Fund, scholarships for employees' children and matches for individual employee and retiree gifts to eligible non-profit organizations. In 2022, the foundation's charitable giving was more than $7.3 million. A rigorous process of due diligence governs all decisions around foundation grants to ensure that the programs we support are consistent with our overall philanthropic strategy of building healthy, smart and sustainable communities.

In 2022, Johnson Controls Foundation made a $500,000 donation to the American Red Cross Annual Disaster Giving Program (ADGP). This marked the 10th year of partnership. The Johnson Controls Foundation's support of the Red Cross ADGP helps the Red Cross pre-emptively prepare to meet the needs of those affected by disasters. Annual ADGP donations help to improve the organization's strong infrastructure and support its efforts to acquire trained volunteers, innovative technologies and the critical resources needed to provide relief and support in times of crisis.

## Launch of Volunteer Network Program

In 2022, we implemented a new Volunteer Network Program to create transformational experiences between our employee volunteers and their local community partners.

This signature program amplifies our impact around the world and helps to create a closer connection between our employees and the communities where we live and work.

We followed a phased approach to roll out the network in locations with a large employee presence and strong engagement, beginning with the United States, Mexico and Ireland. In phase two, we expanded the network to Argentina, Brazil, Chile, Colombia and Costa Rica. Each country is led by an executive sponsor who provides strategic direction, involves at least one community leader who has a passion for social good and several community guides who are the 'doers' who motivate their peers to get involved in the community. This model connects employees to enthusiastic leaders in their area to ensure they have the correct tools and guidance they need to make a positive impact in their local community.

The network played a key role in Johnson Controls reaching more than 45,800 volunteer hours in 2022, where 86 percent of all volunteering was tied to one of the 17 United Nations Sustainable Development Goals (SDGs), with nearly 25 percent connected to Sustainable Cities and Communities and 22 percent connected to Quality Education.

# 45,800 volunteer hours in 2022
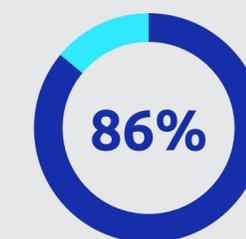
**86%** of all volunteering was tied to one of the 17 United Nations Sustainable Development Goals (SDGs)

## Volunteer Network Program in action

As part of Johnson Controls Zero Harm week, a team of employees from our Cork, Ireland, headquarters volunteered at the Cork International Garden to create a safe space for migrant and refugee families to be able to grow food in solidarity with others in their local community. The employees prepared the plot for planting so that families from Albania, Afghanistan, Nigeria and Kenya could plant seeds from their countries to share with the community. This work is creating an enabling environment for building social networks and for intercultural information exchange.



## Making a difference in Mexico: our collaboration with United Way and Robotix

We provide support to FIRST Robotics teams where our employees volunteer. In Mexico, employees have been actively engaged with the Robotix Foundation, the local partner of FIRST Robotics in Mexico, which promotes robotics and the development of STEAM skills for local youth. The Robotix Foundation seeks to innovate in education, aiming to provide better opportunities for new generations.

Since the organization's inception in 2017, they have supported thousands of young people from public schools, multiple care centers and learning centers across the country.

We partnered with the Robotix Foundation in collaboration with United Way Mexico through the Competencies for a Better Future (CPuMF) initiative. Our employees participate in the FIRST Lego League (FLL) educational strategy, which is a robotics competition that prepares students

to solve real-world problems. This initiative is aligned with the United Nations Sustainable Development Goal that seeks to guarantee inclusive, equitable and quality education.

In 2022, 178 colleagues recorded 760 volunteer hours by participating as FLL judges. Johnson Controls provided a grant of $10,000 USD to the Robotix Foundation. This allowed six elementary schools to participate in FLL competitions, having a direct impact on 440 elementary and junior high students, and 2,100 community members indirectly.

The alliance with the Robotix Foundation will continue in 2023 when our employees plan to volunteer as judges to evaluate the FIRST Lego League 2023 projects. This is another example of how Johnson Controls invests in community programs to create smarter, healthier and more sustainable tomorrows.

## Earth Month 2022

**Each year in April, we celebrate Earth Day with a month-long focus on hosting employee volunteer opportunities that help foster a culture of sustainability. These opportunities align with the UN Sustainable Development Goals, and in 2022, Climate Action was the focus of many opportunities, resulting in approximately 3,000 volunteer hours from our employees that month. The following are just a few examples of the many ways we volunteered around the globe.**

In Esparza, Costa Rica, 100 employees dedicated a Saturday morning to a beach clean-up at Playa Tivive. More than 650 volunteer hours were tracked and $6,500 in volunteer rewards were donated to the Green Building Council in Costa Rica. As another example, employees in Asia Pacific (APAC) countries led several efforts to encourage volunteerism during Earth Month. These included tree planting, trash and compost separation and river and zoo cleanups. Additionally, approximately 900 employees walked two rounds of the earth over 12 days to support decarbonization as a simple step toward sustainability. In total, our APAC employees volunteered over 350 hours during Earth Month and completed over 1,000 different actions to reduce, reuse and recycle in their daily life.

## Employees from the local community

**The value of the business is dependent on retaining talent. In a service company or a technology company, people are indeed the greatest asset. Our financial business case for an acquisition rests on our ability to help the newly acquired company grow in the region.**
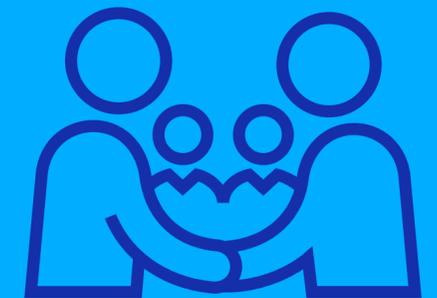
A formal and comprehensive process is implemented for every new facility, closure, consolidation acquisition and divestiture we make in our portfolio. Our facilities are sited and operate in such a way that we are able to support community needs beyond the employment opportunities we bring.

In addition, when we acquire a company and bring it into the Johnson Controls family, we bring many benefits to our new employees, and thus to their communities. This includes our skills and job training, equal employment opportunity and diversity programs as well as a wide selection of benefits. If there is a layoff or plant closure, we offer a variety of programs and services to ensure employees are enabled for success outside of the company.

# Health, safety and well-being

Health and safety is critical to our success. We are committed to our Zero Harm vision to create a safe and healthy work environment for our employees, our vendors and contractors, our visitors and our communities.

Our Zero Harm vision builds on the pillars of safety, health and wellness and environment with multiple stakeholders from across the organization collaborating in improvement initiatives within the different pillars.

Our health and safety programs are designed to provide a safe working environment. Our initiatives focus on how employees work at our manufacturing locations and our customer locations in the installation and services businesses, striving for a safe environment by eliminating unsafe conditions and acts.

Our health and safety programs rely on a systems management approach to ensure compliance and continuous improvement. We have several mechanisms and processes in place to prevent non-compliance. For example, our Johnson Controls Manufacturing System defines standards for a range of topics, including environment, health, safety and other matters to ensure compliance. We identify and share best practices across the enterprise to continuously improve our compliance practices.



Zero Harm
to people and
the environment

Safety

Health and Wellness

Environment

In the unlikely event of an emergency or crisis, we have a regularly updated Crisis Management Plan to effectively address incidents and minimize impacts on our employees, communities, the environment and other stakeholders.

While compliance with health and safety regulations is important and required, our programs reach beyond regulatory compliance to influence our company's culture through employee engagement and leadership behavior.

Given the diverse and decentralized nature of our company, our health and safety programs are designed around global standards with appropriate variations addressing the multiple jurisdictions and regulations, specific hazards and unique working environments of each business. The way we operate and measure the performance and outcomes of our health and safety programs is consistent with widely accepted standards and practices meeting or exceeding the International Labor Organization's Guidelines for Occupational Health Management Systems (ILO-OSH 2001) and ISO 45001 certification.

We employ dedicated health and safety professionals around the world. Each business maintains an environmental health and safety organization and management structure designed to support its health and safety efforts.

The corporate environmental health and safety (EHS) team drives the company's strategic health and safety initiatives in close collaboration with the business health and safety leads. Our enterprise-wide standards and programs are established in collaboration with the business health and safety leaders. The corporate EHS team hosts several activities with the global EHS network each quarter. For example, a global EHS townhall event, a training webinar on a specific EHS topic and meetings with business EHS teams.

Our goal is to achieve and maintain world-class safety performance in all our businesses and operations. Our health and safety management system, programs and policies apply to all staff present at our workplaces, whether they are Johnson Controls employees or external contractors.

Our sites hold onboarding and training programs for our employees. For contractors, we will assess the contracting company's environmental health and safety programs and policies before awarding work to them. We will then ensure individual staff carrying out tasks at Johnson Controls workplaces receive details of our site-specific environmental health and safety programs and policies. During fiscal year 2022 we launched initiatives to enhance the management of subcontractor activities, with new global subcontractor EHS requirements being released during the last quarter of the fiscal year, and additional initiatives being planned for fiscal year 2023.

As COVID-19 evolved from a global pandemic to a local / regional health situation during fiscal year 2022, we stood down on our COVID-19 global policies but kept all standards and tools in place for parts of the organization still or temporarily in high transmission regions. We continue to encourage employees to seek vaccination boosters when they are eligible in their respective countries.

Through our distracted driving policy, we promote safe driving behaviors at all our operations globally. We have banned use of mobile phones while driving a vehicle, and introduced programs to recognize and eliminate other distractors while driving, such as operating the navigation system, fatigue and interacting with others in the vehicle.

Safety culture and behavior-based safety initiatives are being deployed within various parts of our business. As there are diverse ways to ensure employees are engaged with safety, as a company we monitor and support such initiatives.

One safety policy that applies to all employees, regardless of rank, region, workplace or other external factors, is the right of every employee to "STOP WORK" whenever they have questions or doubts about their ability to safely execute a task assigned to them.

We have also implemented health and wellness programs at major locations in addition to the traditional workplace health and safety programs.

## Total Well-Being Program

The Total Well-Being Program at Johnson Controls promotes and encourages a harmonious work-life balance and a positive, healthy lifestyle. The program was designed to align with our Zero Harm vision and Power of Prevention strategies to protect our employees' safety, health and wellness.

The pillars of our Total Well-Being Program ensure wellness is intrinsically tied to the work we do, not only at an individual level but across the enterprise:



**Physical**
**Mental**
**Social**
**Financial**

These programs seek to improve employee well-being both inside and outside the workplace. Health and wellness programs include the establishment of fitness centers, running and walking tracks, weight loss programs, vaccinations, smoking cessation programs and many other health improvement and disease prevention programs. At Johnson Controls, these health and wellness programs continue to be an integral part of our Zero Harm vision.

The well-being programs are facilitated by a Global Well-Being Council that is responsible for developing and monitoring the global strategy, guidelines, and objectives as well as communicating the global well-being framework. The council collaborates with and is supported by regional councils in Asia, North America, Latin America, Europe, the Middle East and Africa as they implement and sustain the program at a regional and local level.

# Some of the key standards and practices of our programs

· Use of standard United States Occupational Safety and Health Administration (US-OSHA) recordkeeping rules to measure injury and illness rates globally. We believe that injury and illness rates based on consistent definitions provide an objective measure of performance and we are committed to improving our performance as part of our Zero Harm vision

· Use of widely accepted standards for the most critical safety processes, such as work at height, control of hazardous energy, driving safety and contractor management. Such standards apply to all our locations worldwide

· Measure health and safety performance as a mix of leading and lagging indicators, with increasing focus on leading indicators

· Use of established management system techniques to ensure injury rate reductions are sustainable

· Verification of the accuracy of self-reported safety and health data, for example, during third-party auditor assessments

· Exploring innovative ways to further strengthen our safety culture. Placing greater focus on leading indicators as a measure of safety performance and outcomes is one example of this innovative stance

· We deploy the Johnson Controls Manufacturing System (JCMS) Maturity Model and Standards to implement the Johnson Controls Way of Manufacturing to attain world-class performance in our manufacturing operations across the globe

## Policies, standards and certifications

We have a company-wide environmental, health and safety policy that is supported by our local, regional and site-specific employee health and safety policies and programs. Our health and safety policies are developed in line with our Zero Harm vision and are designed to protect employees and the environment and include local and regional regulatory requirements and industry standards (e.g., European Union, US-OSHA, National Fire Protection Association, country-specific) where necessary. The policy is reviewed annually.

For a safety management system, we follow the standards of ISO 45001. Many of our locations are certified under this standard. However, we do not require external certification for all operations. In addition, various locations maintain other key certifications including ISO 9001, ISO 14001 and ISO 50001.

## Occupational health services

403-3

Our staff have access to occupational health services, appropriate for the risks they may be exposed to at work. These occupational health services may be internal or external, or a mixture of both, based on a local assessment of in-house capabilities, occupational exposure types, and required skills and competencies to ensure all staff has access to expert occupational health support.

Whether internal or external, the results of occupational health exposure monitoring are available only to the worker and the required staff at the occupational health service.

In case of exposures above acceptable levels, managers and supervisors may need to be involved to help resolve an exposure problem, but do not get access to an individual's occupational health records. The use of information from occupational health records for any favorable or unfavorable treatment of workers would constitute a violation of our ethics policy.

## Audits and inspections

As part of the ISO 45001 standard and other applicable health and safety standards, we require teams at our locations to perform regular safety audits to ensure proper safety policies, program procedures, analysis and training are in place. Audit data is used to create improvement and corrective action plans.

In addition, we engage an independent third-party conformity assessment and certification vendor to audit selected operations for adherence to our global health and safety standards. In addition to management systems certifications for ISO 9001, ISO 14001 and ISO 45001, the third-party auditor also performs specialized audits for location-specific health and safety issues (e.g., ergonomics, industrial hygiene, machine guarding, OSHA record keeping, NFPA 70e live electrical, confined space). The on-time completion of any findings identified during these audits is also an enterprise leading indicator.

## Reporting

Each business is responsible for reporting their health and safety activities and outcomes. The reports are generated monthly and are circulated to the senior leadership team. Health and safety are standard topics at monthly operational reviews.

Our corporate environmental health and safety department provides a monthly global Zero Harm Report that contains information related to key performance indicators, including total recordable incident rate (TRIR), significant incident frequency (SIF), motor vehicle accident rate (MVAR), near miss, unsafe act, and unsafe condition closure rate, zero harm coaching moments and on-time audit finding closure. The monthly Zero Harm Report is distributed to the Executive Leadership Team. This team includes the CEO and his direct reports, and the Global Health and Safety Leadership Team.

As just one example of how we act based on these metrics, following a series of fall incidents involving portable ladders, our North America service organization engaged with a ladder manufacturer to help design a new-style platform ladder that is built to provide a safe working platform in a variety of situations that are often encountered at customer locations. Next, the business leadership committed to roll out a ladder replacement program to ensure that employees have access to the new-type ladders, that workplace safety is improved and ladder-related fall accidents are reduced.
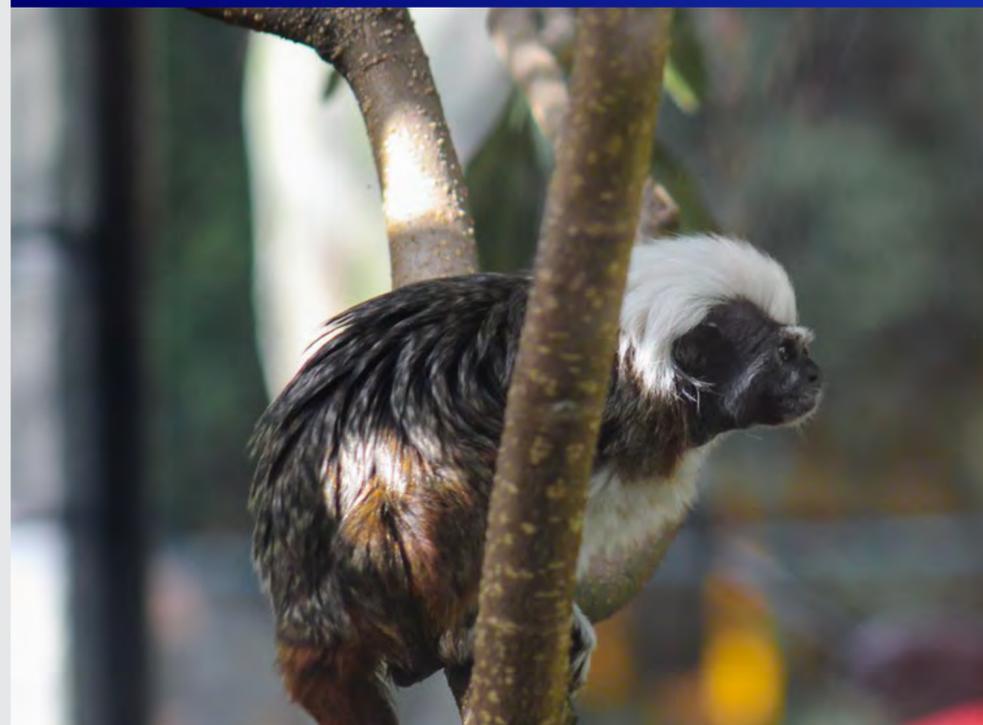
## Health and safety committees

As part of our global health and safety standards, we maintain health and safety committees at the local, regional, business and corporate levels.

At the local level, health and safety committees take many forms, depending upon the business, but serve the same principal function: to facilitate and maintain regular communication regarding health and safety issues and information across all levels of the organization.

This information includes, but is not limited to, health and safety standards, processes and procedures, roles and responsibilities, prevention measures, near misses and incident reviews, KPI trends, reporting and investigation obligations, inspections by relevant authorities and both internal and external audit results.

Health and safety meetings are held regularly and topics are tailored to specific location needs depending upon the type and scope of work.

In the manufacturing organization, health and safety committees generally operate at the location level because of the size of the facilities and concentration of employees. In the installation and service business, health and safety committees generally operate at the branch or regional levels because of a dispersed workforce.

## Key performance indicators

We use a mixture of leading and lagging indicators to assess the health and safety performance of our 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), and significant incident frequency (SIF) based upon the number of incidents per 1,000,000 work hours.

Our business places more emphasis on the TRIR because of its uniform application around the world. While the LTIR is also tracked, we believe it is less useful in measuring health and safety outcomes because of the inherent differences in national occupational compensation and health schemes and variations in workplace regulations.

While we continue to measure and report on lagging indicators, we view the use of leading indicators as more relevant predictors of health and safety performance and outcomes.

Leading indicators include, but are not limited to, near misses and unsafe acts / conditions closed, corrective actions completed, safety discussions held, motor vehicle calls reported, safety observations noted, safety-focused improvement events completed, job safety analysis completed, leadership safety walks and self-audits completed.

Leading indicators are defined, tracked and measured by each business unit, appropriate for the risk and type of operations in the business unit.

The Global Health and Safety Leadership Team evaluates the potential to define leading indicators to be measured and tracked at an enterprise level.

## Technology and software

We use an enterprise environmental health and safety software system, called the Environmental Health and Safety Information System (EHSIS), to support our health and safety programs worldwide. This system allows users to input, track and manage work-related injuries and illnesses as well as near misses and unsafe acts or conditions, create and perform safety audits, perform workplace inspections, perform leadership safety walks, measure compliance with government regulations, health and safety training requirements and internal procedures, create standard reports, manage risk assessments and track waste and energy metrics.

The EHSIS platform is used by our health and safety professionals and other stakeholders to address their health and safety responsibilities.

## Health and safety training

403-5

Training is a key component of our health and safety programs.

Our standards require new employees to receive the appropriate level of health and safety training for their work environment.

Health and safety training is provided during an employee's initial orientation or onboarding process. This also includes continual health and safety training through regular toolbox talks ranging from specific certifications to general awareness and behavior training. This training is conducted using a combination of classroom and computer learning.

During fiscal year 2022, we deployed new training compliance tracking technology to support our sites in tracking locally organized EHS training and allowing them to proactively monitor staff re-training requirements.

# Employee development, training and education

2-7 | 401 | 404

At Johnson Controls, we support the continued development of our people. We continue to provide opportunities for our employees to grow their careers at Johnson Controls.

Our goal is to meet learners where they are and embed learning in the workflow. We focus on the employee skills needed to succeed in their current and next role.

In fiscal year 2022, we offered more than 4,000 learning courses to all audiences, with over 1.25 million learning activities completed by approximately 93,000 employees. There were 1.02 million total learning hours, averaging almost 11 hours per employee.

To ensure our employees have the skills and capabilities to drive success now and into the future, we aligned our professional and leadership development learning with our Enterprise Leadership Competency model that launched in 2020. Our leadership competencies are the key capabilities that define how employees can contribute to their own development and career success, regardless of their function or level in the organization.

In addition, all managers are accountable to introduce and teach a new competency each month to their teams. Through our Competencies in Action initiative, they provide a leader-led discussion around the importance and relevance of the monthly leadership competency with their team and highlight ways to strengthen and develop supporting skills and behaviors.

The teams practice implementing the new concept or tool throughout the month, iteratively improving processes and ways of working.

Approximately 50 percent of our management positions are filled internally.

Our rotation programs in finance, and sales and marketing, coupled with our other early career sales engineering programs, continued to grow in fiscal year 2022. Our Learning and Development teams have won awards for their high-quality learning programs in each of the last four years.

## Leadership development

We believe in developing our employees at all levels, and that we develop our employees to get them ready to move into leadership roles. We have a portfolio of development programs for our employees, including people transitioning to new roles or that need to drive and manage new changes.

- **Extreme Learning Program (XLP):** This is a development program for senior leaders who have demonstrated the potential to be a next-generation global leader at Johnson Controls. Every other year, a group of around 25 high-potential leaders is challenged to solve real-world business problems while building new relationships and exploring global business issues. The program started in 2004. Since then, 13 classes have completed the program.

- **Leadership Edge Program (JCLE)**: This is an intensive development and acceleration program for senior managers and directors who have demonstrated the potential to be the next generation of leaders at Johnson Controls. The program helps leaders shift their mindset and behaviors to think and act with broader scope and responsibility by strengthening their knowledge and skill in business strategy, financial acumen, customer centricity, digital and people leadership. This program engages 150 managers from around the world each year. The program began in 2007.

- **Emerging Leaders Program:** This program is designed to accelerate the role of an individual contributor to a frontline manager by arming them with the knowledge, skills and tools needed to effectively handle the challenges they face early in their career as a leader.

- **Leadership Fundamentals Program:** This program is for frontline managers to create clarity about what their role as a leader is at Johnson Controls. Leaders learn how to reinforce our high-performance culture and deliver an impactful leadership development experience that builds global management capability. Frontline leaders will develop the skills needed to effectively manage, engage and lead their team in order to drive organizational growth.

- **Change Leadership Curriculum** - This award-winning curriculum helps employees at all levels develop change competence. The training reaches thousands of employees per year and includes these elements: Change Practitioner Bootcamp, Change Agents: Delivering Project Results, Reinforcing Change, Leading Yourself Through Change, Leading and Accelerating Change, Communicating Change, and Sponsoring Change for Senior Leaders.
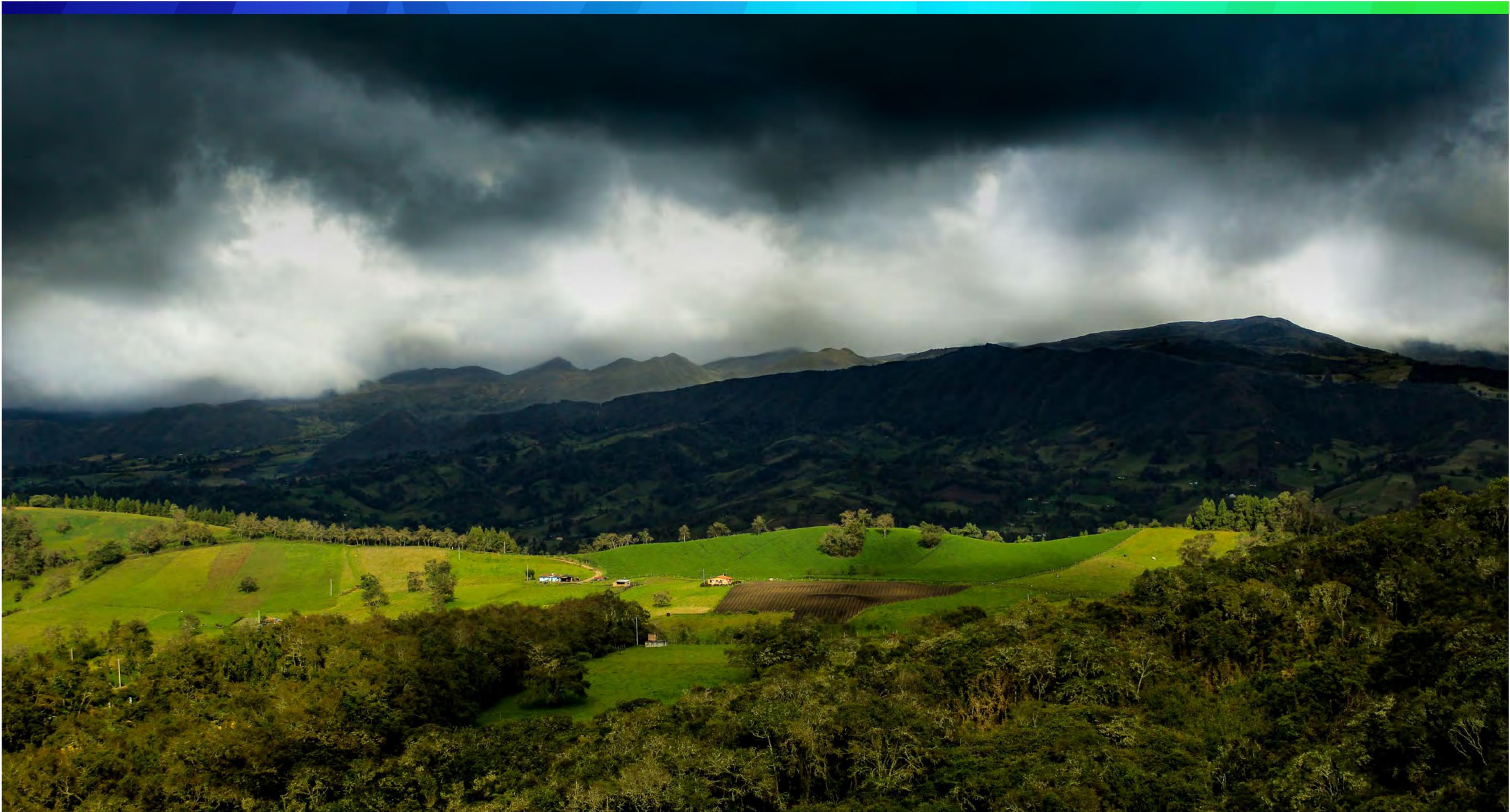
## Commercial training programs

**We invest in building the talent and capabilities of our commercial and commercial support organization across all roles and tenures.**

Our new-hire commercial programs across multiple levels and domains are best in class, with the right mix of knowledge, skill building and on-the-job application. We continue to actively gain insights and inputs from our tenured employees on their development and upskilling needs, including building their 'toolset' to own and drive their career.

- **BEST Internship** - development programs designed to recruit and hire college engineering students in their junior year to offer them summer internships. Interns are evaluated on their existing sales competencies and behaviors and, depending on performance, offered a position in the next BEST class.

- **BEST Fire and BEST HVAC** – a development program for new graduates that focuses on organizational knowledge, product knowledge and sales skills. Each year, two groups of around 30 new graduates go through the HVAC program and 30 go through the Fire program. This six-month program includes in-person classroom learning, simulations and an assignment-based experiential learning experience in the local branch.

- **SalesBuilder HVAC, SalesBuilder Security, SalesBuilder Fire** – a development program for new and experienced salespeople. This 13-week program is based on real-life learning and application and is blended in its approach.

- **Building Sales Leaders** – a development program for sales managers that focuses on a broad spectrum of topics. Divided into three distinct sessions, the program combines a blended approach of face-to-face, eLearning and virtual sessions.

- **Sales Management Code** – a development program for sales managers that investigates the sales management process. It is focused on high-impact salesperson activities and has an emphasis on sales manager coaching.

In addition to these standard annual programs, commercial employees are provided with a large portfolio of upskilling opportunities. These opportunities include, but are not limited to, negotiation skills, pricing, account management and digital knowledge.

Some projects for the commercial organization are anticipatory of shifts in our organization, our customers' needs and the commercial workforce of the future. With that focus, these employees have been afforded significant opportunities to upskill, create career plans and develop for their future and the future of Johnson Controls, such as:

- **Digital Literacy** – a year-long program focused on building commercial foundations of digital transformation, creating the knowledge base with which employees can build comfort and confidence with our developing digital solutions and from which their journey to become trusted advisors delivering strategic customer outcomes could begin. In 2022, this program reached more than 8,000 employees and included adaptive pre-assessment and personally targeted training paths using best-in-class subscription training, with continued growth beyond the initial rollout.

- **Own Your Career** – supporting the individual effort of transformation, this is a blended learning program, supported by HR partners and people managers, to create a career ownership mindset among employees. This includes the compelling reasons one must own their career journey and development, how to map out a career focus, how to create a development plan and gaining support from managers.

- **Solution Architect Certification** – enabling a recognized currency and establishing significant personal and corporate value in building expertise in solution design and development. Creating a first certification path for engineers and solution architects that incorporates industry-standard certifications and bespoke programs and testing to achieve the OpenBlue Practitioners certification. This delivers the foundation for the first external OpenBlue certification for delivery partners in the future.

- **Winning Mindset** – a workshop-centered program for sales support engineers to own their outcomes with sellers, to build trust between themselves and their internal customers, and to use their knowledge, skill and influence to increase win rates. Other aims include developing an understanding of agency among the engineers to make a difference through training and discussions on partnership, accountability, outcome focus and confidence.

## Field operations training

Field operations training provides mechanics and technicians with the skills, knowledge and confidence to support customers. As our technology and equipment evolve, our technicians need ever-growing skills in order to provide exceptional customer service, and remain best in class at maintaining building safety and efficiency.

There are a variety of courses given in the HVAC, fire and security spaces. These courses focus on the installation and service of our products and primarily occur in person at one of our many training institutes across the world. They are blended in their approach, providing both online and in-person sessions.

· **Service Technical Academy (STA)** – the Service Technical Academy (STA) is a career development program designed for North American HVAC service technicians, mechanics and all security and fire technicians.

· **Building Operations Leaders (BOL 1.0)** – BOL 1.0 is the sister program to Building Sales Leaders but for our field operations managers. Topics include, but are not limited to, operations cadences, customer interactions and key performance indicators.

· **Building Operations Leaders 2.0 (BOL 2.0)** – BOL 2.0 builds on the operational cadence of BOL 1.0, diving deeper into the leadership behaviors that govern successful branch operation. The focus of this program includes upskilling frontline managers on the practices and leadership behaviors that make impactful differences to the financials, personnel and backlogs of a branch.

· **BEST Installation Program** – BEST Install is a centralized training program that supports new installation technicians for the first 12 weeks of their employment. Topics include Johnson Controls tools, platforms, and services, best practices in installation and professional skills training for customer service excellence.

· **BEST Service Program** – BEST service is a multi-pronged approach to onboarding mechanics, technicians and chiller technicians. This 12-week course teaches the basics of reactive maintenance and repair, Johnson Controls systems, tools and platforms, and mechanical repair of equipment.

· **Connected Chiller Onboarding** - this onboarding program presents all connected chiller learning in an innovative, self-paced learning platform where technicians can access the materials required to successfully connect chillers.

## Manufacturing training

Manufacturing employees receive targeted training through the Johnson Controls Manufacturing System (JCMS) Certification Programs to deliver world-class performance.

· **Johnson Controls Manufacturing System (JCMS) role-based certification programs** – JCMS revolves around the focus that we have one way of manufacturing to attain world-class performance. The program is constructed in two phases to build JCMS knowledge, skills and coaching through a series of focused eLearning modules. Once all the learning is completed, phase two focuses on the active demonstration of role-modeling capabilities and varies based on the role, starting from operations leadership to plant managers, business partners and their on-site plant champion and subject matter experts.

· **Coaching for JCMS Performance** – an advanced certification level for JCMS business partners and subject matter experts. The purpose of the Coaching for JCMS Performance program is to prepare these individuals to coach plant personnel by learning and acquiring new skills. They focus on leading plants through the initial JCMS implementation and facilitating the creation of plant-specific action plans. Making a personal commitment to becoming a JCMS Coach offers the opportunity to establish this purpose. The necessity for JCMS Coaches is critical in achieving the One Johnson Controls Way of Manufacturing efficiently and effectively across the enterprise.

## Performance management

One of our strategic drivers is to build a high-performance culture. Through a robust and standardized performance management program, non-production employees across the globe set goals aligned to both business and functional objectives and the company's strategic plan, inclusive of the desired capabilities defined in our Enterprise Leadership Competencies and Company Values.

Employees are expected to 'strive for five' by having a minimum of five goals, with at least one being development focused, and are highly encouraged to include diversity, equity and inclusion and sustainability aspects into their goals.

Employees participate in quarterly goal progress review meetings with their managers and have dedicated time for development conversations and activities to ensure the continued focus on career growth. Employees have several resources to utilize when researching and planning career development, including access to an individual development plan and online learning platform.

Our online employees also complete an online annual review process that includes active participation through both a self-review and a manager review to ensure the evaluation is comprehensive and includes the full year's accomplishments. This review balances both achievement of performance metrics and behavioral expectations.

Employees and managers are encouraged to seek feedback from others to include in their review and utilize recognition received through Bravo, our recognition platform. Each year, management participates in calibration sessions to ensure the performance management process is applied equitably and fairly across teams and functions in the organization.

This standardization of performance management enables strong feedback to employees on their performance, robust career development planning, informed pay and rewards investment, detailed reporting and analysis. We also maintain intranet sites dedicated to human resource professionals, employees and managers for desktop access to key human resource-related information that has been translated for global use.

It also provides ongoing training throughout the year to ensure that employees understand the purpose and benefits of the process.
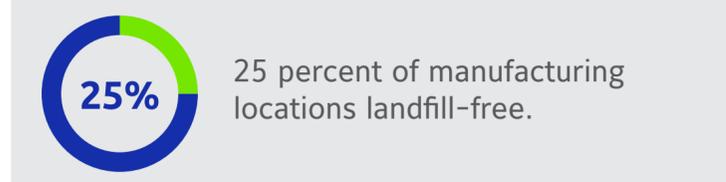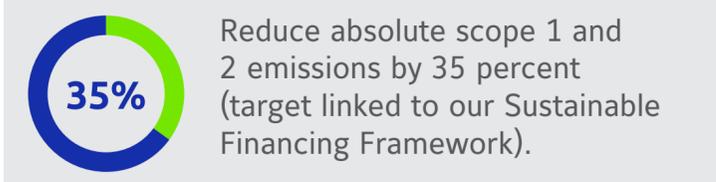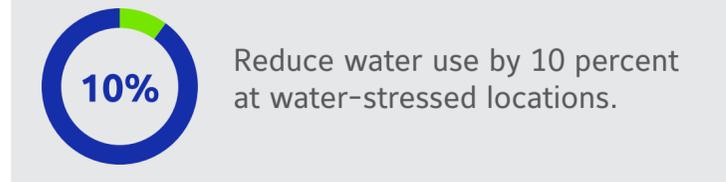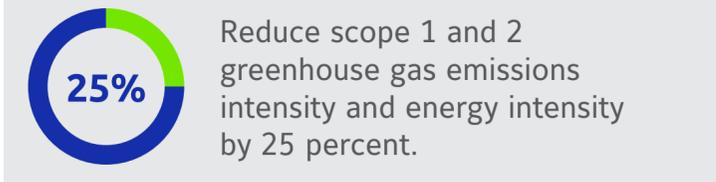
# Our environmental, social and governance
## commitments

Ambitious vision. Measurable results.

# Climate: net zero carbon footprint

## by 2025

**25%** — Reduce scope 1 and 2 greenhouse gas emissions intensity and energy intensity by 25 percent.

**35%** — Reduce absolute scope 1 and 2 emissions by 35 percent (target linked to our Sustainable Financing Framework).

**10%** — Reduce water use by 10 percent at water-stressed locations.

**25%** — 25 percent of manufacturing locations landfill-free.

## by 2030  Achieve our science-based targets

**55%** — Reduce scope 1 and 2 emissions by 55 percent.

**16%** — Reduce scope 3 emissions from the use of sold products by 16 percent.

## by 2040

Achieve net zero scope 1 and 2 carbon emissions in alignment with The Climate Pledge.

**100%** — Achieve 100 percent renewable electricity usage globally.
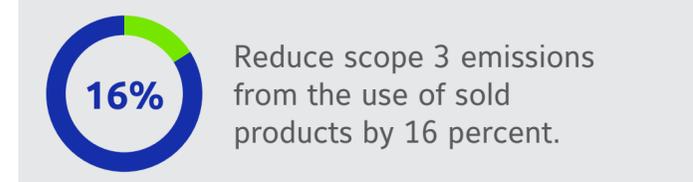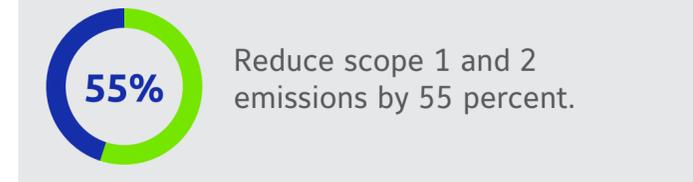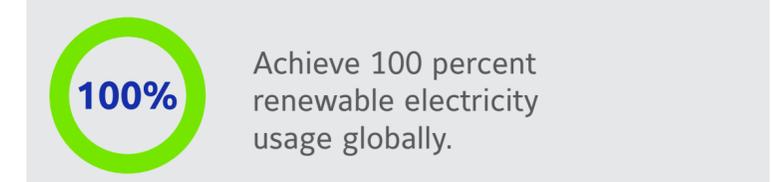
# Product stewardship: Provide sustainable products and services

**75%** — Invest at least 75 percent of new product research and development annually in climate-related innovation to develop sustainable products and services.

## by 2030

Double avoided emissions through customers' use of Johnson Controls OpenBlue digitally-enabled products and services.
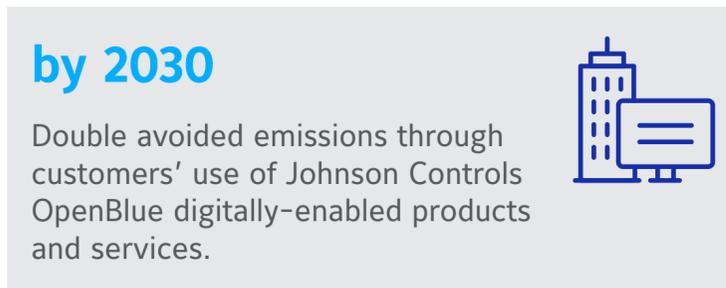
# Sustainable supply chain: Extend our values to our suppliers

Sustainability is weighed equally to other key metrics in supplier performance evaluations.

Create a supplier sustainability council and provide suppliers with training on sustainability best practices and our OpenBlue digital tools.

Increase diverse supplier spend with women and minority-owned businesses at a rate exceeding revenue growth.

Launch a supplier diversity initiative focused on underserved markets.

# Diversity, equity and inclusion: Value uniqueness, celebrate creativity and drive innovation

Intend to double the representation of women leaders globally and minority leaders in the US within five years.

Launch an initiative to educate the next generation of diverse leaders in the sustainable building industry.

# Social impact: Foster a Purpose Led culture
## by 2025

Grow sustainability employee engagement groups globally.

**80%** — Volunteer two million hours and align 80 percent of volunteer activities with the United Nations Sustainable Development Goals.

**25%** — Reduce recordable safety incidents by 25 percent from a 2017 baseline.

# Governance: Demonstrate our commitment from the top

Link sustainability and diversity goals to executive compensation to drive accountability.

Ensure board diversity in gender, ethnicity, citizenship and skills.

Drive sustainability oversight at the Board of Directors.

Align reporting with recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).

# Progress towards commitments

| | Goals (2017 baseline) | Progress by the end of the year | | |
|---|---|---|---|---|
| **Climate** | 25 percent reduction in GHG Intensity, Scope 1&2 by 2025 | 48 percent GHG intensity reduction | 0 | 48 | 100 |
| | Reduce water use by 10 percent at water-stressed locations by 2025 | 12 percent reduction | 0 | 12 | 100 |
| | 25 percent of manufacturing locations landfill free by 2025 | 21 manufacturing locations are landfill free or 23 percent | 0 | 23 | 100 |
| | Scope 1 and 2 emissions: 55 percent absolute reduction* by 2030 | 42 percent absolute reduction | 0 | 42 | 100 |
| | Scope 3 emissions: 16 percent reduction from the use of sold products* by 2030 | 14 percent absolute reduction | 0 | 14 | 100 |
| | 100 percent renewable electricity usage globally by 2040 | 41.5 percent of electricity from renewable sources | 0 | 41.5 | 100 |
| **Product stewardship** | Invest at least 75 percent of new product R&D annually in climate-related innovation to develop sustainable products and services | 90 percent invested | 0 | 90 | 100 |
| **Sustainable supply chain** | Weigh sustainability equal to other key metrics in supplier performance evaluations | Sustainability ratings weighted 21 percent of preferred suppliers' scorecards, equal to cost, quality and delivery | 0 | 21 | 100 |
| | By 2025, increase diverse supplier spend with women and minority-owned businesses at a rate exceeding revenue growth | Nearly $420 million spent with diverse suppliers | | | |
| **Diversity, equity and inclusion** | Intend to double the representation of women leaders globally and minority leaders in the United States within five years | 21 percent of our employees globally in manager-level and above positions are women and 24 percent of leaders in the US are members of minority groups | 0 | 21 | 100 <br> 0 | 24 | 100 |
| | Launch an initiative to educate and progress the next generation of diverse leaders in the sustainable building industry | Initiatives include:<br>· Johnson Controls Community College Partnership Program<br>· Barack Obama School of Career and Technology Johnson Controls-donated HVAC lab<br>· STEM 101 program<br>· 11 HVAC labs, with nine more in development<br>In the Johnson Controls Future Leaders Internship Program 57 percent of interns were from diverse backgrounds | 0 | 57 | 100 |
| **Social impact** | Grow sustainability employee engagement groups globally | Our sustainability-focused business resource group has members in 42 countries from all regions of the world | | | |
| | Safety: 25 percent reduction in recordable safety incidents | 29% reduction in recordable safety incidents | 0 | 29 | 100 |
| | Volunteer two million hours and align 80 percent of volunteer activities with the United Nations Sustainable Development Goals by 2025 | 1.86 million volunteer hours since 2017, with more than 45,800 hours in 2022, representing a 49 percent growth in volunteering | 0 | 49 | 100 |
| **Governance** | Link sustainability and diversity goals to executive compensation | Sustainability and diversity goals are included as part of the individual performance modifier of +10/-25 percent for our executive team | 0 | +10/-25 | 100 |
| | Ensure board diversity in gender, ethnicity, citizenship and skills | 36 percent of our board members are women and 73 percent are diverse in gender, ethnicity and citizenship. | 0 | 73 | 100 |
| | Sustainability oversight at the board of directors | Governance and Sustainability Committee of the Board receives quarterly progress briefings | | | |
| | Align reporting with recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) | We disclose our climate-related financial risks consistent with guidance from TCFD | | | |
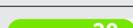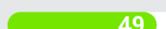
# We are
## Transparent

We live our values at Johnson Controls, including our Integrity First value which states that we promise honesty and transparency. To this end, in addition to the information on our top material topics above, we are including disclosures on additional topics that are also impactful to our company and to our overall success in ESG leadership. They are part of how we live our Purpose-Led value:

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.
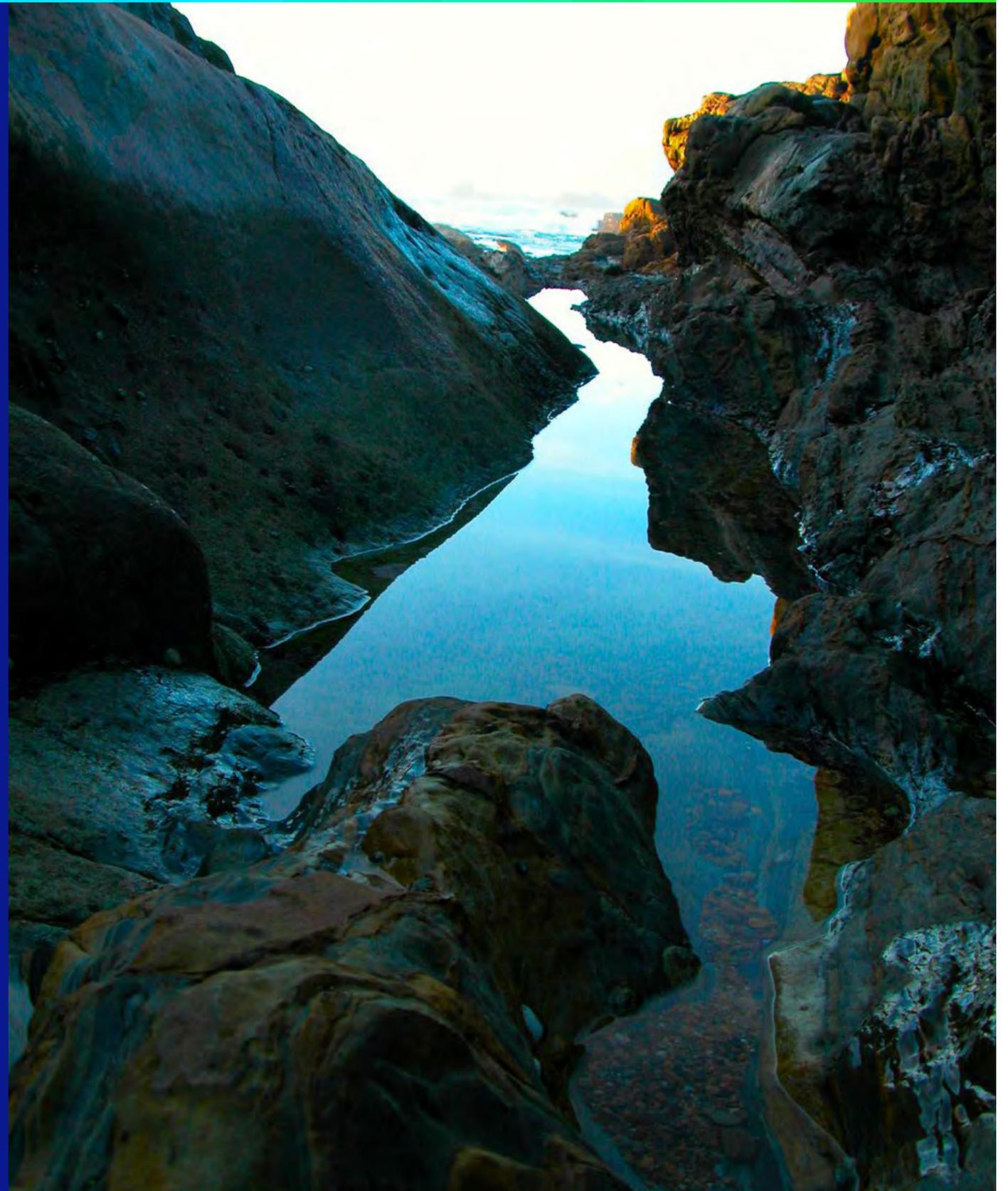
# Climate policy and engagement leadership

2-23 | 2-29 | 3-1 | 203-2

## Public engagement to drive sustainability:

In 2022, we continued to elevate Johnson Controls as a leading voice on climate change and building decarbonization policy through our strategic engagements. Through these engagements, Johnson Controls is demonstrating its important role as a thought leader on critical sustainability issues globally.

In March 2022, our CEO George Oliver was invited to the White House by President Biden to discuss the importance of energy sustainability and security in the wake of Russia's invasion of Ukraine.

Attendees also included Commerce Secretary Gina Raimondo, Treasury Secretary Janet Yellen and CEOs from America's largest corporations. During the meeting, Mr. Oliver discussed Johnson Controls' plans to scale up heat pump production and encouraged the Administration to implement polices in the United States to incentivize building electrification.

**One of the most influential women executives in corporate America**



Vice President and Chief Sustainability and External Relations Officer, Katie McGinty, was named one of the 2022 Most Influential Women Executives in Corporate America by WomenInc. Magazine. The list honors an elite group of executives setting the standard for high-level leadership and influence in some of the US's largest corporations.

Her leadership is recognized overall and specifically for sustainability and HVAC. She was also named one of the Top Women in Sustainability by Sustainability Magazine in 2023, honored as Woman of the Year by the Women's Council on Energy and the Environment, recognized as one of the Top Women in HVAC by ACHR News and was one of 25 women honored in 2022 for climate leadership by GreenBiz.





## The Sustainable Markets Initiative's Sustainable Buildings Task Force

George Oliver chairs the Sustainable Buildings Task Force, which is made up of global CEOs from throughout the buildings industry working together to accelerate the delivery of net zero buildings to reduce carbon emissions. The task force supports the overall SMI mission to speed the world's transition to a sustainable future by engaging and challenging public, private and philanthropic sectors to bring economic value, in harmony with social and environmental sustainability.

In advance of the G7 summit in Germany, SMI leaders called for world leaders to step up action to tackle climate change, calling for large-scale carbon pricing and measures to boost demand for clean technology. The open letter pleaded for ambitious government climate policies "that offer the private sector clarity and stability."

"The turbulence in global energy arises from an energy system shaped by countless choices made by governments and in the private sector for many years. But the fact is that we can make different choices for our future. It is within our power to rebuild the global energy system and economy in a way that works for nature, people and the planet, and avoids burdening the most vulnerable in society."

– SMI open letter to G7 leaders

**Business Roundtable Energy and Environment Committee**

In his role as Chairman of the Business Roundtable Energy and Environment Committee, George Oliver drove the international business community's 'call to action' at COP 26 to tackle the threat of climate change while enabling growth, fostering competitiveness and supporting communities. We were joined in this effort by the European Round Table, Business Council of Australia, Business Council of Canada and the Business Council of Mexico.

"We are committed to supporting our governments in delivering on their commitments under the Paris Agreement on climate change. The world must work together to limit global average temperature rise to well below 2°C above pre-industrial levels. Scientific studies demonstrate many of the worst impacts of climate change may even be realized with a 1.5°C rise in global temperatures."

**– A call to action from the global business community**









## 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27)

Johnson Controls recognizes the importance of engaging with world leaders and other leading organizations in fighting climate change. As such, several members of our leadership team, including our Chairman and Chief Executive Officer, George Oliver, took an active role in the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27). Mr. Oliver took a lead role through his many engagements in urging both the public and private sector that bolder action is required for us to solve the climate crisis we are facing.

At COP27, Johnson Controls became one of the founding members of the Corporate Coalition for Innovation and Technology toward Net Zero (CCITNZ), a cross-sector business alliance dedicated to helping countries meet decarbonization and climate change goals through innovation and technology. CCITNZ intends to serve as an accelerator for industries across sectors and geographies to innovate and develop breakthrough technologies to help achieve net zero goals.

The Sustainable Market Initiative's Sustainable Buildings Task Force published a white paper at COP27 smi-sustainable-buildings-task-force.pdf (storyblok.com) outlining best practices to achieve a more sustainable future through technology adoption, smart policies and innovative partnerships and driving action towards net zero buildings. George Oliver was featured on a panel that highlighted the key recommendations coming from this thought leadership piece.

# World Sustainable Development Summit

Katie McGinty, Vice President and Chief Sustainability and External Relations Officer, currently serves on the International Steering Committee of the World Sustainable Development Summit. The Summit is an annual conference organized by the Energy and Resources Institute, a research institute in New Delhi that specializes in the fields of energy, environment and sustainable development.





# First Movers Coalition

We are a founding partner of the First Movers Coalition, an initiative led by US Special Presidential Envoy for Climate, John Kerry, and the leadership of the World Economic Forum. The focus is on decarbonizing hard-to-abate sectors. Johnson Controls stepped up to help launch and drive the initiative, and we are now working with our suppliers and customers to lower the embodied carbon in building materials and building services.

We recently launched a closed-loop steel recycling partnership program with Nucor. The program will utilize the steel scrap from our largest US manufacturing facilities, representing thousands of tons of steel annually, in low-carbon, electric-arc-furnace steel making. We will use this low-carbon steel in our product manufacturing.

Currently, nearly 75 perent of steel purchased by Johnson Controls in the US, and 45 percent globally, is manufactured from recycled scrap materials, using electric-arc-furnace technology. Electric-arc-furnace technology is a low-carbon production method, generating on average 60 percent to 75 percent less less emissions than traditional blast-furnace manufacturing. Johnson Controls is working closely with suppliers to align on carbon-reduction targets, with the ultimate aim of achieving near net zero steel.

**Political contributions**
415-1

## We encourage our employees to be engaged in their community in a variety of ways.

In addition to volunteer and charitable activities, we promote participation in the public policy and electoral process in the United States including encouraging our employees to vote. Eligible employees may also make a voluntary contribution to the Johnson Controls Political Action Committee (PAC). Our corporate government affairs activities, including membership in various trade associations and organizations, are designed to educate policymakers on key issues impacting the company and to help advance our business objectives.

In 2022, we made corporate political contributions to several committees. The complete list of our corporate political contributions and federal lobbying expenses can be found here. We did not make any independent political expenditures in support of or in opposition to any candidates nor were corporate contributions made to any state or local candidates for office.

We do not provide financial or in-kind support related to political activities in other countries. In 2022, the Johnson Controls Political Action Committee contributed a total of $230,650. The complete list of recipients can be found here.

More information on the Johnson Controls Political Action Committee's expenditures is available at www.fec.gov.

## Issue advocacy

Johnson Controls proactively engages with policymakers at all levels of government to share our perspective on issues related to sustainability and decarbonization. We also comment publicly on policies that have an impact on the climate, such as the Inflation Reduction Act, the Supreme Court decision in West Virginia versus EPA, and the AIM Act, which mandated the phasedown of HFCs. George Oliver also testified before the US Senate Budget Committee at a hearing entitled 'Climate Change: The Cost of Inaction'.

In Europe, Johnson Controls holds key leadership positions and played a key role in our sector-specific trade associations to advance net zero buildings and decarbonize district heating and cooling. We have driven efforts to advance net zero buildings and emphasize the use of heat pumps for heating and cooling in the EU Energy Performance of Buildings Directive. We have also driven the Energy Efficiency Directive to give a bigger role to municipalities to decarbonize district heating and cooling.

## Johnson Controls sustainability memberships
2-28

Our public policy engagement is often conducted in conjunction with the efforts of allied non-profit advocacy groups, business, trade and issue organizations of which the company is a member. Johnson Controls membership or support of these organizations does not mean we support every position they may take, and we reserve the right to speak out, both publicly and within the organization, when we disagree. To view a list of organizations, go to: click here

**Statement on Supreme Court ruling in West Virginia versus EPA**
The Supreme Court's climate ruling is a disappointment because it is clear that climate change is the paramount environmental challenge of our day and the solutions are at hand to solve it. We know that we have the technology to tackle climate change — especially when supported by smart policy and regulation. Johnson Controls is still all-in on climate action.
Read more here

**Statement of support for the Inflation Reduction Act**
"Climate change and geopolitics force us to move decisively toward a more secure, resilient and sustainable energy future," said Katie McGinty, vice president and chief sustainability officer, Johnson Controls. "By bolstering current supplies while accelerating the sustainable energy transition, the energy provisions of the Inflation Reduction Act will strengthen energy security and meaningfully reduce emissions, representing an important step towards a better future."
Read more here

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **UN Global Compact** | **Responsible Corporate Engagement in Climate Policy** | **"We are still in" declaration** | **Three Percent Club** | **Statement on the Purpose of a Corporation** | **The Climate Pledge** | **Sustainable Markets Initiative** | **World Sustainable Development Summit** |
| **2004** | **2015** | **2017** | **2019** | **2019** | **2021** | **2021** | **2022** |
| **2015** | **2015** | **2018** | **2019** | **2020** | **2021** | **2022** | |
| **Climate Group EP100** | **American Business Act on Climate Pledge** | **Commitment to adopt Science-Based Targets** | **High-Level Commission on Carbon Pricing and Competitiveness** | **Science-Based Targets (set in 2020; approved in 2021)** | **First Movers Coalition** | **Better Climate Challenge** | |

🟦 Voluntary Commitments   ⬜ Date Adopted

# Sustainability
# Governance

# Demonstrate our commitment from the top and integrate sustainability in company goals and decision-making

| Goals (2017 baseline) | Progress by the end of the year |
|---|---|
| Link sustainability and diversity goals to executive compensation to drive accountability | Sustainability and diversity performance goals are required for the top leaders of our company, including our CEO and executive team. These goals are included as part of the individual performance modifier of 10 percent to –25 percent, which is used to adjust the annual incentive award through a judgment–based assessment of how performance was delivered versus our culture and values and any exceptional circumstances during the year. In addition, in 2023, more than 16,000 employees tied their annual goals to sustainability and diversity. See: Executive Compensation |
| Ensure board diversity in gender, ethnicity, citizenship and skills | As of the March 2023 AGM, our Board of Directors is 36 percent women and 73 percent is diverse in gender, ethnicity and citizenship. See: Company Leadership | 
| Drive sustainability oversight at the Board of Directors | The Board reviews and discusses environmental, social and governance (ESG) goals and achievements and matters important to our strategy, including reviewing our sustainability strategy and performance at least annually. Governance and Sustainability Committee of the Board receives quarterly progress briefings on environmental, social and governance programs and goals, management, risks, trends and environmental health and safety. See: Sustainability Governance |
| Align reporting with recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) | We disclose our climate-related financial risks consistent with guidance from the Task Force on Climate-Related Financial Disclosures in the CDP Climate Change disclosure. In 2022, the Company updated our climate-related risk and opportunity scenario analysis consistent with TCFD guidance, and we use that analysis to identify the most critical climate-related risks and opportunities and to develop management strategies for mitigating risks and capitalizing on opportunities. We integrated climate-related risks into our formal Enterprise Risk-Management process to ensure the use of a consistent risk framework across the enterprise and to create accountability and visibility up to and including the board. See: Enterprise risk management |

**36%**

# Company leadership

The Johnson Controls Board of Directors is guided by our Corporate Governance Guidelines, Committee Charters, Code of Ethics and Articles of Association, all of which are publicly available in the Corporate Governance section of our corporate website.

Detailed information about our executive leadership, governance structure, Board of Directors and its committees are also publicly available in our 2023 Proxy Statement, our Annual Report on Form 10-K, and the Leadership page of our website.

We believe 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.

We are committed to recruiting and retaining directors and officers of proven leadership ability and personal integrity. Our board adopted and adhere to our Corporate Governance Guidelines, which provide a resilient framework for the effective governance of Johnson Controls.



# Responsibility for economic, environmental and social topics

The mission of our Board of Directors is to promote the long-term value and health of Johnson Controls in the interests of our shareholders and to set an ethical tone at the top. All corporate authority is exercised by our Board of Directors, except for those matters reserved for our shareholders.

In general, the management of Johnson Controls is responsible for developing our overall mission and strategic plan on an enterprise and business level. Our Board of Directors retains oversight authority – defining and overseeing the implementation of, and compliance with, standards of accountability and monitoring the effectiveness of management policies and decisions to ensure the company is managed in such a way to achieve its objectives.

**Board of Directors and board committees**
Our Board of Directors approves and oversees the implementation of the company's mission, strategic plan and business strategies and provides advisory support to management.

The vision and values of our Board of Directors include our company vision of a safe, comfortable and sustainable world and our company values: Integrity-First, Purpose-Led, Customer-Driven, Future-Focused, One Team.

The full Board of Directors oversees strategy and strategic risk through robust and constructive engagement with management, taking into consideration our key priorities, global trends impacting our business, regulatory developments and disruptors in our businesses. The full board provides oversight over processes established to identify and manage the company's impacts on the economy, environment and the people, including reviewing the results of management's enterprise risk management process, which identifies the company's top risks. The board uses this information to understand the key internal and external risks faced by the company and ensure that these risks are effectively managed. The board also receives updates from management on business, sustainability, health and safety, human capital management and other topics to better inform its understanding of how our business and strategy impacts internal and external stakeholders.

The board reviews and discusses ESG goals and achievements and matters important to our strategy, including reviewing our sustainability strategy and performance at least annually. The Governance and Sustainability Committee of our Board of Directors has been delegated primary oversight over the sustainability and health and safety matters impacting our company and is briefed each quarter on our progress. The full board also receives periodic briefings during the year on sustainability matters ranging from our sustainability initiatives and progress to the intersection of sustainability and our business strategy. The Governance and Sustainability Committee, together with the full board, provide oversight over our progress toward and achievement of the sustainability strategies and goals established by management.

Our Compensation and Talent Development Committee has been delegated primary oversight of our talent development and human capital management efforts. This includes diversity, equity and inclusion and our overall organizational health. The committee is regularly briefed on our initiatives to foster, develop and maintain a high-performance culture. The Compensation and Talent Development Committee reviews the results of management's initiatives to engage with employees to understand how the company's policies and practices impact the workforce and the overall employee experience.

The Compensation and Talent Development Committee provides advice and feedback to management based on the results of these due diligence efforts to help guide management's strategy to improve the employee experience and drive a high-performance culture. In addition, our entire Board of Directors is also briefed periodically on material human capital matters during the year.

**Chairman and CEO, Chief Sustainability Officer, Chief Human Resources Officer and Executive Committee**
Authority for day-to-day management of economic, environmental and social topics is delegated to the Executive Committee (EC), which comprises the senior executives responsible for all our major corporate functions. The most senior positions with operational responsibility for environment and society aspects include the Executive Vice President,

General Counsel; Executive Vice President and Chief Human Resources Officer; Vice President, Chief Sustainability and External Relations Officer; and Vice President and Chief Procurement Officer.

In addition, local business leaders are responsible for the impact our business has on the environment and local society. The EC further delegates relevant authority for economic, environmental and social topics, including all the material aspects discussed in the Johnson Controls Sustainability Report, to the Environmental, Social and Governance Leadership Committee (ESG LC).

**Global ESG Leadership Committee and ESG strategy workstreams**
The ESG LC organized all sustainability and corporate responsibility topics and associated targets, metrics and strategies into one of six ESG strategy workstreams: climate, product stewardship, sustainable value chain, diversity, equity and inclusion, social impact and governance.

We are committed to maintaining ongoing dialogue with our shareholders to enable us to solicit and respond to shareholder feedback in a timely manner. The feedback we receive through biannual engagement efforts is an important input into discussions and decisions regarding our governance and business practices. Our outreach efforts are generally led by members or management representing a wide variety of functions, including corporate governance, sustainability, human resources and investor relations. The outcomes of these discussions are reported to our Board of Directors by management. In addition, the Governance and Sustainability Committee regularly reviews relevant shareholder and stakeholder correspondence addressed to the Board or Directors.

These methods of engagement provide our board with valuable insights into the views of our shareholders and other stakeholders.
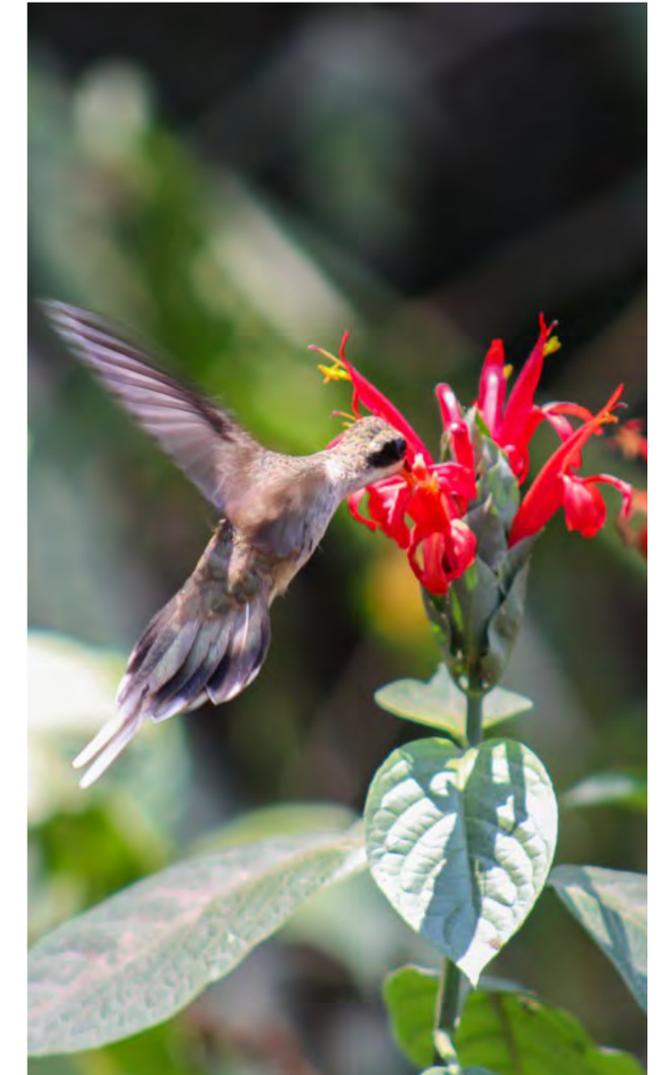
# Executive compensation tied to sustainability and diversity

2-19 | 2-20

Sustainability and diversity performance goals are required for the top leaders of our company, including our CEO and executive team. These goals are included as part of the individual contribution modifier applied to their annual incentive award calculation. The individual contribution modifier acts as an assessment of an individual's contributions and actions toward the performance of our business, operational improvements and our progress in sustainability and diversity.

Sustainability and diversity goals are factored into the individual modifier of 10 percent to –25 percent to assess individual contributions to our performance, including:

- **Climate** – progress toward our emission reduction goals and achievement of top-tier sustainability ratings

- **Health and safety** – realizing our Zero Harm vision by championing health and safety initiatives that result in improved employee well-being and safety outcomes

- **Diversity and inclusion** – continued progress toward our diversity and inclusion goals

- **Employee and external engagement** – fostering a culture of sustainability and organizational health that engages and attracts people who want to make a difference

Our CEO reports on ESG progress quarterly to our Board of Directors. A quarterly CEO scorecard is prepared with performance against annual ESG and other business targets and is reviewed by the full Board of Directors. Integrating sustainability into the goals of our executive team and linking them to compensation ensures sustainability is embedded in our products, services and culture.

# In 2023, more than 16,000 employees tied their annual goals to sustainability and diversity.
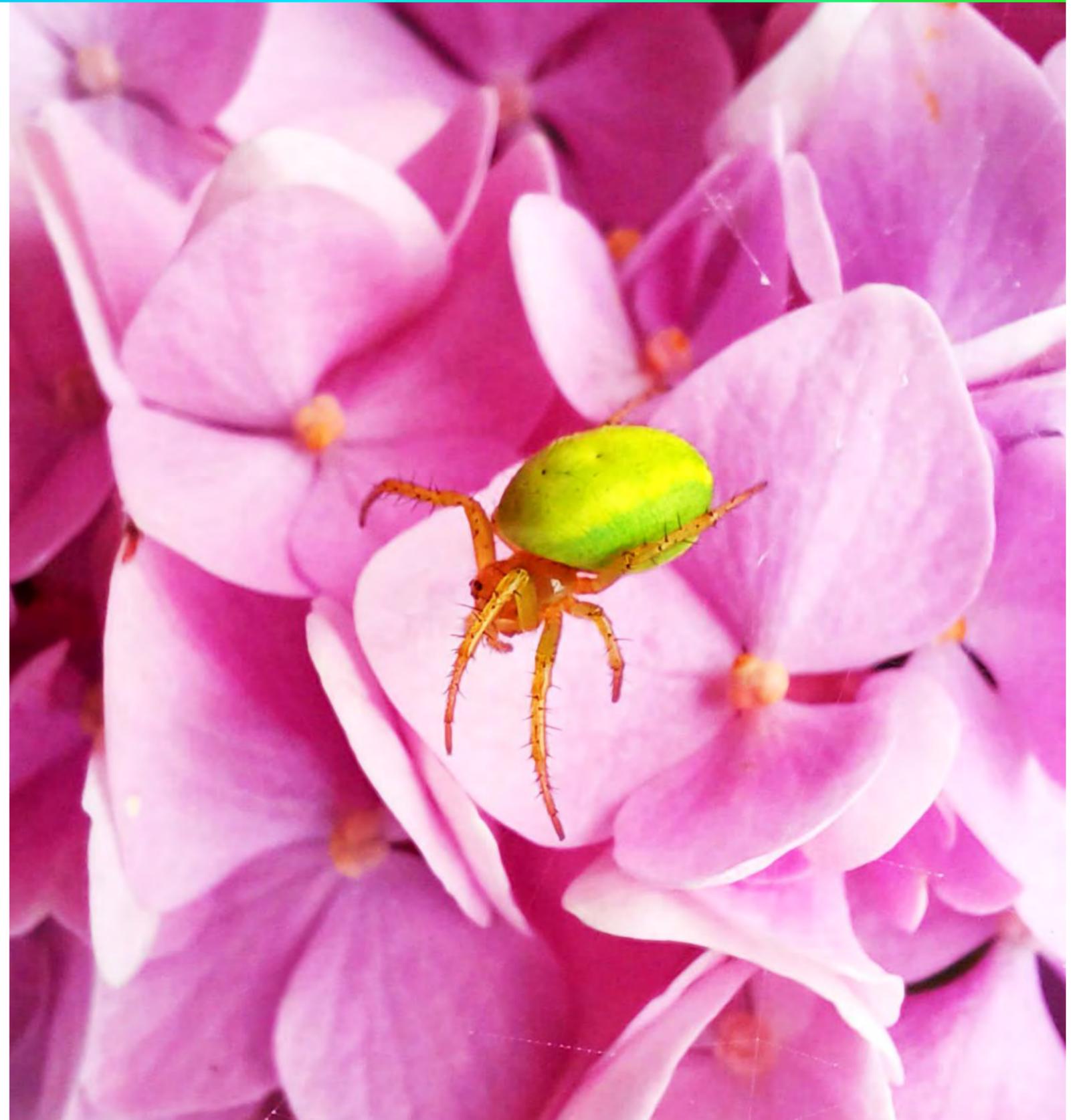
# Enterprise risk management

2-12 | 2-23 | 2-24 | 201-2 | 205-1 | 3-1

In fiscal year 2021, for the first time, we explicitly incorporated sustainability into our enterprise risk management (ERM) process. That integration continues to evolve. As a global industrial company, we face a range of risks, including general economic, credit and capital market conditions risks, geopolitical risks, regulatory risks, global climate change risks and several other risks that are described in more detail on pages 11–24 of our fiscal 2022 Form 10-K.

We have a comprehensive enterprise risk management (ERM) program that engages a variety of stakeholders across the enterprise to identify our top internal and external risks. Our board is primarily responsible for overall risk oversight, including the company's risk profile and management controls.

More detailed information on the risk oversight role of the Board of Directors is disclosed on page 31 of the 2023 Proxy Statement.

We govern our enterprise risks and opportunities through a robust risk management and mitigation program.

- Our Board of Directors has a risk oversight role that is consistent with our governance 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 both directly and through its standing committees. Throughout the year, the board and each committee spend a portion of their time reviewing and discussing specific risk topics. Board meetings regularly include strategic overviews by our CEO and other members of senior management that describe the most significant issues, including risks, affecting us. On an annual basis, the Chief Compliance Officer and other members of senior management report on our top enterprise risks, and the steps management has taken or will take to mitigate these risks. In addition, the board regularly receives updates covering specific risk topics from business leaders, the General Counsel, Chief Information Officer, Chief Sustainability and External Relations Officer 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 ERM process.

Our 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 audit, and includes a formal process to identify and document the key risks to Johnson Controls as perceived by a variety of stakeholders in the enterprise. In addition, a Risk Committee participates in the ERM process in three ways:

1. Identifying and developing mitigation plans for operational risks at the functional and regional levels of the organization
2. Providing feedback on the ERM process, procedures and results
3. Escalating any new risks as appropriate to the Executive Committee

The results of ERM activity are presented to the board at least annually.

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, the Sustainability Leadership Committee, the ESG Leadership Council (formerly the Global Sustainability Council), the Purchasing Leadership Team, and specialized committees and management groups.

# Nature

Nature-related analysis and disclosure are key elements of our ESG strategy. We continuously increase our understanding of nature-related risks and opportunities, and mitigate our impact on nature and nature's impact on our business through management of the key areas and transparent disclosure.

Our focus on nature includes:
· Emissions: Air emissions and pollution
· Water: Conservation and wastewater management
· Waste: Reduction and circular economy

We have put forward and met or made great progress against, our goals for water conservation and the circular economy, continuously innovating across all areas to increase our ambition and performance. We have both board oversight and third-party validation of our efforts. This is a rapidly developing space, and we intend to remain on the cutting edge.

**Taskforce on Nature-related Financial Disclosure (TNFD) and Science-Based Targets Network (SBTN)**

We are engaged with the Taskforce on Nature-Related Financial Disclosure (TNFD), and we were selected to be in the group of initial founding partners, serving as built environment subject matter experts, in the development of TNFD, the nature counterpart to the Taskforce on Climate-Related Financial Disclosures (TCFD).

We are also engaged with the Science-Based Targets Network (SBTN) and the work of creating targets and strategies across nature-based topics.

We actively reduce our impact on nature through several initiatives. We continually locate, evaluate, assess and prepare (LEAP) new ways to reduce our impact on nature and maximize its beneficial impacts. To that end, we have identified dependencies and impacts, both material and immaterial, that interface with nature.

· Emissions
· Water
· Waste
· Biodiversity (in process)
· Land use, land use change and forestry (LULUCF) (in process)

Through the TNFD guidance, we have established dependency and impact progress in line with the LEAP model.

| Dependency/ impact | Locate | Evaluate | Assess | Prepare |
|---|---|---|---|---|
| Emissions | Upstream: supplier emissions tracking through CDP and EcoVadis<br><br>Direct: Scope 1 and 2 emissions tracking of manufacturing and office locations<br><br>Downstream: Scope 3 emissions tracking across relevant categories | Upstream: supplier sourcing contracts<br><br>Direct: Scope 1 and 2 emissions data<br><br>Downstream: Scope 3 emissions data | Financial, operational and strategic analysis of emissions risk | Reduce greenhouse gas emissions intensity and energy intensity by 25 percent by 2025<br><br>Reduce absolute Scope 1 and 2 emissions by 55 percent by 2030<br><br>Reduce absolute Scope 3 emissions from the use of sold products by 16 percent by 2030<br><br>Achieve net zero Scope 1 and 2 carbon emissions in alignment with The Climate Pledge by 2040 |
| Water | Direct: Prioritize water-stressed locations | Direct: water consumption data at relevant facilities | Financial, operational and strategic analysis of water consumption risk | Reduce water use by 10 percent at water-stressed locations by 2025 |
| Waste | Direct: manufacturing sites transitioning to landfill-free operations | Direct: waste generation data at relevant facilities | Financial, operational and strategic analysis of waste generation risk | Twenty-five percent of manufacturing locations to be certified landfill-free by 2025 |

We track progress and impact on these areas through our annual sustainability reporting. Our CDP reporting includes our Climate Change Disclosure and Water Security Disclosure, both of which help us to track progress on our nature goals and are aligned with TNFD guidance.

# Air quality and air emissions

As companies continue return to the office, optimal indoor air quality is a critical business need.

In 2022, we launched OpenBlue Indoor Air Quality-as-a-Service. The offering is the first dedicated as-a-service indoor air quality (IAQ) solution for buildings, delivering energy-efficient, turnkey clean air solutions. OpenBlue Indoor Air Quality-as-a-Service provides our customers with a long-term and proactive approach to IAQ to meet ever-changing health and safety standards aimed at reducing indoor air pollution, especially do to the continuing need for IAQ solutions following the COVID-19 pandemic.

**Our IAQ program includes:**

- **IAQ assessments** – together with UL, a global safety science leader, we will use a combination of science and technology to assess IAQ pinpoint areas of risk and determine benchmarks and key performance indicators that support better IAQ and energy efficiency

- **Solution application** – based on the results of the assessment, we will apply sensors, products and services to improve air quality. The award-winning OpenBlue technology breaks down data silos and delivers all critical indoor air quality information in one centralized place, making it easy to control devices, display IAQ data and identify trends, which helps optimize energy costs and indoor air quality levels with AI-powered recommendations for improvements

- **Remote monitoring and advisory** – to ensure desired outcomes are met, we will leverage our global remote operations centers to provide 24/7 monitoring of critical IAQ values and recommendations for improvements

Industry research continues to demonstrate the benefits of a holistic approach to indoor air quality control and management. In a survey of our customers, we found 60 percent are actively investing in indoor air quality-related measures. Even a one percent improvement in air quality can have a financial impact equivalent to an average building's annual utility bill, according to Harvard research. In addition, improved indoor air quality can reduce the aerosol transmission of COVID-19, acting as effectively as a population that is 50 percent to 60 percent vaccinated, according to peer-reviewed research published in Nature.

"Now, more than ever, enhancing indoor air quality is a critical business need as employees return to their workplaces and students return to their schools,"

said Tyler Smith, Executive Director, Healthy Buildings at Johnson Controls. "Our industry-leading OpenBlue Indoor Air Quality-as-a-Service offering not only enables organizations to keep building occupants safe and healthy indoors in the face of evolving health and compliance regulations, but also empowers organizations to commit to more environmentally sustainable projects by delivering a solution that will also reduce energy use."

**Learn more about Johnson Controls OpenBlue Indoor Air Quality as a Service (johnsoncontrols.com)**

# Water: Conservation and wastewater management

3-3 | 303

## We have already surpassed our 2025 goal to reduce water by 10 percent at our water-stressed facilities.

We have achieved a 12 percent reduction since 2017. Also in 2021, we re-baselined in accordance with WRI Aqueduct 3.0 to update with better data across all years.

We measure consumption from facilities in our operational control of our manufacturing and office buildings, detect and repair water leaks, recalibrate flow meters and deploy water-saving technologies. Since 2018, we have implemented projects globally to reduce water consumption and promote recycling and reuse processes, further enhancing circular processes throughout our global network of facilities. The recycling processes also enable the proper discharge of

water through wastewater treatment processes to prevent discharge to the natural, freshwater environment.

In 2021, we initiated a focused effort on water reduction. Our manufacturing facility in Taoyuan implemented a process for water reuse and recycling. Each week the fire system runs for 30 minutes. Previously, the water ran through the typical rainwater downpipe and fully discharged from the facility. The team installed a water storage tank so the water can be fully recycled and used for watering flowers and for toilets.

Also in 2021, we updated our water-stressed locations in alignment with WRI Aqueduct 3.0. Twelve locations previously identified as water stressed were removed and 17 locations were added. This completes our total list of 23 water-stressed locations, including facilities in Mexico, India, Brazil, Thailand and Arizona in the United States. Starting with our facilities in Mexico, our environmental and health and safety engineers have started a detailed process utilizing kaizen to implement solutions that reduce total consumption.

In March 2022, our team launched a focused, global effort to reduce water consumption at our updated list of water-stressed locations globally. Starting with our facilities in Mexico, the team is designing a global program for water reduction, reuse and recycling with best practices implemented in each of our water-stressed locations. This systematic approach to water conservation will be added to our Johnson Controls Manufacturing System (JCMS) for application throughout our global facility network.

Our approach to the siting and management of all our facilities remains consistent with our commitments as a signatory to the United Nations Global Compact, our Code of Ethics, our environmental, health and safety standards, and all applicable laws and regulations.

In addition, we use innovative water reclamation technologies at several of our facilities, including all three of our corporate headquarters buildings – in Glendale, Wisconsin; Cork, Ireland; and Shanghai, China - which are LEED (Leadership in Energy and Environmental Design) certified. Our Glendale facility has a 30,000-gallon rooftop cistern to capture rainwater for re-use in water closets and urinals.
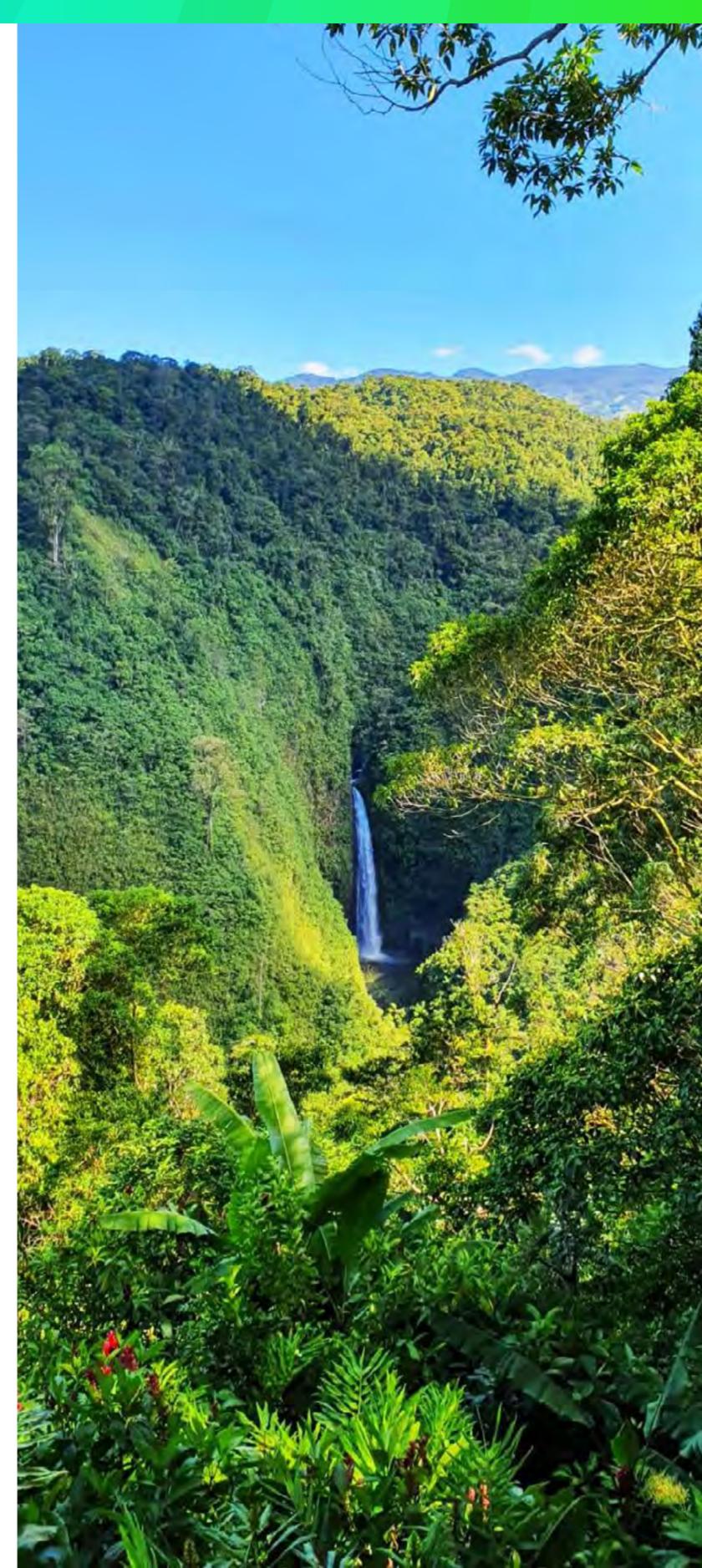
## Our solutions in action

### Data center cooling solutions

Water is a key consideration for data center site selection. With the acquisition of Silent Aire, we now offer a full portfolio of data center cooling solutions to address the energy-water nexus, providing technologies to optimize the usage of energy and water across all geographies, with a specific shift to air-cooled chillers in hot and humid climates. Our balanced product portfolio offers air cooling, water cooling and direct evaporative cooling (DEC). We work with data center customers to design an optimized solution for their specific location.

In Denmark, our ability to design optimized solutions allowed a data center customer to utilize heat pumps as a cooling solution instead of traditional evaporated water-cooling technology. The project saved 132,000 tons of water each year, or 360 tons per day. In addition to the water savings, the design also enabled waste heat generated from the data center to be reused to heat 6,900 homes.

**Saved**

# 132,000

**tons of water each year**

### Heat pump solutions drive water efficiency

Given water-intensive products and manufacturing processes, efficient use of water is a focus for our customers in the consumer product goods and chemicals industries. Water consumption can also be reduced with heat pump technology. With the installation of two heat pumps, we reduced water consumption at the manufacturing facility of a large, global beverage producer, saving 70,600 tons of water annually.

**Saving**

# 70,600

**tons of water annually**

### Wastewater efforts

Acknowledging the major energy and greenhouse gas footprint associated with water pumping and treatment, we have delivered 37 projects in wastewater treatment facilities and distribution systems focused on energy efficiency and resource recovery. While wastewater treatment has a considerable energy cost, our team has executed projects that both reduce energy consumption from the grid and produce renewable energy. For example, we worked with the City of Evansville, Indiana, in the US and others to and others to convert gas from their anaerobic digesters into electrical and thermal energy to offset the energy use at the wastewater treatment plant.

These projects have also implemented grease-receiving improvements to reduce clogging challenges in the sewage conveyance system and improve the renewable energy recovered in the process. The renewable energy production from the City of Evansville project reduced more than 2,800 metric tons of carbon per year based on the electricity only – that is the equivalent of powering 340 homes. Our team offers innovative financing for our customers that unlocks the benefits of resources recovered through the transfer of financial and operational risk.

**Reduced more than**

# 2,800

**metric tons of carbon per year**

### Combining technologies to boost outcomes

The Johnson Controls BlueStream™ hybrid cooling system combines water- and air-cooling technologies to reduce water consumption by up to 80 percent while maintaining energy performance, allowing our customers to optimize performance for energy and water objectives.

**Reduce water consumption by up to** **80%**

**Saved**

# 2.1 **million gallons in a two-year period**

We have partnered with two national laboratories – the National Renewable Energy Laboratory (NREL) in Golden, Colorado, and Sandia National Laboratory in Albuquerque, New Mexico - to test the BlueStream in data center cooling applications. NREL's high-performance computing data center saved 1.16 million gallons of water in its first year of incorporating BlueStream and 2.10 million gallons during a two-year period, while also maintaining a power usage efficiency (PUE) below NREL's threshold of 1.06, allowing the data center to retain the title of one of the most efficient in the world.

This accomplishment earned NREL and its partners a US Department of Energy Federal Energy Management Program Federal Energy and Water Management Award and the Data Center Dynamics 2018 Eco-Sustainability Award.

**Water conservation with local and state governments**
Our work with local and state governments also addresses the issues of water scarcity, aging water infrastructure and clean water and sanitation. In water metering and leak detection, we have delivered more than 120 projects totaling $1 billion in water, energy and operational savings.

For example, in the City of Toledo, 126,000 mechanical water meters which have lost their accuracy over time are being upgraded to new static water meters, which maintain their accuracy over their useful life and can also identify leaks at the customer's property.

These new water meters will be read through an advanced metering infrastructure (AMI) system to fully automate meter readings and virtually eliminate vehicle emissions from the meter reading process. The project also includes a customer engagement web portal that informs account holders about leaks on their property and provides them with useful information about finding and repairing leaks on domestic plumbing and offers useful tips for conserving water.

Our experts also developed a comprehensive water loss project at two correctional sites in the Oklahoma Department of Corrections system.

**120** projects

**$1 billion**
in water, energy and operational savings

**The project included the following:**

· Replacement of three sections of water mains that were more than a century old

· Creation of a water atlas to map the entire water distribution system

· Comprehensive acoustic leak survey to identify leaks. Once found, those leaks will be repaired

· Installation of water-conserving plumbing fixtures

· Installation of three pressure-reducing valve stations to reduce excess system pressure. This will conserve water, preserve the water-conserving fixtures installed by Johnson Controls, reduce the leak flow rate on future leaks and prolong the useful life of existing pipes

· Installation of a network of new and innovative acoustic leak noise loggers across the two sites. These loggers pinpoint the leak site and communicate that information

· Cellular radio to a secure web portal daily for the maintenance staff to review

· Installation of water meters at select buildings to monitor usage during unoccupied hours – the usage data is relayed daily via 4G LT-E cellular radio to a secure web portal for the maintenance staff to identify leaks at those remote buildings

We also conducted an acoustic leak noise survey at CFB Kingston, Ontario, Canada. The team found seven leaks on the base, one of which was a circumferential crack on an eight-inch cast iron main. The site was excavated, and the crack had an average width of 1/8″ (3 mm) and covered more than half of the circumference of this large iron pipe. The estimated leak flow rate from this one crack was 215 gallons per minute (813 liters per minute). By repairing this one leak, our team saved our customer more than 112,884,100 gallons (427,313 m3) of treated water a year.
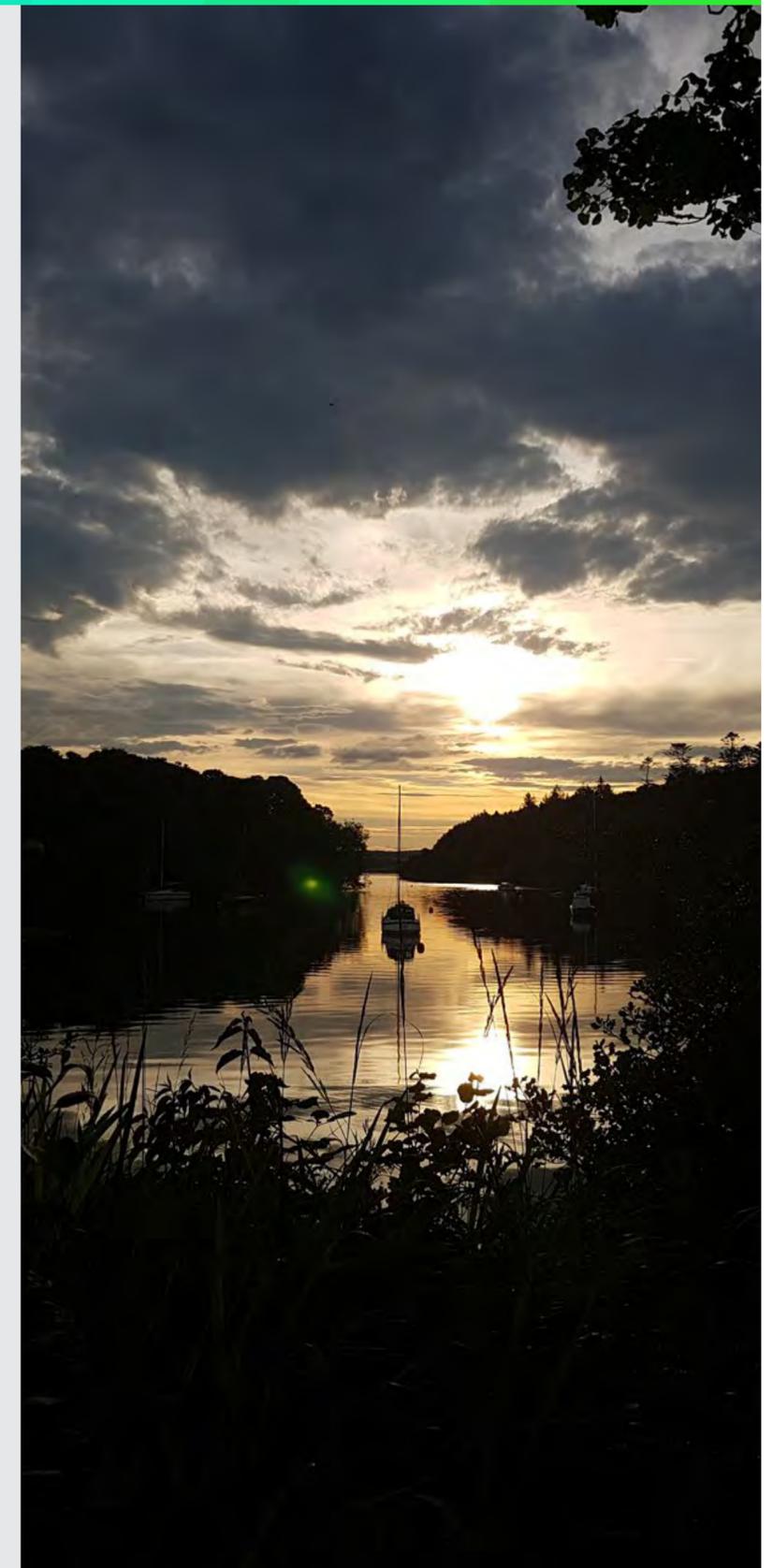
# Circular economy

3-3 | 306-1 | 306-2

We work to implement circular economy practices and offerings to our customers.

There are three key components of our circular economy strategy:

**1** Product design, which includes the use of recycled content and end of life reuse and recycling

**2** Elimination of waste within our operations

**3** Partner with customers to create end-of-life solutions for building retrofits

## CIRCULAR ECONOMY

DESIGN · PRODUCTION · PRODUCT-IN-USE · RECYCLING
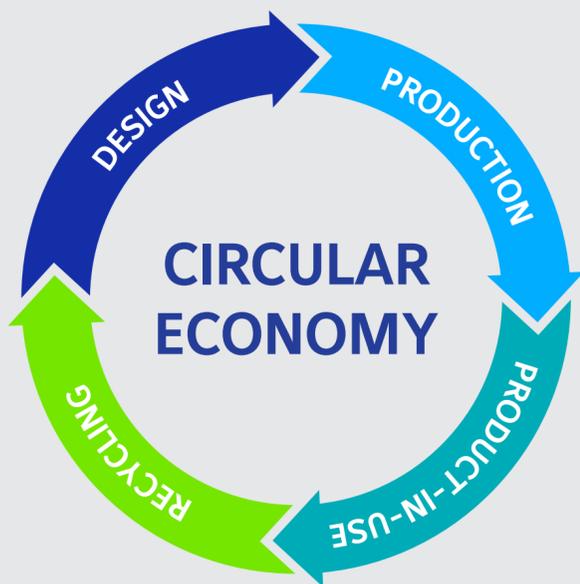
# Elimination of waste within our operations

The primary driver of waste for Johnson Controls is waste generated during the manufacturing of building technology equipment.

**25%** Our goal is that 25 percent of our manufacturing locations will be landfill-free by 2025.

**100%** In 2022, 21 manufacturing locations, representing 23.5 percent of our total manufacturing locations, have a 100 percent diversion rate and are recognized as zero landfill.
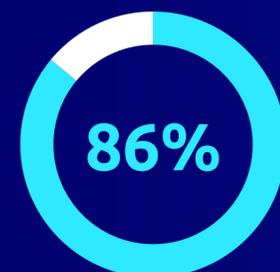
**86%** Our manufacturing facilities globally have an overall diversion rate of 86 percent.

We include reuse, recycling, compost and incineration with energy recovery in our diversion rate. Other non-manufacturing sites have also taken on the ambitious objective of becoming landfill-free, with a total of 29 locations that are landfill-free throughout the company.

Every location is encouraged to eliminate the disposal of waste sent to landfill. We engage in a range of programs, initiatives and activities specific to waste. Some of our current activities include:

· Running a corporate-level workgroup specifically focused on reducing waste and helping plants achieve their zero-landfill goals

· Establishing and tracking progress of our waste generation towards zero waste to landfill

· Continuously finding ways to improve our waste management throughout the life cycle of our business, including finding ways to reduce waste in the first place or to reuse or recycle materials. This includes reducing waste across our corporate facilities, for example, using compostable materials in the cafeteria and other activities

· Promoting and encouraging recycling among our customers and end-users, including supporting take-back programs, public education and retrofit options

· To be recognized as zero landfill, a site must participate in an independent review and demonstrate to the senior Environmental Health and Safety (EHS) Leadership team that 100 percent of the waste generated is either recycled, reused or converted to energy. Each location started the journey to zero landfill several years before they completed the recognition process, and a large part of their success can be attributed to the focus and personal commitment from the employees at each site. Their support has helped to ensure we have a positive impact on the world we live in by reducing the amount of waste being placed in the ground
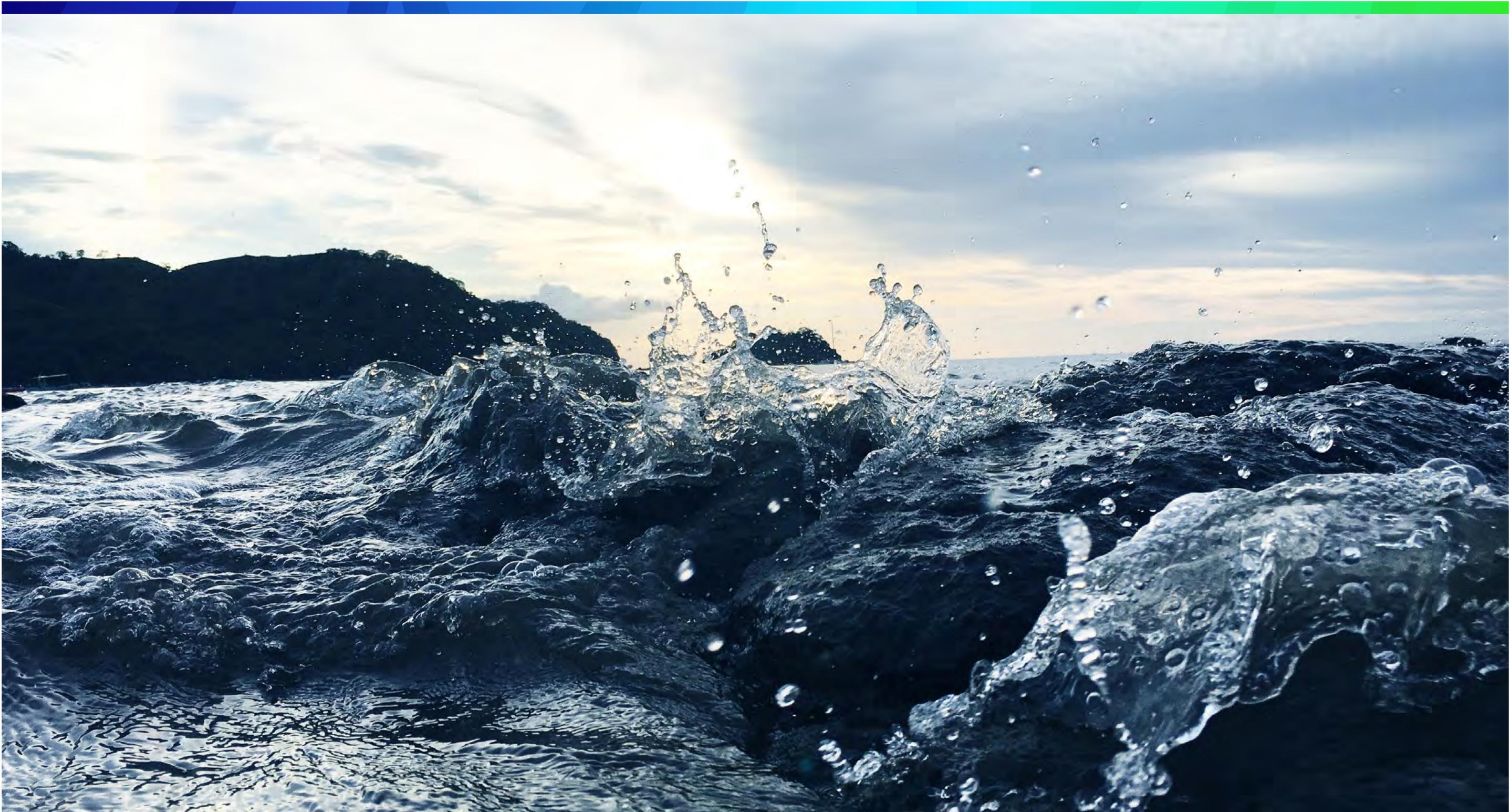
## The facilities that have achieved the impressive milestone of zero landfill are:

**NETHERLANDS**
5. Distribution Echt, Netherlands (March 2016)
6. Distribution Enschede, Netherlands (March 2016)

**CZECH REPUBLIC**
3. BMS Rajecko, Czech Republic (September 2015)

**UK**
1. FSP Frome, UK (July 2015)
8. FSP Stockport, UK (September 2016)
12. Distribution Letchworth, UK (May 2018)
16. FSP Great Yarmouth, UK (August 2018)
25. EMEALA Sunbury-On-Thames, UK (October 2021)
29. EMEALA Gateshead, UK (July 2022)

**SWEDEN**
9. FSP Lammhult, Sweden (September 2016)

**DENMARK**
17. IR Holme, Denmark (August 2018)

**FINLAND**
21. IREF Finland (November 2020)

**CHINA**
22. JCH Guangzhou, China (April 2021)
23. JCH Guangzhou works, China (April 2021)

**TAIWAN**
19. JCH Taoyuan Works, Taiwan (July 2020)

**CANADA**
10. BMS Toronto, Canada (March 2017)

**FRANCE**
15. IR Nantes, France (July 2018)

**SPAIN**
14. JCH Barcelona, Spain (June 2018)

**JAPAN**
18. JCH Shimizu Works, Japan (May 2019)
28. JCH Tochigi, Japan (May 2022)

**TEXAS**
7. FSP Port Arthur, Texas (April 2016)
20. FSP Lubbock, Texas (August 2020)

**ITALY**
13. BMS Corropoli, Italy (June 2018)

**INDIA**
27. JCH Kadi, India (April 2022)

**KOREA**
4. BMS Sungnam, Korea (February 2016)

**GERMANY**
2. FSP Luneburg, Germany (September 2015)
11. FSP Neuruppin, Germany (January 2018)

**SINGAPORE**
24. APAC Singapore (July 2021)
26. Distribution Singapore (April 2022)

## Our waste procedure

**Prevention** – *optimal performance*

**Reuse**

**Recycle**

**Disposal**

# Supplier sustainability and supplier diversity

204 | 308 | 414

At Johnson Controls, we are committed to providing safe, quality products and services. It is our goal to work collaboratively with our suppliers to exceed our customers' increasing expectations, achieving outstanding performance through best-in-class products, services and processes.

We expect suppliers to behave ethically as well as to maintain open and honest communications. We require all our suppliers to adhere to our Code of Ethics, which covers issues such as labor, human rights and the environment. We have policies and procedures in our business for removing unethical suppliers from our approved vendor lists if they do not or will not comply with our Code of Ethics.

We also rely on local, state and federal agencies to monitor a supplier's compliance with environmental and labor laws. We often use the internet or have direct discussions with the regulatory agency to review a supplier's compliance record. In addition, we often perform site audits of selected suppliers to ensure that the proper environmental and social processes are documented, implemented and remain effective. Additional supplier oversight may also be prompted by negative reports regarding the environmental and social conditions of a supplier's facility or process.

However, like any company, we encounter issues that are dealt with promptly and appropriately. Falsification of data is taken seriously, and appropriate follow up actions are taken whenever data is suspect. This action could result in us terminating the contract.

To date, no significant social or environmental performance issues have been identified with any supplier. Current data indicates that no supplier has refused to abide with the essence of the Code of Ethics or has been terminated because of social or environmental performance issues. However, there have been instances in which follow-up questions and discussions have been necessary, particularly relating to environmental permit currency and operations compliance.

See our Supplier Portal for more information.

*We expect suppliers to behave ethically as well as to maintain open and honest communications.*

*We believe this to be true with every supplier that we have under contract.*

# Supplier diversity

204-1

**We do business with more than 300 diverse suppliers and spend more than $420 million with diverse suppliers each year.**

Supplier diversity is the set of commercial and purchasing processes that incorporate diverse-owned businesses as elements of our product and services offerings. It is a strategic business imperative that supports our mission to exceed customers' increasing expectations.

As such, goal attainment and progress are reviewed and communicated throughout the organization on a monthly basis. We understand that supplier diversity is a team effort and requires the support of each office, facility and account.

Our diversity business initiative is directed by senior management and is integrated into our corporate strategy. Johnson Controls and its customers define diverse suppliers as companies that are certified as owned, operated and controlled by minorities or women, and those designated by government agencies as small or disadvantaged businesses.

# Sustainable Finance

202-2 | 203-2 | 413-1 | 413-2

## We are proud to be a leader in sustainable finance. We are the first S&P 500 company to have issued three distinct sustainable finance instruments that incentivize combatting climate change.

Our sustainability-linked bond ties the interest rate to the achievement of interim targets of 35 percent reduction in scope 1 and 2 emissions and five percent reduction in scope 3 emissions by 2025 from a 2017 baseline, which are aligned with our 2030 absolute emission reduction targets.

The proceeds of our inaugural green bond issuance were, within one year of issuance, allocated toward eligible green and social projects. Our senior revolving credit facility includes a sustainability-linked pricing mechanism that adjusts interest rates in line with our sustainability performance.

Our sustainability-linked bond and green bond were issued in line with our integrated sustainable finance framework. This framework is aligned with the most current editions of the International Capital Market Association principles and guidelines for green, social, sustainability, and sustainability-linked bonds and loans. These principles intend to promote integrity of the sustainable financing market by offering guidelines that recommend transparency, disclosure and reporting to drive investment in sustainable projects.

This integrated framework received a positive second-party opinion from Sustainalytics, an independent firm with recognized environmental and social expertise. They called the framework "credible and impactful", noting that our key performance indicators are "very strong" and our sustainable performance targets are "ambitious" to "highly ambitious". This opinion affirms our desire to provide an ESG impact via our debt financing and to further strengthen our commitment to reducing greenhouse gas emissions.

We have established a Sustainable Finance Committee consisting of members of our Sustainability Leadership Committee, treasury, legal and other subject matter experts. This committee is responsible for evaluating and selecting projects that will receive allocations related to green, social and sustainability use of proceeds financings, based on adherence to the definition of eligible green and social projects in our framework. It also ensures that all eligible green and social projects selected are aligned with the Johnson Controls Enterprise Risk-Management program. This provides a common framework and terminology to ensure consistency in the identification, reporting, analysis and management of key sustainability risks. Also see the Sustainable Finance section of our website.

## Sustainability-linked bond KPIs
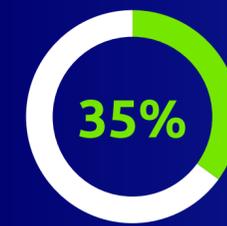
**35%**

**35 percent reduction in scope 1 and 2 emissions**

**5%**
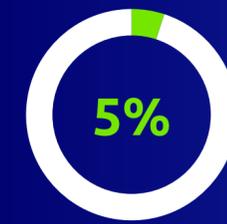
**Five percent reduction in scope 3 emissions**

**by 2025**
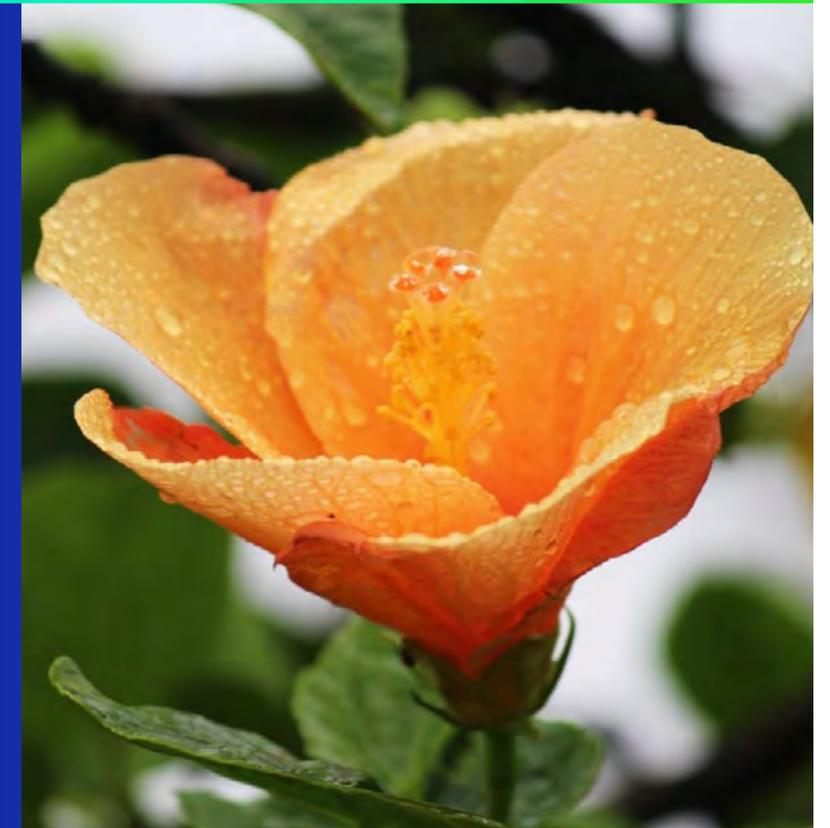
# Ethics and integrity

2-16 | 2-23 | 2-24 | 2-25 | 2-26 | 2-27 | 3-3 | 205-2 | 205-3 410-1

We are proud to have been named one of the World's Most Ethical Companies® for the 16th time in 2023, joining just 12 companies worldwide who have received this honor 16 times.

Throughout our history, we have conducted business with

**integrity.**

Our dedication to do the right thing 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. In addition to our Code of Ethics, we are committed to the principles in our Human Rights and Sustainability Policy.

Integrity is at the center of everything we do. Our company's ongoing success stems from our deeply engrained culture of ethics and integrity. Acting with integrity allows us to meet the high expectations of our customers, partners and communities and gives us a competitive advantage.

For us, doing business with integrity is the only way to do business.

## Code of Ethics

The Johnson Controls Code of Ethics is available in 33 languages and provides specific guidance on the behaviors that drive a culture of ethics and integrity globally.

Compliance with our Code of Ethics and our Anti-Corruption Policy is a condition of employment. The Code of Ethics is periodically updated to reflect changes in laws, regulations and company policies.

Our employees receive training and communications on our Code of Ethics in the following ways:

· All new employees are required to attend training on and attest that they have read, understand and will comply with our Code of Ethics as a condition of employment

· Every two years, all online employees must complete an ethics certification that requires completion of the ethics training module and a review of the Code of Ethics

· The Code of Ethics is addressed by our managers regularly in employee meetings

· The Code of Ethics is reinforced and referenced via "tone at the top" communications and messaging throughout the year to employees (employee portal, in-person meetings, web casts, emails to employees)

## Training

2 | 205-3 410-1

In addition to Code of Ethics training, we train our employees and Board of Directors on a variety of anti-corruption, competition and privacy-related matters.



Employees who work in functions at elevated risk receive our periodic Vital Values online training on specific ethics and compliance topics such as anti-corruption, conflicts of interest, fair competition and privacy. Twice a year, all managers in the company also conduct Values in Action sessions, which are scenario-based ethics discussions with their teams. In fiscal year 2022, we achieved more than 96 percent completion of these trainings.

As part of our Third-Party Program approval process, we require high-risk business partners to complete mandatory training on anti-corruption prior to their engagement by Johnson Controls.
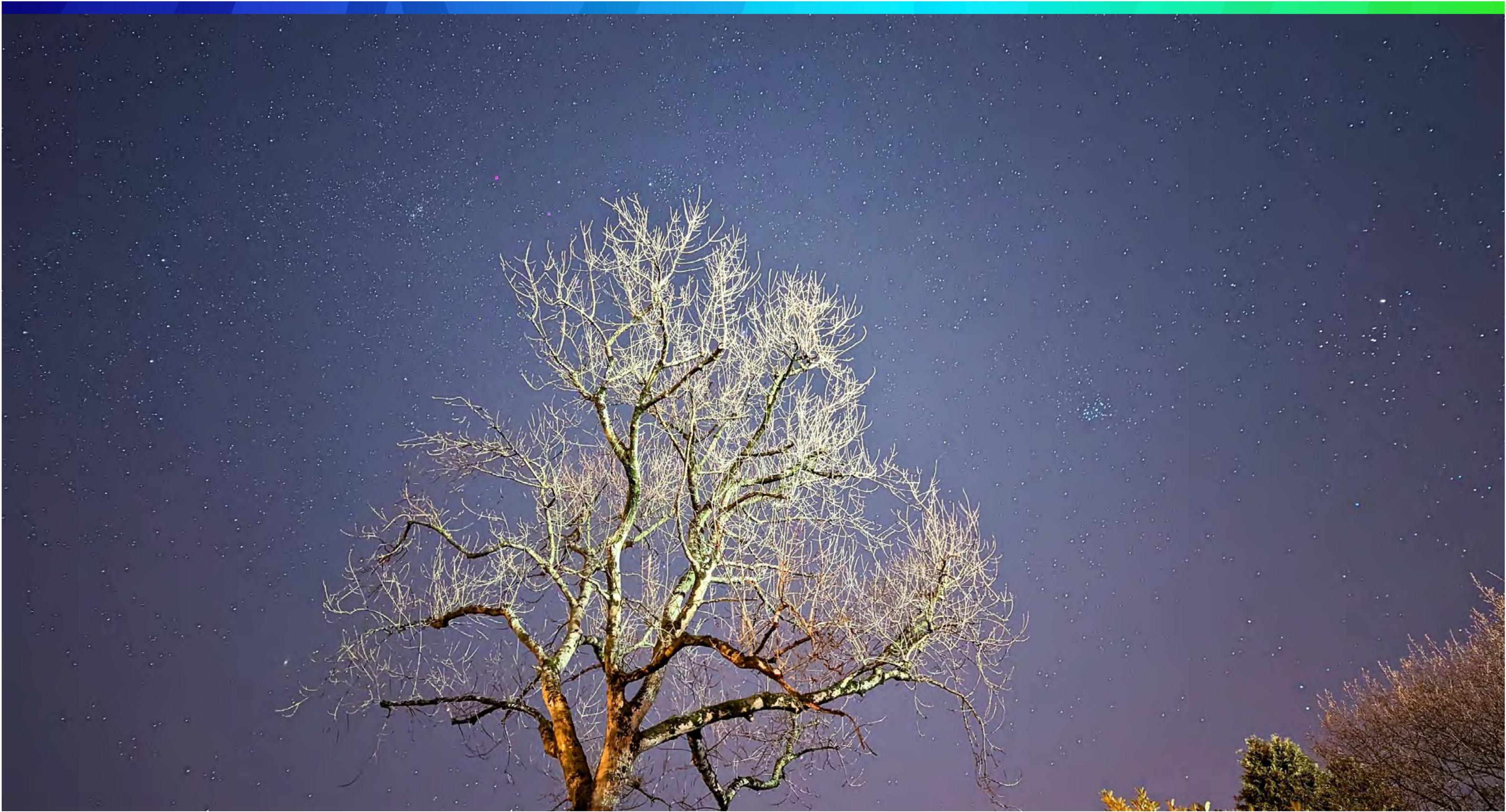
## Our 24-hour integrity helpline

At Johnson Controls, we value an environment where everyone is empowered to question any possible wrongdoing. Anyone who is concerned about potential violations of the Johnson Controls Code of Ethics, Company policy or the law is expected to speak up.

A 24-hour integrity helpline is managed by the Ethics and Compliance department and is available to anyone who wishes to raise an ethics or compliance concern with the company. The integrity helpline is available in 47 languages, is operated by an independent third-party vendor, and allows callers to log concerns anonymously. Employees, suppliers, customers and third parties can raise concerns either by phone or by using the web-based integrity helpline portal.

Concerns that are raised via the integrity helpline are triaged and then routed to the appropriate function for review and investigation. Statistics are produced regularly and senior executives and the Audit Committee of the Board of Directors reviews them regularly.

In fiscal year 2022, there were no incidents of corruption which would have a material impact on our company or our stakeholders. All reported issues of alleged corruption are documented, investigated and remediated until resolution.

The integrity helpline is only one of several communication vehicles that employees can use to raise ethics-related concerns. Often, employees discuss such issues directly with their manager. In addition, employees are encouraged to reach out to their human resources representative, legal department, compliance team or integrity champions with any questions or concerns. We prohibit retaliation against anyone for reporting concerns or co-operating with a company investigation.

Employees can also contact the compliance team directly by using the 'Ask Compliance' mailbox. Queries sent to this mailbox are reviewed and sent to the appropriate compliance contact, who will follow up.

**24** hour integrity helpline

**47** languages available

## Operations assessed for risks related to corruption

205-1

We have a rigorous and deeply embedded risk assessment framework to address risks, including anti-corruption risks.

Within our global risk assessment framework are anti-corruption audits, the Third-Party Program, and enterprise risk management (ERM). Each of these programs plays a role in addressing corruption risks for our company.

Additionally, our Third-Party Program is dedicated to performing anti-corruption due diligence for high-risk business partners of Johnson Controls prior to their engagement around the globe.

Finally, our annual ERM process, progress on which is reported to the Board of Directors annually, specifically covers bribery and corruption risks. Anti-corruption has not been identified as a top 10 risk for us in at least the past several years.

See Values First: the Johnson Controls Code of Ethics and our Human Rights and Sustainability Policy.

In fiscal year 2022, around 1,100 Johnson Controls business partners in more than 90 countries were screened by a team of dedicated due diligence specialists and approved for business through the program.

# Integrity Champions Program

Doing the right thing is important, but not always easy or obvious. Often, it is useful to discuss questions and concerns with someone familiar and approachable. Recognizing this potential challenge, we launched the Integrity Champions Program.

Johnson Controls Integrity Champions strengthen our culture of integrity first by engaging with employees on integrity-related topics through quarterly activities. Our champions also act as trained local resources for discussing ethics and compliance questions or sharing concerns in confidence. They are trained on how to log these concerns in the Integrity helpline for investigation and remediation. Integrity champions are selected via nomination by local business leadership and Human Resources, in collaboration with Ethics and Compliance.

The Integrity Champions Program was first piloted in Asia Pacific in 2020, starting with a group of 20 champions. The pilot was widely recognized as successful by employees and leaders alike. Since then, the program has grown in strength and impact, expanding to a global network of 156 champions. Over the last three years, our champions have conducted more than 600 presentations, roundtables and interactive activities engaging more than 48,000 employees.

Johnson Controls is committed to expanding the integrity champions network and, with their support, continuing to build a robust, employee-centered culture of integrity and speaking up.

### Huihua Li
Integrity Champion, China

"Our culture of Integrity is becoming stronger as we engage with employees. The program has made it convenient for employees to provide feedback and their awareness of Integrity Helpline has increased."

### Mercedes Hontecillas Caraballo
Integrity Champion, Spain (JCH)

"I'm very pleased to hear that employees feel proud to be working in a company that places a focus on building a strong ethical culture."

## Fair competition

206-1

Our policies and practices support a free and competitive marketplace. The centerpieces of our program addressing fair competition are our Code of Ethics, Fair Competition policies and Competition Law Guidelines.

- Our Code of Ethics sets expectations, provides guidance and links to employee resources related to fair competition

- Our Global Antitrust and Fair Competition Policy informs employees about the fundamental requirements of competition laws and their duty to comply with them

- Our Competition Guidelines use real-life scenarios to help employees understand fair competition risks and make the right decisions

In addition to our policies governing fair competition, Johnson Controls has a robust training framework to educate our global workforce and ensure our employees comply with expectations. Specifically, employees who work in functions at elevated risk receive regular online training on fair competition, among other topics. Our Values in Action sessions often include fair competition elements and discussion questions.

As part of our training curriculum on fair competition, we launched two animated videos in connection with the rollout of our new Competition Law Guidelines for Pricing and Selling. The Guidelines and animations help employees understand fair competition risks and make the right decisions. They feature guidance around real-life scenarios faced by our employees focused on competitive intelligence and price differentiation.

The animations have been featured in various Johnson Controls publications and trainings and are available to all employees on our Learning Hub.



### Board oversight
The Board of Directors has overall oversight responsibility for ethics and compliance at Johnson Controls. The Chief Ethics and Compliance Officer provides quarterly updates to the Audit Committee on significant investigations, Integrity Helpline metrics, compliance training and communication and program highlights. The Audit Committee also has oversight and responsibility for the contents of the Code of Ethics.

# Human rights

2-7 | 2-8 | 2-16 | 2-23 | 2- 26

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



We respect the environment, the communities in which we operate and our employees' human rights. We expect our employees to act in a socially and environmentally responsible manner and require them to comply with applicable laws and regulations. We require our suppliers to operate in a similar manner and incorporate such language into our supplier contracts.

Our business requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, our Executive Vice President and Chief Human Resources Officer monitors implementation of and compliance with these policies.

Employees, temporary workers, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant or facility manager, or local human resources manager. We want to know of any allegation of harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

To ensure our processes are working properly, and that employees, customers and shareholders understand our policies and guiding principles around treatment, respectability and integrity, we systematically gather feedback and take action to improve our work environment. We track, analyze and communicate performance outcomes quarterly.

### United Nations Global Compact
2-23

Our Human Rights Policy specifically states that we fully support the United Nations 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, and the United Nations Convention against Corruption.

Our progress in meeting each of the UN Global Compact Principles is reported publicly on the United Nations Global Compact website.

### Child labor
408-1

Our company takes active measures to prevent child labor through our policies. The Code of Ethics and Human Rights and Sustainability Policy address child labor and are consistent with the UN Global Compact and ILO Convention.

We also take appropriate steps to ensure there is no child labor in any of our facilities. Potential employees are required to show valid identification and proof of age before they are hired. We have not found any plants or operations that would be at significant risk for incidents of child labor.

### Forced or compulsory labor
409-1

There are no operations within Johnson Controls that have been identified as having significant risk for incidents of forced or compulsory labor. We take proactive measures to prevent forced or compulsory labor through these policies.

### Slavery and Human Trafficking Policy
308-2 | 409-1

Our Slavery and Human Trafficking policy complies with the Modern Slavery Act of 2015 and is updated annually. We are committed to taking steps to ensure that slavery and human trafficking are not taking place in any part of our supply chain or in any part of our business. We require our employees and suppliers to abide by our Code of Ethics. We also gather information to quantitatively measure our suppliers' sustainability programs and to ensure compliance with local, state, federal and country laws, including laws on forced labor.

We expect that suppliers should take steps to ensure that slavery and human trafficking are not taking place in any part of our supply chain or in any part of our business.

### Continued external employability
2-29 402-1

The competitive nature of the business requires us to occasionally restructure in order to compete and survive in a rapidly changing, cost-driven customer environment. In alignment with company values, when workforce reductions occur, they are carried out with the utmost respect for the people concerned.

In accordance with local, state, federal and country requirements, we also ensure the collective bargaining unit (if applicable), the state dislocated worker unit and appropriate local government unit are also advised.

### Trade union health and safety
2-30 | 403-4

Certain Johnson Controls operations are subject to collective bargaining agreements, including the health and safety topics covered by these agreements. We strongly believe in providing all of our employees with a safe place to work no matter their location or union association. We communicate this belief through the Code of Ethics, which applies to all employees and our suppliers.

In the European Union, our health and safety programs are subject to Works Council review and approval and to collective bargaining agreements in certain countries. We collaborate with trade unions and other employee representative organizations, as defined by local regulations, to improve workplace health and safety.

### Conflict minerals
RT-EE-440a.1

We are committed to the responsible sourcing of conflict minerals throughout our supply chain. We are a member of the Responsible Minerals Initiative (RMI), and we compare the aggregation of smelter lists provided by our suppliers with the RMI list of compliant smelters to determine which smelters are conflict-free and act upon it. The information provided by our suppliers is used to conduct our 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. Our Conflict Mineral Policy and Report are publicly available on our website.

### Security personnel
410-1

Our security mission is to protect our people, property and intellectual assets through the implementation of appropriate risk-based and business-minded security and loss prevention tactics. In order to achieve this security mission, we have processes, activities and metrics in place to support enterprise security operations that include loss prevention, asset protection, executive protection, enterprise security risk-management, security investigations, travel security, crisis management and business continuity.

We employ security personnel either directly or through vendors, and their responsibility is primarily physical security. All such personnel are sufficiently qualified and are trained in our Code of Ethics, including our human rights policies and procures.

# Product safety

403-7 416 417

We are proud to be named one of the Top 100 Global Innovators 2022 for the seventh year in a row by Clarivate. Our company values include being customer-driven and future-focused.



These define our commitment to help our customers win and to continuously improve our business. The responsibility for monitoring customer satisfaction resides within the Board of Directors and within business management.

Our business is committed to providing quality products and services that meet or exceed the expectations of our customers. Deficiencies that threaten the physical well-being of any person or put the financial security of our company at risk are required to be reported immediately to management. Deficiencies may involve product quality, safety, design, installation or maintenance.

Our internal Johnson Controls Operating System (JCOS) defines and standardizes best practices across our corporate activities. These include our Commercial Excellence initiative as well as our Engineering Excellence initiative. Together, these ensure continuous improvement of solutions we deliver to our customers that advance health and safety. JCOS also ensures uniformity in dealing with customers and brings prompt, measurable quality improvements.

# Assessment of the health and safety impacts of product and service categories

416-1 | 416-2 | 403-7

Our products meet or exceed applicable government and industry safety standard requirements. This is accomplished through the implementation of a standardized procedure assessing safety and health impacts for our product development.

We follow a product development and launch procedure called the Rapid Closed Loop Process (RCLP) that identifies and incorporates applicable product safety standards, codes and regulations in the product design. The RCLP procedure uses a process known as Failure Mode and Effect Analysis (FMEA) to address single-point failure modes in the product design and manufacturing processes. For new products and products in the field, we may also use risk assessments or fault tree analysis (FTA) in the design to capture compounding effects leading to failures, and mitigation or prevention opportunities after which the countermeasures can be put back into the FMEAs as single-point failures.

Product safety requirements are defined under FMEAs with the highest severity ratings. Any identified noncompliance with applicable safety standards, codes and regulations are addressed through preventative means or through our validation testing or in-process / end-of-line testing in our manufacturing facilities. In addition, a significant number of our new and current products are also

evaluated and listed by either nationally recognized testing laboratories, or by qualified testing laboratories to applicable safety standards.

One hundred percent of our significant product or service categories are covered by and assessed for compliance with company procedures for assessing product / service health and safety impacts. Our products, as designed, manufactured and sold by Johnson Controls, have not suffered monetary losses as a result of legal proceedings associated with product safety. While our company faces certain product liability cases that are brought against our products from time to time, none of those cases are considered material or substantial involving noncompliance to product safety, nor have they involved actions for non-compliance with an applicable regulatory or voluntary code. None of the cases involve fines, settlements or court-imposed awards for such non-compliance.

Our business takes potential product safety issues very seriously and routinely monitors consumer reports and other relevant information, including through www.saferproducts.gov. We have a process for determining whether products in the field have non-conformities that might be the source of potential product safety concerns. We regularly monitor field performance and performance in the factory to determine whether any non-conformities in our products could be the source of those types of concerns. If we determine that such circumstances exist (i.e., non-conformities that could cause safety concerns in the field), we either work with our customer to determine the correct field response in cases where we supply the component and not the entire product or determine the correct field actions if our product is the product sold to the end-user. In doing so, we determine any requirements for reporting such actions promulgated by applicable regulatory agencies and report our actions consistent with those reporting requirements.

### Product recalls
RT-EE-250a.1

Our products, as designed, manufactured and sold by Johnson Controls, have not had involuntary recalls as required by regulatory agencies specific to non-compliance with regulatory safety standards. We also have not initiated voluntary recalls resulting in the removal of products from the market to address safety-related concerns.

### Product labeling
417-1

Product labels are routinely reviewed to ensure compliance with applicable regulatory requirements across the enterprise.

Our products are compliant with applicable regulations, codes and standards that require specific information be placed on defined labels and warnings regarding safety. Many of our products are also listed by Nationally Recognized Test Labs (NRTL) where these requirements on labels and information are verified for presence. These label requirements include maximum voltages, phases, amperages and design working pressures as well as refrigerant types, circuit protection, etc., as noted in the requirements of the standards and verified by the NRTLs as part of our product listing.

By regulation, we also include additional labels as needed, such as DOE-required efficiency, ENERGY STAR or performance ratings, as required for the markets in which we sell. Our installation, operation and maintenance manuals are provided to relay specific information regarding safe use of the product and applicable safety warnings with regards to safe handling of chemical substances used by the product, such as oils and refrigerants.

Additionally, our manuals cover safe disassembly and end-of-life disposal of the product when required by regional regulations. A final note, where applicable, our product installation, commissioning operation and maintenance (ICOM) manuals are being evaluated and edited to reduce paper usage by means of utilizing QR codes to access specific sections of our manuals via online / internet access.

In this way, required ICOM manual revisions can be managed in a streamlined process allowing customers access to the latest versions of these documents. Full paper versions of the manuals are still provided upon request.

Our product labels also comply with recommended safety icons and language requirements as appropriate, consistent with national guidelines for safety labels.
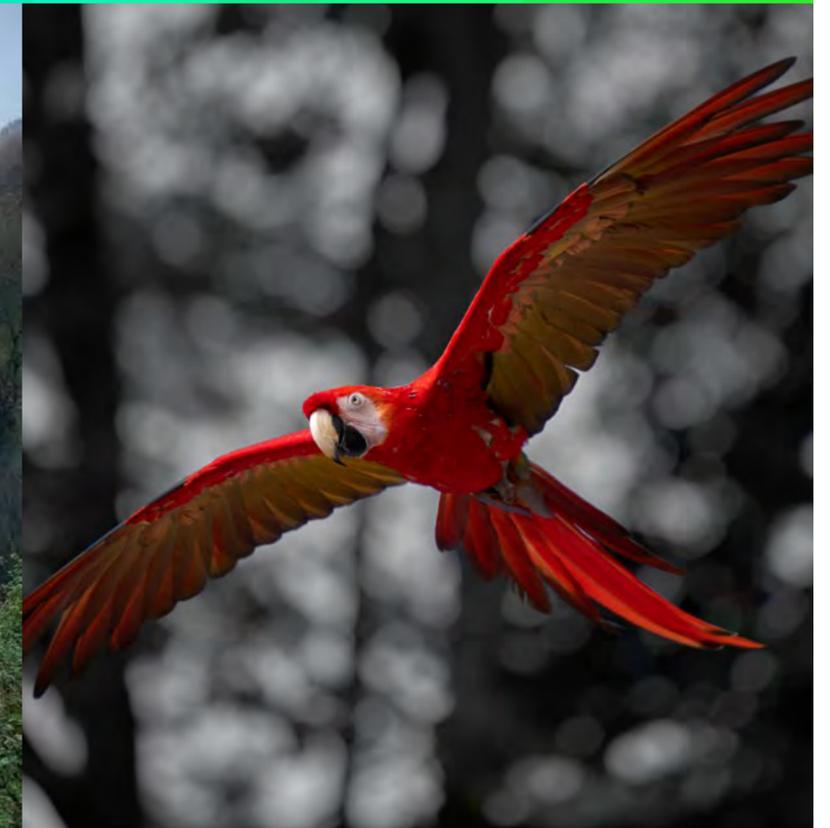
# Privacy and cybersecurity

## Customer privacy

418-1

In 2022 and 2023, Johnson Controls continued our privacy leadership journey with a trifecta of industry-leading achievements: our privacy centre, our Data Privacy Sheets and our privacy certifications.

- **Our privacy center is a one-of-a-kind tool** for customers, vendors, employees, investors and regulators, communicating our global privacy philosophy and detailing the ways our products and processes are developed to empower compliance with privacy laws around the world. Our privacy Centre also clearly explains how 'privacy by design' is embedded in our products and services and can be found at: www.johnsoncontrols.com/privacy.

- **Our Data Privacy Sheets** instill confidence and trust in our customers by providing product-specific information on data processing and demonstrate Privacy by Design features. These public-facing privacy documents on our flagship products enable customers to proactively answer privacy queries and alleviate concerns. Customers can see the privacy features built into our offerings to help confirm that the Johnson Controls product is the best choice for them. The sheets present Johnson Controls as a partner in privacy, helping the customer to use the product confidently and compliantly and demonstrate our commitment to the responsible use and management of data. Our data privacy sheets can be found at: https://www.johnsoncontrols.com/privacy-center/data-privacy-sheets

- **Our privacy seals and certifications:** We achieved the Asia-Pacific Economic Cooperation Cross-Border Privacy Rules (APEC CBPR), APEC Privacy Recognition for Processors (APEC PRP), TRUSTe Enterprise Seal and European Union Binding Corporate Rules (BCRs). These certifications demonstrate our commitment to privacy and by obtaining these certifications, we are able to provide our stakeholders with assurance regarding our rigorous privacy controls and processes. These certifications also provide a framework for continuous improvement, as we regularly assess and refine our privacy practices to align with evolving privacy requirements and industry best practice. At our company, we understand that responsible use of data is also essential to our ability to provide the most flexible global data transfers and our certifications facilitate such cross-border transfers.

Privacy is an essential component of a sustainability framework, as it helps to ensure the protection of individuals' personal data and prevent negative impacts on their rights and freedoms. We have no substantiated complaints concerning breaches of customer privacy or losses of customer data.

At our company, we are committed to upholding the highest standards of privacy in all our operations, and have implemented a robust Global Privacy Office and Global Privacy Program to guide our practices. This Program includes clear policies and procedures for collecting, processing, storing and sharing personal data, as well as regular training and awareness-raising initiatives to ensure that all employees and partners understand their responsibilities in safeguarding privacy.

We also regularly review and update our privacy practices in line with evolving legal and regulatory requirements and best practices in the industry. We embed the international principles of Privacy by Design in our practices, solutions and products, and thereby create a more trustworthy and resilient organization that delivers long-term value for all our stakeholders. In so doing, we are not only fulfilling our legal and ethical obligations but also contributing to a more sustainable and responsible future.

See more at www.johnsoncontrols.com/privacy

# Cybersecurity

The use of data – whether to run internal operations, generate meaningful financial reporting or create best-in-class solutions for the marketplace – is key to an organization achieving its sustainability goals by deriving insight and identifying opportunity. Where there is data and technology, there is risk. In recognition of this, we operate an ongoing Information and Cybersecurity Program that protects the confidentiality, integrity and availability of our enterprise information and systems and the security of customer products and services. This is achieved through a strong management approach, governance through robust policy, standards and procedures and execution of a comprehensive strategy that adapts to changing risks.

Our Vice President and Chief Information Security Officer (CISO) is responsible for the development and execution of the information security and cybersecurity strategy across the global Johnson Controls footprint and our Vice President and Chief Product Security Officer (CPSO) is responsible for the end-to-end life cycle security of our products and services. The CISO and CPSO organizations partner closely with each other and other internal groups, including Corporate Governance and Compliance, Enterprise Risk-Management, Global Privacy Office, Legal, Internal Audit and the lines of business to ensure we deliver on our commitment to security, privacy and ethics.

The Chief Information Officer, Chief Information Security Officer and other members of management brief the full board on cybersecurity matters at least annually. The Governance and Sustainability Committee receives quarterly updates on key cybersecurity metrics and other events

impacting the company. The Governance and Sustainability Committee receives focused briefings from management on specific cybersecurity topics and trends at least biannually.

Our policies, standards and procedures apply to all employees to ensure the workforce is aware of threats and the importance of information security and cybersecurity and were developed from industry standards, including National Institute of Standards and Technology (NIST) 800-53, International Organization for Standardization (ISO) 27001 and Payment Card Industry Data Security Standard (PCI-DSS). We conduct regular, company-wide cybersecurity training for employees and contractors. This training includes mandatory annual cyber awareness and acceptable use policy training across the user base, as well as targeted training for select groups of executives, employees handling sensitive data, field technicians and developers. Our training is developed in partnership with an industry leader in cybersecurity awareness training and is translated into local languages to aid understanding. There are cybersecurity campaigns, events and communications throughout the year to raise awareness of cybersecurity and our monthly phishing simulations include follow-up training for those who didn't successfully pass the simulated event. These elements are designed to mature a risk-aware culture.

We deliver security by ensuring awareness of security through ongoing training and publishing of policies and standards. These capabilities also include operational security functions, including monitoring, incident response, vulnerability management, and secure architecture and engineering. Risk-management capabilities include

risk controls, third-party risk assessment and regulatory compliance. Information protection capabilities include data loss prevention and insider threat management. These capabilities are designed to manage information and cybersecurity risk throughout the life cycle of our enterprise operations.

Our global secure product development process is ISASecure® certified in accordance with IEC 62443. The company is also pursuing SOC 2 attestations and ISO 27001 for several digital products. Johnson Controls products and services are developed following a defined Secure Development Lifecycle to help proactively identify and remediate vulnerabilities in product software prior to release. Product security baseline requirements are derived from established industry standards, including Open Web Application Security Project (OWASP), NIST SP 800-53r5, International Society of Automation / International Electrotechnical Commission (ISA/IEC) 62443, and Unified Facilities Criteria (UFC) 4-010-06. We have a Product Security Incident Response (PSIR) program to manage in-life product vulnerabilities, are a member of the Forum for Incident Response and Security Teams (FIRST), and are designated by MITRE as a CNA (Common Vulnerabilities and Exposures Numbering Authority) to publish industry standard CVE (Common Vulnerabilities and Exposure) for qualifying product vulnerabilities. Product security advisories are published to Johnson Controls product security web pages and patches and updates for supported products are made available to address critical and high vulnerabilities.

# ESG data

## About our reporting

2-2 | 2-4 | 3-3

Johnson Controls recognizes the importance of transparency and so reports in accordance with recognized frameworks including the Global Reporting Index (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), Sustainable Accounting Standards Board (SASB) Standards, the UN Global Compact, European Union Non-Financial Disclosure and CDP.

This sustainability report is produced to provide greater detail on our sustainability activities and additional information material to our stakeholders.

Since 2003, we have reported sustainability data in accordance with the GRI guidelines. This report has been prepared in accordance with the GRI Standards for fiscal year 2022.

We follow TCFD's recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change in accordance with the TCFD framework. More detail and information on our climate risks, opportunities and strategy can be found in our annual CDP Climate Change Response.

We are also a SASB reporter, utilizing the SASB Standard for the Resource Transformation Sector – Electrical and Electronic Equipment in this report. Our separate annual United Nations Communication on Progress qualifies for the Global Compact Advanced level.

**ESG Disclosure Committee**
We have formed a multidisciplinary steering committee focused on our environmental, social and governance (ESG) reporting. The purpose of the steering committee is to oversee efforts designed to enhance our ESG reporting in anticipation of legally mandated ESG reporting requirements. The steering committee brings together leaders across a variety of functions to share knowledge on ESG reporting regulations, trends, controls and procedures, identify key ESG reporting issues and facilitate collaboration among functional groups in generating ESG disclosure.

## Accuracy and third-party assurance
2-5

All information in this report is based on the best available data at the time of publication. We use several different third-party groups for data assurance. The groups selected are independent of Johnson Controls and are specialized in the subject area they review.

**Financial external assurance**
The consolidated financial statements reported in our 2022 Form 10-K and other related reports are reviewed by PricewaterhouseCoopers LLP, an independent registered public accounting firm.

**Sustainability external assurance**
Since 2011, Apex, formerly Bureau Veritas, an independent third-party assurance provider recognized by CDP, has verified our greenhouse gas emissions data per "ISO 14064-3: Second edition 2019-04: Greenhouse gases -- Part 3: Specification with Guidance for the Verification and Validation of Greenhouse Gas Statements." Apex also audited our water data per the International Standard on Assurance Engagements (ISAE) 3000. Starting in 2014, Apex audited our waste data per the ISAE 3000. The objective of the audits is to provide further confidence that our reported energy, GHG emissions, water and waste data have a low margin of error and are consistent with external or internally defined sustainability accounting principles. The certificates for these most recent assurance engagements are linked as verification statements in the GRI Content Index.This includes using, for some sites, certified registrars to validate and certify our operations to various quality, environmental, six sigma and safety standards such as ISO 9000, ISO 14001, OHSAS 18001.

Additionally, filings with environmental, health and safety and other regulatory agencies are routinely checked internally and by the applicable regulatory agency.

**Environmental health and safety external assurance**
Johnson Controls uses a third-party software tool for our Environmental, Health and Safety Information System (EHSIS) to track environment, health and safety data from facilities worldwide. Data is reviewed routinely by qualified personnel, including the regular use of an internal audit process to check not only data in the system but also site-level checks of original records and other aspects. The Johnson Controls internal environmental health and safety compliance audit program utilizing third-party auditors verifies compliance with applicable federal, state, provincial, and/or local regulatory requirements, Johnson Controls standards and supports our business goals of Zero Harm to people and the environment while furthering our vision of a safe, comfortable, sustainable world; being safer, healthier and having less impact on the environment; identifying opportunities for continuous improvement; and providing education, awareness and understanding of applicable environmental, health and safety requirements.

## Scope

This report focuses on operations within our control for the fiscal year 2022. Unless otherwise noted in the report section for a specific performance metric, this report includes data from business operations that were at least 51 percent under Johnson Controls operating control and financially consolidated during the reporting year in line with the Greenhouse Gas Protocol Corporate Accounting Standard, Chapter 3, Setting Organizational Boundaries, Control Approach.

## Rationale for choosing a base year

The 2016 merger of Johnson Controls with Tyco International was a change in our company profile material enough that our Global Sustainability Council (GSC) determined new goals were needed. Accordingly, in 2018, we announced new 2025 goals related to greenhouse gas emissions, energy, water, waste, safety and diversity from a 2017 baseline. Many of our ESG commitments announced in 2021 are also aligned with a 2017 baseline.

## Energy and emissions key performance indicators

Johnson Controls utilizes absolute and intensity metrics to assess the impact of its energy and emissions. Emissions and energy reported include facilities and fleet (entities) as defined under the GHG Protocol Corporate Reporting and Accounting Standard, Operational Control approach.

The following represent the operationally controlled entities included in the inventory:

- Wholly owned entities

- Leased-locations - leased entities where Johnson Controls is able to significantly modify operating policies for managing the facility through recognized leasing arrangements and other contractual requirements. More than 90 percent of our leased locations have leasing arrangements which allow us to manage our site operations, thus are included in the inventory

- Joint venture entities greater than 50 percent equity and financially consolidated

The GHG inventory accounts for owned and leased manufacturing sites. For office space, this inventory considers and estimates direct and indirect emissions. For estimated emissions, we use a Johnson Controls-specific value based on actual usage from a sample of facilities. We use this energy density value to estimate emissions for all sites.

Our GHG emissions inventory includes scope 1, scope 2 and the categories for scope 3 that are relevant and significant to our company. Use of purchased electricity and steam are reported as indirect emission sources to avoid double counting by organizations or agencies interested in compiling national inventory data. Scope 1 refrigerant losses are calculated using the Material Balance Method outlined in Greenhouse Gas Inventory Guidance and include losses from charging air conditioning products after we build them from all relevant manufacturing facilities, which are the facilities that use refrigerants in a production setting to mass-produce HVAC equipment. Scope 1 mobile combustion includes corporate jet and more than 90 percent of our company-owned vehicles.

Greenhouse gas intensity is measured as total Scope 1 and 2 emissions divided by revenue. Energy intensity is total energy divided by revenue. Revenue values used in the denominator in this analysis may be adjusted from what is reported in Johnson Controls' Form 10-K to ensure consistency with the operationally controlled facilities and fleet included in the energy and emissions values used in the numerator.

While we continue to measure and report on intensity metrics, Johnson Controls promotes the use of absolute emissions and renewable energy as more relevant in terms of reducing our impact on the climate. Thus, our longer-term KPIs are aligned to absolute emissions reductions and use of clean sources of energy.
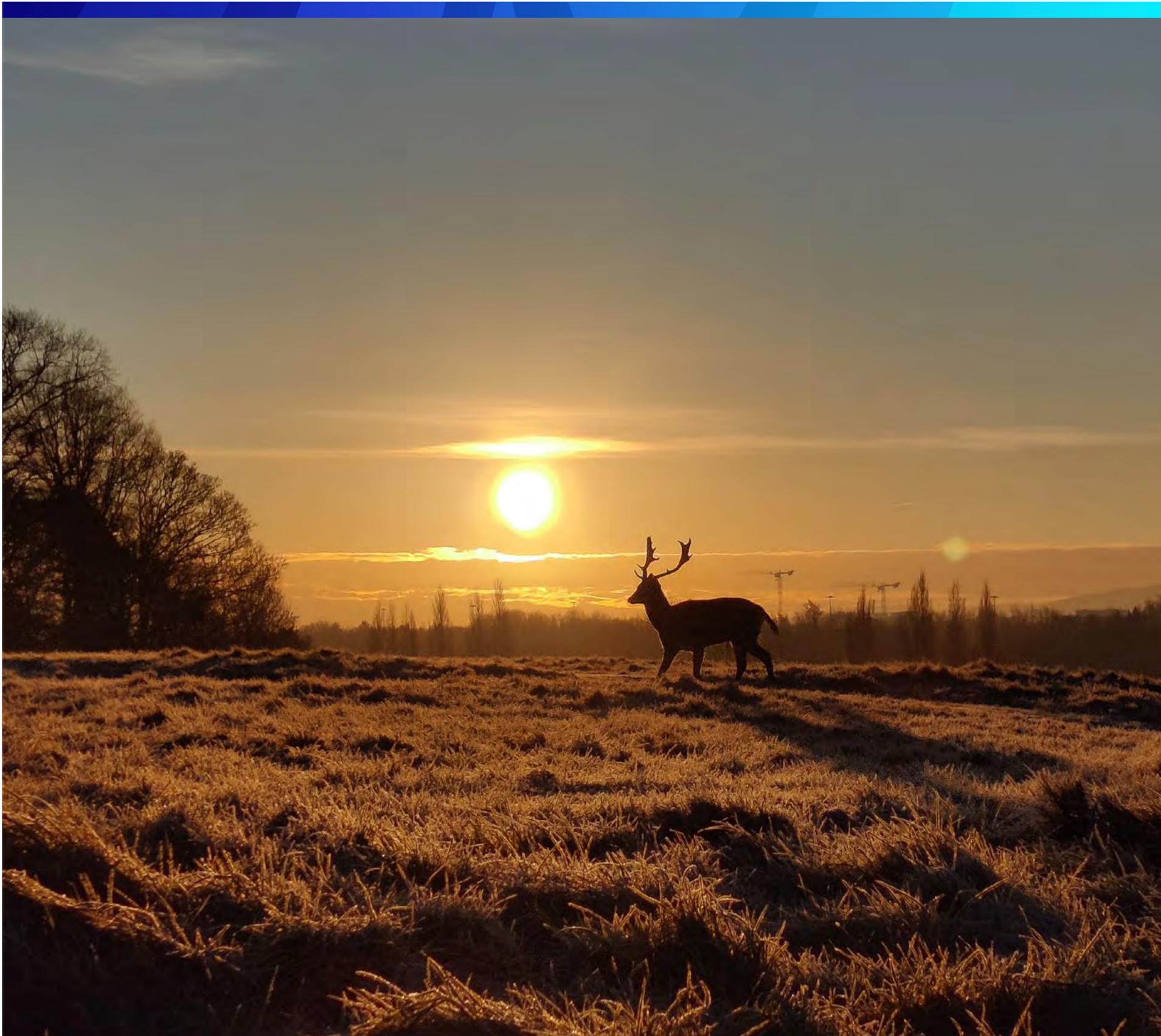
# Data
## appendix

# Sustainability process data

Standards, methodologies, assumptions and calculation tools used for direct (scope 1) and indirect (scope 2 and 3) GHG emissions

Activity data is mostly tracked using our Environmental, Health and Safety Information System (EHSIS) tool. A small portion of the data is tracked using templates consistent with the listed standards.

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- The Greenhouse Gas Protocol: Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard
- The Greenhouse Gas Protocol: Technical Guidance for Calculating Scope 3 Emissions
- The Greenhouse Gas Protocol: Scope 3 Evaluator tool
- Greenhouse Gas Inventory Guidance Direct Fugitive Emissions from refrigeration, air conditioning, fire suppression, and industrial gases
- The Climate Registry: General Reporting Protocol
- The Climate Registry: Electric Power Sector (EPS) Protocol
- U.S. EPA Climate Leaders: Indirect Emissions from Purchases/Sales of Electricity and Steam
- U.S. EPA Climate Leaders: Direct Emissions from Stationary Combustion
- U.S. EPA Climate Leaders: Direct Emissions from Mobile Combustion Sources and DEFRA
- GHG emissions consolidation approach for scopes 1 and 2: Operational control
- Emission factor sources:
  - US EPA Emissions Factors for Greenhouse Gas Inventories, 2021 – Scope 1 Stationary and Mobile Emissions sources
  - US EPA, eGRID 2020 – US, market and location-based electricity
  - National Inventory Report 1990–2018 (Canada) – Canada electricity
  - International Energy Agency (IEA) Emissions Factors 2021 – rest of world, market and location-based electricity
  - DEFRA Conversion Factors 2021 – UK Scope 1 and 2 emissions sources
  - European Residual Mixes 2020 Association of Issuing Bodies – Multiple European Countries, market-based electricity
  - Comparison of Particulate Emissions from Liquid-Fueled Pool Fires and Fire Whirls at Different Length Scales, UC Berkeley, March 2021 – heptane
- GWP values taken from:
  - IPCC Fourth Assessment Report (AR4 – 100 years)

# Environmental data

## Results: Energy
ISO 14001, 50001 and OHSAS certified and compliant status from manufacturing facilities

| Company-wide 2022 | ISO 14001 | ISO 50001 | OHSAS 18001 | ISO 45001 |
|---|---|---|---|---|
| Certified | 60% | 4.5% | 30% | 30% |
| Complaint | 15% | 0% | 6.8% | 0% |

## Energy consumption within the organization
302-1

| Consumption by fuel type | Unit of measure | 2022 | 2021 | 2020 | 2017 |
|---|---|---|---|---|---|
| Biomass | GJ | 59,953 | 49,172 | 24,551 | 59,131 |
| Ethanol | GJ | 4,406 | 764 | 12,074 | 2,288 |
| **Subtotal** | **GJ** | **64,359** | **49,936** | **36,625** | **61,419** |
| Natural Gas | GJ | 1,744,368 | 1,670,171 | 1,604,309 | 1,606,183 |
| Fuel distilled from crude oil and other fossil fuels* | GJ | 3,049,517 | 2,989,660 | 3,409,636 | 3,801,458 |
| **Subtotal** | **GJ** | **4,793,885** | **4,659,831** | **5,013,945** | **5,407,641** |
| Electricity | GJ | 2,558,783 | 2,338,020 | 2,415,243 | 2,628,014 |
| Steam | GJ | 20,343 | 46,899 | 18,510 | 10,641 |
| **Subtotal** | **GJ** | **2,579,126** | **2,384,919** | **2,433,753** | **2,638,655** |
| **TOTAL** | **GJ** | **7,437,371** | **7,094,686** | **7,484,324** | **8,107,715** |

*This category includes gasoline, diesel, propane/LPG/butane, jet fuel and heavy fuel oil.

Methodology notes:

- The data is tracked using the Environmental, Health and Safety Information System (EHSIS) tool. Energy consumption is tracked at the facility, group and corporate levels
- Percentage of total operational spending on energy (most recent reporting year): more than zero percent but less than five percent
- Please refer to our latest CDP report for a breakout of the sources of renewable energy used

- The categories of "heating" and "cooling" are not applicable to our data tracking
- The "energy sold" category is not applicable to our company. Johnson Controls does not sell energy
- All estimates are based on the best available data at publication and may change over time

## Energy consumption outside the organization
302-2

| Energy category/activities | Unit of measure | 2022 | 2021 | 2020 | 2017 |
|---|---|---|---|---|---|
| Fuel and energy-related activities[1] | GJ | 369,271 | 224,128 | 258,648 | 249,266 |
| Transportation and distribution[2] | GJ | 3,543,381 | 6,069,639 | 7,242,712 | 6,900,367 |
| Use of sold products[3] | GJ | 62,052,344 | 75,100,000 | 65,400,000 | 71,900,000 |
| TOTAL | | 65,964,996 | 81,393,767 | 72,901,360 | 79,049,633 |

1. This energy is associated with the losses during transmission and distribution of energy (electricity and natural gas). This energy loss is estimated using publicly available transmission and distribution factors by country published by the International Energy Agency based on the volume of electricity consumed for electrical grid losses and the EPA source-site ratio for natural gas.
2. This energy is associated with the transportation of our products and raw materials that is controlled and paid for by Johnson Controls. Transportation includes air, ocean and truckloads. Energy values are estimated based on spend data.
3. This energy is associated with the annual energy consumed by our products manufactured during the reporting year. This value was estimated by modeling the energy usage for a representative sample of product categories and extrapolating for the rest.

Methodology notes:
- Tracking of renewable energy in our value chain is currently outside of our energy accounting scope.

## Energy intensity
302-3

| | Unit of measure | 2022 | 2021 | 2020 | 2017 |
|---|---|---|---|---|---|
| Numerator | GJ | 7,437,371 | 7,094,686 | 7,484,324 | 8,107,715 |
| Denominator | Million USD in revenue | 25,301 | 23,415 | 22,135 | 22,661 |
| Energy intensity (ratio) | GJ per Million USD in revenue | 294 | 303 | 338 | 358 |

Revenue values used in this analysis have been adjusted for acquisitions and divestitures, consistent with the energy values used in the numerator.

## Reduction of energy consumption
302-4

| | Unit of measure | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Total energy saved | GJ | 157,832 | 389,638 | 822,899 |

Methodology notes:
- Metrics reflect energy saved by conservation and efficiency initiatives in the year.
- Base year / baseline: savings represent reductions for each year. The previous year, therefore, represents the base year.

## Reductions in energy requirements of products and services
302-5

| Product/Service(s) — Unit of measure: Gigajoules (GJ) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Energy savings performance contracting[1] | 18,119,041 | 13,654,042 | 14,188,406 |
| TOTAL | 18,119,041 | 13,654,042 | 14,188,406 |

1. These values are guaranteed energy savings from our energy savings performance contracting project portfolio in the US and Canada active during each reporting year.

Methodology notes:
- Our energy solutions team generates reports for our guaranteed energy savings active during each reporting year, which facilitates generating an annual total
- This metric does not include reductions in energy use from products sold other than those specifically used in performance contracting projects. The reduction in use from all products sold is reflected our scope 3, Use of products results reported in Results: Emissions

## Results: Emissions
Direct (scope 1), Indirect (scope 2) and Other Indirect (scope 3) GHG emissions
305-1 | 305-2 | 305-3 | 305-4

| | 2022 | 2021 | 2020 | 2017 |
|---|---|---|---|---|
| **Direct (scope 1) – Metric tons CO$_2$e** | | | | |
| CO$_2$ | 300,669 | 219,329 | 306,741 | 327,023 |
| CH$_4$ | 59 | 54 | 51 | 59 |
| N$_2$O | 143 | 111 | 92 | 131 |
| HFC | 109,232 | 231,817 | 242,474 | 355,549 |
| **Total scope 1[1]** | **410,103** | **451,311** | **549,358** | **682,761** |
| **Indirect (scope 2) metric tons CO$_2$e** | | | | |
| **Market-based** | **213,336** | **212,918** | **229,809** | **396,612** |
| Location-based | 331,839 | 300,725 | 331,236 | 400,442 |
| **Total scope 1 + 2[2]** | **623,439** | **664,229** | **779,167** | **1,079,373** |
| **Other indirect (scope 3) metric tons CO$_2$e** | | | | |
| Purchased goods and services | 5,889,000 | 4,800,000 | 4,600,000 | 3,826,000 |
| Capital goods | 3,715,000 | 3,000,000 | 2,800,000 | 1,891,000 |
| Fuel and energy-related activities[3] | 43,000 | 57,000 | 29,000 | 30,000 |
| Upstream transportation and distribution | 257,000 | 440,000 | 528,000 | 501,000 |
| Waste | 5,400 | 4,000 | 4,000 | 5,000 |
| Business travel[4] | 16,000 | 8,000 | 19,000 | 32,000 |
| Employee commuting | 229,000 | 230,000 | 226,000 | 217,000 |
| Investments | 0 | 0 | 0 | 0 |
| Use of sold products[5] | 110,515,000 | 116,100,000 | 112,400,000 | 128,700,000 |
| End-of-life | 974,000 | 1,300,000 | 1,300,000 | 1,400,000 |
| **Total scope 3** | **121,643,000** | **125,933,000** | **121,906,000** | **136,602,000** |
| Biogenic[6] metric tons CO$_2$e | 5,664 | 4,488 | 2,861 | 6,680 |
| **GRAND TOTAL – (scope 1, 2 and 3)[7] Metric tons CO$_2$e** | **122,266,839** | **126,597,229** | **122,685,167** | **137,681,374** |
| GHG Intensity[8] Metric Tons CO$_2$e per Million USD in revenue | 24.6 | 28.4 | 35.2 | 47.6 |
| Annual percentage change in GHG Intensity, FY2017 baseline | -48.2% | -40.3% | -26.1% | Baseline year |

1. Category considers stationary combustion, mobile combustion and fugitive emissions including natural gas, propane, diesel, heavy fuel oil, gasoline, jet fuel, butane, wood pellets, heptane and refrigerant losses
2. We compute both location- and market-based indirect emissions. We use market-based emissions to track our progress towards our reduction targets. Gases used to calculate scope 2 include CO$_2$, CH4, and N2O.
3. Category considers emissions for transportation and distribution losses only.
4. Category considers emissions from business air travel and rental vehicles.
5. Category considers emissions from finished HVACR products, including Ducted Systems, Commercial Chillers, Air Handlers (first year of operation) and Industrial Refrigeration Equipment. Product attributes include heating and cooling capacity, heating and cooling efficiency, refrigerant charge, and refrigerant GWP. Data center cooling, residential chillers and our Johnson Controls Hitachi products are not included but will be considered for future Scope 3 emissions re-baseline calculations. Category excludes Controls, Fire, Security and sourced products without Johnson Controls branding.
6. Emissions reported for informational purposes only, not included in scope 1 subtotals or section grand totals.
7. Excludes biogenic emissions and considers the market-based emissions for scope 2.
8. Considers only scope 1 and scope 2 emissions. All scope 2 emissions are calculated using the market-based approach from the World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol's Scope 2 Guidance. Revenue values used in this analysis have been adjusted for acquisitions and divestitures, consistent with the energy values used in the numerator.

## GHG emissions savings for our customers

| Reduction of GHG emissions | | | |
| --- | --- | --- | --- |
| Unit of Measure | 2022 | 2021 | 2020 |
| Newly added Performance Infrastructure projects within the reported year. YOY metric tons CO$_2$e savings for our customers | 491,671 | 418,989 | 338,730 |

## Reduction of GHG emissions from internal projects
305-5

| | Unit of measure | 2022 | 2021 | 2020 |
| --- | --- | --- | --- | --- |
| Total GHG emissions | Metric tons CO$_2$e | 623,438 | 664,250 | 779,167 |
| Total GHG reductions | Metric tons CO$_2$e | 40,790 | 114,917 | 127,320 |

Methodology notes:
- List of GHGs included: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O) and hydrofluorocarbons (HFC). Greenhouse gas (GHG) reductions are measured as an aggregate value for each year rather than in relation to a base year.
- As part of the sustainability program, projects designed to reduce GHG emissions are implemented at plant level, globally. Actual energy use at each plant is tracked, and reductions are calculated year over year. In addition, Renewable Energy Certificates for all US manufacturing sites, and the vast majority of owned or leased offices and warehouse were purchased in fiscal year 2022.

## Emissions of ozone-depleting substances (ODS)
305-6

| | Unit of measure | 2022 | 2021 | 2020 |
| --- | --- | --- | --- | --- |
| Purchase of ODS | Metric tons of CFC-11 equivalent | 0.085 | 0.7 | 3.5 |

Methodology notes:
- This data was collected through our procurement teams accounting for the purchase and usage of the refrigerant R22. All estimates are based on the best available data at publication and may change over time.
- Within our YORK line of products, we track the use of chlorofluorocarbons (CFCs) and hydrochlorofluorcarbons (HCFCs) in the manufacturing of our building equipment systems, which is the main source of our ozone-depleting substances (ODS). Their related emissions are primarily used in developing countries, consistent with the phase-out schedule specified by the Montreal Protocol. Our heating, ventilation and air conditioning (HVAC) service technicians offer preventive maintenance and predictive diagnostics to prevent the release of ODS while servicing equipment containing refrigerants at customer facilities. Although we may use HCFCs when servicing some of our customers' equipment, we do not report that usage since we consider it part of our customers' activities. We have been engaged in the rapid phasing down of R22 and other CFCs and HCFCs in accordance with the Montreal Protocol, including seeking alternatives where possible.

## Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
305-7

| Emissions Types | Unit of measure | 2022 | 2021 | 2020 | 2017 |
| --- | --- | --- | --- | --- | --- |
| SOx emissions[1] | Kg | 7,711 | 3,796 | 6,192 | 9,097 |
| SOx intensity | kg per Million USD in revenue | 0.30 | 0.16 | 0.28 | 0.40 |
| NOx emissions[2] | Kg | 182,043 | 127,039 | 159,366 | 202,906 |
| NOx intensity | kg per Million USD in revenue | 7.2 | 5.43 | 7.2 | 9.0 |
| Particulate matter emissions[3] | Kg | 21,302 | 15,835 | 14,813 | 22,516 |
| Hazardous air pollutants (HAP)[4] | Kg | NA | 54,380 | 58,937 | 70,861 |
| Volatile organic compound (VOC) emissions[5] | Kg | 4,584 | 24,044 | 65,176 | 78,462 |
| VOC intensity[5] | kg per Million USD in revenue | 0.2 | 0.21 | 2.94 | 3.5 |
| Global normalized stack and fugitive emissions[6] | kg per Million USD in revenue | 6.5 | 8.3 | 13.8 | 16.9 |

1. Global SOx emissions from the combustion of natural gas, propane/LPG, diesel, butane, gasoline and biomass from stationary sources.
2. Global NOx emissions from the combustion of natural gas, propane/LPG, diesel, butane, gasoline and biomass from stationary sources.
3. Global PM emissions from the combustion of natural gas, propane/LPG, diesel, butane, gasoline and biomass from stationary sources.
4. Hazardous air pollutants (HAPs) data is US data only. Hazardous air pollutants (HAP) and volatile organic compounds (VOC) data for 2022 from the EPA is not available at this time of the year because it is based on toxic release inventory (TRI) data which is not reported until July 2023.
5. 2022 reported value for VOC currently excludes toxic release inventory (TRI) data since it is still unavailable at this time and only includes VOC emissions from fossil fuel combustion. The 2021 figure now includes TRI reported data.
6. Stack and fugitive emissions numerator value considers the sum of SOx, NOx, VOC, PM and HAPs data. 2022 reported value currently excludes toxic release inventory (TRI) data since it is still unavailable at this time. 2021 figure was restated and now it includes TRI reported data.

Methodology notes:
- Reported data considers emissions from the combustion of natural gas, propane/LPG, diesel, butane, gasoline and biomass from stationary sources. This section also includes data reported through the Environmental Protection Agency (EPA) Toxic Release Inventory (TRI) reports.
- Data reported for all emissions and years covers all operationally controlled facilities unless specifically noted.
- Energy consumption data used for these calculations is compiled using our EHSIS reporting tool. This tool allows us to collect site-level utility information. The rest of the information is retrieved from the EPA's Envirofacts database as reported through Toxic Release Inventory (TRI) Reports.
- Emission factors from EPA AP-42, Fifth Edition, Volume I and the California Air Resources Board were used to estimate emissions from stationary combustion.
- Select items have been verified. Apex reviewed the energy consumption data that is used as primary data to estimate SOx, NOx, VOC, and PM emissions from combustion.
- Emissions are tracked mostly at the facility level and then aggregated across the enterprise. In some cases, data is only available for certain regions. For example, our HAP and VOC data are from the Toxic Release Inventory (TRI) database maintained by the U.S. Environmental Protection Agency and therefore includes only releases in the United States.
- Other annual emissions may include one or more of the following: antimony/antimony compounds; arsenic; chlorofluoromethane; chromium; cobalt; copper; 1,1-dichloro-1- fluoroethane; 2,2-dichloro-1,1,1-trifluoroethane; diethanolamine; diisocyanates; ethylene glycol; lead/lead compounds; manganese; nickel; N-methyl-2-pyrrolidone; propylene; sulfuric acid (acid aerosols); toluene diisocyanate; xylene; and zinc compounds.
- SOx, NOx, PM and a portion of the VOCs data is calculated as a product of combustion from the use of natural gas, propane/LPG, diesel, butane, gasoline and wood pellets.
- Dust and persistent organic pollutant (POP) emissions are considered not significant based on our set of operations.

## Results: water and effluent
303-1 | 303-2

Outside of municipal water, we currently do not have data on other water sources used, including recycling. We are in the process of exploring the best approach to obtain more granular water data and we hope to be able to report more information on the results of this analysis in the future. Water conservation and recycling efforts are primarily managed at the facility level, but our focus on water use is increasing as data becomes more available.

## Water withdrawal and discharge by source
2-4 | 303-3 | 303-4

| Source | Unit of measure | 2022 | 2021 | 2020 | 2017 |
| --- | --- | --- | --- | --- | --- |
| Municipal water supplies or other water utilities | Megalitres | 3,322 | 4,172 | 3,374 | 3681 |
| Total water withdrawal | Megalitres | 3,322 | 4,172 | 3,374 | 3681 |
| Municipal water discharge | Megalitres | 1,214 | 1,221 | 1,241 | 938 |
| Total water discharge | Megalitres | 1,214 | 1,221 | 1,241 | 938 |

Methodology notes:
- Data is sourced from direct measurements (invoices, metered data).
- Water data withdrawal has been restated to reflect data quality improvements.
- Water discharge includes data for manufacturing sites where data is available from utility invoices. For facilities where water discharge is not billed by volume we assume it is consumed.
- Starting with our 2011 data, Bureau Veritas, now Apex, an independent auditor recognized by CDP, audited our water withdrawal. The certificate for this most recent audit is attached to the GRI Index.

## Water consumption
Specific data unavailable.

## Waste data:
As a result of our efforts, in fiscal year 2022, three more of our facilities were recognized for achieving a zero waste to landfill status. There are now 26 Johnson Controls Global Products plants internally certified as zero landfill. These plants are located in all regions of the world, making environmental sustainability a truly global effort. Overall, Johnson Controls has an **86 percent company-wide diversion rate** including hazardous and non-hazardous waste.

## Waste by type and disposal method
306-3 | 306-4 | 306-5

| Category | 2022 | 2021 | 2020 | 2017 |
|---|---|---|---|---|
| **Non-hazardous** | | | | |
| Reuse | 394 | 339 | 293 | 310 |
| Recycling | 66,320 | 57,050 | 57,402 | 80,973 |
| Composting | 166 | 143 | 43 | 149 |
| Recovery (including energy recovery) | 1,169 | 1,005 | 1,095 | 847 |
| Incineration | 1,479 | 1,272 | 2,011 | 1,603 |
| Landfill | 10,343 | 8,897 | 8,839 | 9,202 |
| **TOTAL** | **79,870** | **68,706** | **69,683** | **93,084** |
| **Hazardous** | | | | |
| Reuse | 190 | 99 | 225 | 27 |
| Recycling | 1,453 | 760 | 716 | 3,233 |
| Composting | 100 | 0 | 0 | 0 |
| Recovery (including energy recovery) | 411 | 215 | 345 | 1,001 |
| Incineration | 1,180 | 617 | 678 | 421 |
| Landfill | 1,892 | 989 | 782 | 1,416 |
| **TOTAL** | **5,125** | **2,680** | **2,746** | **6,097** |
| **GRAND TOTAL (Non-hazardous+Hazardous)** | **84,994** | **71,386** | **72,429** | **99,181** |

## Methodology notes:
- Our contracts with waste disposal contractors require them to provide the data and documentation of each pickup from our sites matched to the GRI categories. This data is entered by site personnel at each location each month into our global environmental health and safety tracking system.
- Waste values represent waste from manufacturing sites, which is the majority of all waste generated by the company.
- All waste can be considered handled offsite.

# Social data

## Employee benefits
### Benefits which are standard for full-time employees
201-3 | 401-2 | 403-6

We publicly disclose many of the benefits we offer employees. Some location-specific benefits vary. For example, some locations offer childcare, and we provide English classes to families in Mexico. Also, not all locations have gym facilities or gym fee reimbursement programs.

### Insurance:
- Healthcare employee
- Healthcare family
- Dental
- Vision
- AD&D
- Short-term disability
- Long-term disability
- Disability/invalidity insurance
- Life insurance (basic and supplemental)
- Commuter benefit
- Health savings account
- Flexible healthcare account
- Dependent care account

### Voluntary benefits:
- Accident insurance
- Auto/home insurance
- Legal Insurance
- Pet insurance
- ID theft insurance
- Critical illness insurance

### Vacation and leave:
- Medical and family leave
- Vacation
- Paid sick days
- Bereavement leave
- Parental/maternity leave
- Short- and long-term disability

### Flexibility:
- Job security initiatives for redeployment, including retraining, relocation, work-sharing and outplacement services
- Flexible work schemes and work-sharing
- Recall rights for laid-off employees
- Flex scheduling
- Telecommuting options/hybrid work options
- Paid time off for employee volunteers

### Financial:
- Stock ownership
- Stock options
- Relocation assistance
- Matching gift program
- Expat assignments
- Employee recognition/rewards

### Education:
- Tuition reimbursement (other than career training)
- Higher education scholarship programs, for either employees or their relatives
- Workforce training, skills and leadership development programs
- Mentoring program

### Wellness:
- Employee assistance program
- Work/life support program
- Wellness/fitness program
- On-site fitness facilities
- On-site recreation facilities
- Gym facilities or gym fee reimbursement programs
- Preventative healthcare programs
- Carpooling support programs
- Employee recognition programs

### Retirement:
- Pension plans/retirement provision
- Retirement: Defined benefit plan (including pension plan)

## Parental leave
401-3

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Number of male employees who took parental leave | 674 | 224 | 166 |
| Number of female employees who took maternity leave | 183 | 272 | 285 |
| Rate of female employees who returned to work after leave | 96% | 96% | 100% |
| Rate of male employees who returned to work after leave | 97% | 98% | 100% |

## Methodology notes:
- The numbers provided include all US employees except those who may have separate benefits due to union contracts.
- The return-to-work rate only includes employees who worked more than two weeks after their return.

## Diversity of employees
405-1

| Employee | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Male | | Female | | Male | | Female | |
| | Global number | Global % | Global number | Global % | Global number | Global % | Global number | Global % |
| Total | 76,000 | 76% | 24,000 | 24% | 74,700 | 77% | 22,300 | 23% |
| Managers | 9,400 | 80% | 2,300 | 20% | 8,900 | 81% | 2,100 | 19% |

| 2022 | Minority or vulnerable group | | Age groups | | |
|---|---|---|---|---|---|
| Employees | Global number | Global % | % <30 years old | % 30 – 50 years old | % >50 years old |
| Total | 11,000 | 30% | 18% | 55% | 27% |
| Managers | 1,000 | 21% | 2% | 61% | 37% |

Male, female and age groups data represents all employees globally. Minority data represents US employees only.

## Ratio of standard entry-level wage by gender compared to local minimum wage
202-1

| Ratio of employee entry-level wages compared to the minimum wage at significant locations of operations | Gender | 2022 ratio | 2021 ratio | 2020 ratio |
|---|---|---|---|---|
| US | Men | 2.07 | 2.00 | 1.91 |
| US | Women | 2.07 | 1.94 | 1.91 |
| Mexico | Men | 1.93 | 1.51 | 2.28 |
| Mexico | Women | 1.78 | 1.26 | 2.27 |
| United Kingdom | Men | 1.76 | 0.98 | 1.00 |
| United Kingdom | Women | 1.30 | 0.94 | 1.02 |

The above numbers represent 55 percent of our global employees.

## Annual total compensation ratio
2-21

| Location | 2022 ratio | 2021 ratio | 2020 ratio |
|---|---|---|---|
| Canada | 4.10 | 4.27 | 4.26 |
| China | 37.21 | 39.25 | 26.93 |
| India | 33.81 | 25.00 | 24.97 |
| Mexico | 36.73 | 38.73 | Not listed |
| United Kingdom | 9.85 | 8.95 | 7.89 |
| United States | 6.80 | 6.88 | 9.24 |

The ratio of the annual total compensation for the organization's highest-paid individual in each country to the median annual total compensation for salaried employees within the same country is calculated using the annual base salary compensation for full-time employees.

## Ratio of percentage increase in annual total compensation
2-21

| Location | 2022 ratio | 2021 ratio | 2020 ratio |
|---|---|---|---|
| Canada | 1.07 | 0.80 | 0.65 |
| China | 0.58 | 0.50 | 0.54 |
| India | 0.33 | 0.97 | 0.61 |
| Mexico | 1.12 | 0.43 | Not listed |
| United Kingdom | 0.40 | 1.13 | 0.71 |
| United States | 0.90 | 3.19 | 0.70 |

The ratio of the annual total compensation percentage increase of the highest paid individual in each country to the median annual total compensation percentage increase for salaried employees in the same country is calculated using the annual base salary performance increase for full-time employees.

## New employee hires and employee turnover
401-1

| Total workforce | | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|---|
| **New employee hires** | | Total | Rate | Total | Rate | Total | Rate |
| Global (excludes hires from acquisition/HAF) | All age groups | 23,700 | | 22,420 | | 15,730 | |
| | Under 30 years old | 9,700 | 41% | 8,500 | 38% | 6,720 | 43% |
| | Between 30 and 50 years old | 11,500 | 48% | 11,120 | 50% | 7,360 | 47% |
| | Over 50 years old | 2,500 | 11% | 2,800 | 12% | 1,650 | 10% |
| | North America | 9,500 | 40% | 11,020 | 49% | 5,270 | 34% |
| | Asia | 4,600 | 20% | 3,770 | 17% | 1,990 | 13% |
| | Europe | 2,500 | 10% | 1,790 | 8% | 1,650 | 10% |
| | Latin America | 6,800 | 29% | 5,550 | 25% | 6,600 | 42% |
| | Middle East and Africa | 300 | 1% | 290 | 1% | 220 | 1% |
| | Female | 6,300 | 27% | 5,340 | 24% | 4,800 | 31% |
| | Male | 17,400 | 73% | 17,080 | 76% | 10,930 | 69% |
| **Employee turnover** | | Total | Rate | Total | Rate | Total | Rate |
| Global (excludes terms from divestiture or facility sold) | All age groups | 24,500 | 24% | 18,670 | 20% | 21,440 | 23% |
| | Under 30 years old | 10,000 | 44% | 5,730 | 36% | 6,310 | 37% |
| | Between 30 and 50 years old | 11,800 | 21% | 9,130 | 17% | 10,340 | 20% |
| | Over 50 years old | 2,700 | 17% | 3,810 | 14% | 4,790 | 19% |
| | North America | 9,500 | 23% | 8,010 | 20% | 9,050 | 22% |
| | Asia | 4,800 | 16% | 2,930 | 13% | 2,420 | 15% |
| | Europe | 3,000 | 17% | 2,310 | 14% | 2,190 | 13% |
| | Latin America | 6,900 | 48% | 5,100 | 34% | 7,290 | 44% |
| | Middle East and Africa | 300 | 19% | 320 | 20% | 490 | 18% |
| | Female | 6,500 | 27% | 4,920 | 22% | 6,150 | 28% |
| | Male | 18,000 | 23% | 13,750 | 19% | 15,280 | 21% |

## Employees
2-7 | 2-8

| Full-time and part-time employees by gender | 2022 | 2021 | 2020 |
|---|---|---|---|
| Full-time – male | 76,000 | 74,240 | 72,170 |
| Full-time – female | 23,000 | 21,910 | 21,910 |
| **Total full-time[1]** | **99,000** | **96,150** | **94,080** |
| Part-time – male | 400 | 460 | 330 |
| Part-time – female | 600 | 390 | 590 |
| **Total part-time** | **1,000** | **850** | **920** |

1 Values exclude employees that did not declare their gender (10 employees)

| Employees by region | 2022 Male | 2022 Female | 2021 Male | 2021 Female | 2020 Male | 2020 Female |
|---|---|---|---|---|---|---|
| North America | 32,000 | 9,000 | 32,460 | 8,540 | 30,890 | 8,230 |
| APAC | 17,500 | 5,400 | 16,820 | 4,780 | 16,100 | 4,420 |
| Europe | 13,500 | 4,000 | 12,710 | 3,440 | 12,710 | 3,590 |
| Latin America | 11,000 | 5,500 | 10,440 | 5,260 | 10,450 | 5,980 |
| Middle East and Africa | 2,000 | 100 | 2,270 | 280 | 2,360 | 270 |

| Permanent employees and temporary workers by gender | 2022 | 2021 | 2020 |
|---|---|---|---|
| Indefinite or permanent contract – male | 75,400 | 74,260 | 72,170 |
| Indefinite or permanent contract - female | 23,600 | 22,070 | 21,910 |
| **Total indefinite or permanent** | **99,000** | **96,330** | **94,080** |
| Fixed term or temporary contract – male | 600 | 440 | 330 |
| Fixed term or temporary contract – female | 400 | 230 | 590 |
| **Total fixed term or temporary contract** | **1,000** | **670** | **920** |

## Ratio of basic salary and remuneration of women to men, by significant locations* of operations
405-2

| Location | 2022 ratio | 2021 ratio | 2020 ratio |
|---|---|---|---|
| Canada | 0.96 | 0.95 | 0.96 |
| China | 0.96 | 0.98 | 0.98 |
| Mexico | 0.96 | 0.97 | 0.99 |
| United States | 0.97 | 0.96 | 0.97 |
| Total Worldwide | 0.94 | 0.96 | 0.98 |

*Significant location: Location that has a large concentration of employees in both plant and corporate offices. Analysis of each function (i.e., job family as in Legal, HR, IT, Finance, Sales, etc.) with jobs containing both males and females, in the same pay grade, same salary plan and same country.

## Incidents of discrimination and corrective actions taken
406-1

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Total number of incidents | 72 | 81 | 91 |

Status for all incidents for all years:
· Reviewed
· Remediation plan being implemented
· Remediation plan implemented
· Results reviewed through routine internal management review process
· Incident no longer subject to attention

Corrective actions taken: the numbers above are a tally of all allegations of discrimination filed through a legal action, formal complaint or the Johnson Controls Ethics Hotline. All incidents were investigated, and corrective actions implemented to prevent a recurrence.

## Freedom of association and collective bargaining
407-1 | 2-30
There are no operations within Johnson Controls that have been identified as being at significant risk for prohibiting employees from exercising the right to freedom of association or collective bargaining.

| Freedom of association and collective bargaining | | | |
|---|---|---|---|
| Collective bargaining agreements | 2022 | 2021 | 2020 |
| Percentage of total employees covered by collective bargaining agreements | 22 | 22 | 22 |

*Percentage of employees covered by collective bargaining agreements globally.

# Training and education

## Average hours of training per year per employee
404-1

| Employee Category | 2022 |
|---|---|
| CEO | 4.08 |
| President/Executive Vice-President | 6.41 |
| Vice-President/General Manager | 9.15 |
| Director | 15.66 |
| Manager | 17.41 |
| Supervisor | 13.38 |
| Individual contributor – professional | 14.15 |
| Individual contributor– support | 15.09 |
| **Overall Average** | **15.05** |

## Percentage of employees receiving regular performance and career development reviews
404-3

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Male | 96 | 97 | 95 |
| Female | 96 | 97 | 96 |
| Total | 96 | 97 | 95 |

Data represents percent of salaried employees receiving performance reviews. All managers are expected to conduct employee reviews.

# Health and safety

Types of injuries and rates of injuries, occupational disease, lost days and absenteeism and number of work-related fatalities
403-9 | 403-10

| Global, total workforce | Incident category | 2022 | 2021 | 2020 | 2017 |
|---|---|---|---|---|---|
| High-consequence injuries | Work-related fatalities | 1 | 0 | 0 | 0 |
| | Work-related fatality rate | 0.001 | 0.00 | 0.00 | 0.00 |
| Total recordable incidents | Total recordable incidents (TRI) | 490 | 440 | 456 | 718 |
| | Total recordable incident rate (TRIR) | 0.41 | 0.38 | 0.40 | 0.57 |
| Actual | Percent change in total recordable incident rate, FY2017 baseline | –28.1% | –32.8% | –29.5% | Baseline year |
| 2025 Sustainability Strategy Goal | 2025 Sustainability Strategy Goal, annual percent change in total recordable incident rate, FY2017 baseline | –16.6% | –13.4% | –10.2% | 0% (baseline year) |
| Lost time incidents | Total lost time incidents (LTI) | 176 | 153 | 144 | 309 |
| | Total lost time incident rate (LTIR) | 0.15 | 0.13 | 0.13 | 0.25 |
| First-aid injuries | Total first-aid injuries | 1,855 | 1,631 | 1,655 | 1,349 |
| | Total first-aid injury rates | 1.55 | 1.42 | 1.46 | 1.07 |
| Near miss, unsafe acts, unsafe conditions | Total NM/UA/UC Reports | 60,775 | 39,885 | 23,309 | 12,596 |
| | Total NM/UA/UC Rate | 49.56 | 33.58 | 19.81 | 9.97 |

- To calculate these figures, we follow US OSHA injury classifications globally
- Metrics include employees and agency / temp workers but exclude third-party subcontractors, except for near miss, unsafe acts, unsafe conditions metrics
- Data is per 200,000 hours and, starting with fiscal year 2017 data, reflects our company footprint as of the end of fiscal year 2022
- Work hours used for rate calculations are either actual (e.g., from time keeping systems) or estimated (e.g., based on headcount) work hours
- Historic data is re-stated to reflect the performance of current Johnson Controls operations
- Health and safety metrics as of April 2023

**Work-related hazards that pose a risk of ill-health**
403-10

- Our Safe Workplace Principle within the Johnson Controls Manufacturing System is aligned with the requirements of ISO 45001
- Johnson Controls provides a variety of relevant medical services to assist employees in countries where access to health care may be limited
- Special attention is given to employee well-being, with focused campaigns addressing aspects of mental, physical, social and financial well-being

# Product safety

Product labeling
417-1

| Requirements for product and service information and labeling | Required for product service labeling |
|---|---|
| The sourcing of components of the product or service | Yes |
| Content, particularly with regard to substances that might produce an environment or social impact | Yes |
| Safe use of the product or service | Yes |
| Disposal of the product and environmental/social impacts | Yes |

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Percentage of significant product or service categories that are covered by and assessed for compliance with company procedures for product and service information and labeling | 100% | 100% | 100% |

417-2

Johnson Controls did not have any material or substantial incidents of non-compliance with product and service information and labeling regulations or voluntary codes. Our products are compliant with applicable regulations, codes and standards that require specific information be placed in our product service and maintenance information and manuals regarding safety. Many of our products are also listed by Nationally Recognized Test Labs (NRTL) where these requirements on information in the manuals are verified for presence.

417-3

Johnson Controls did not have any incidents of non-compliance with marketing communications regulations or voluntary codes.

# Governance data

Direct economic value generated and distributed
201-1

| Fiscal 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Currency: Million USD | Value generated | Value distributed | | | | | Value Retained |
| Fiscal year 2022 | Revenues | Operating costs | Wages and benefits | Payments to providers of capital | Payments to government | Community investment | (Generated less distributed) |
| Company level | 25,299 | (16,130) | (6,680) | (1,129) | (568) | 14.8 | 807 |

Through philanthropy and employee volunteer programs, we improve and strengthen the hundreds of communities we call home. Johnson Controls contributes millions of dollars annually and our employees give freely their time, skills and contributions. The community investment number above includes corporate and Foundation philanthropic contributions of more than $12 million and employee giving in excess of $2.8 million.
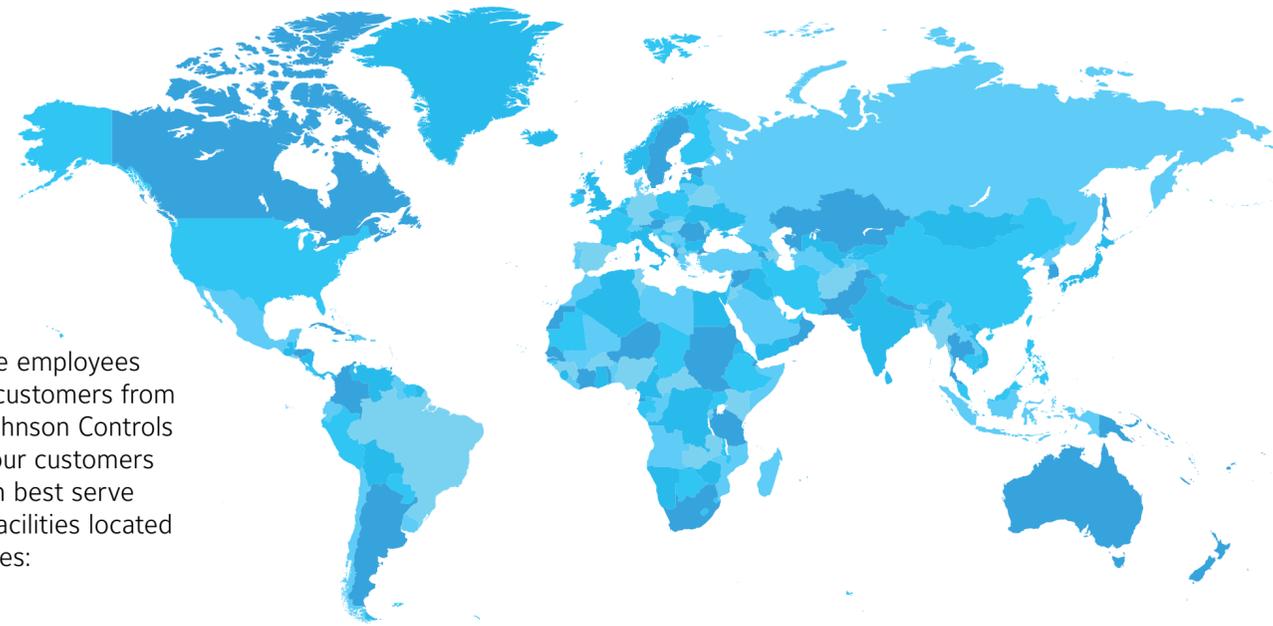
## Countries of operation
2-1 | 3-3

Our 100,000 worldwide employees serve a wide range of customers from 1,300 locations. The Johnson Controls Location Finder helps our customers find the facility that can best serve their needs. We have facilities located in the following countries:



| Location of operations | | | | |
|---|---|---|---|---|
| Argentina | Costa Rica | Japan | Poland | United Arab Emirates |
| Australia | Czech Republic | Kazakhstan | Portugal | United Kingdom |
| Austria | Denmark | Kuwait | Qatar | United States of America |
| Bahrain | Finland | Luxembourg | Romania | Uruguay |
| Belgium | France | Malaysia | Singapore | Uzbekistan |
| Brazil | Germany | Mexico | Slovakia | Vietnam |
| Canada | Hungary | Netherlands | Spain | |
| Chile | India | New Zealand | Sweden | |
| China | Indonesia | Norway | Switzerland | |
| China – Hong Kong (SAR) | Ireland | Oman | South Africa | |
| China – Macau (SAR) | Isle of Man | Panama | Thailand | |
| Chinese Taiwan | Israel | Peru | Turkey | |
| Colombia | Italy | Philippines | Ukraine | |

As of March 7, 2022, we suspended our business operations in Russia. We committed to fulfilling existing contractual obligations to the extent possible, and in full compliance with sanctions, but we have not, and will not accept new business or orders.

## Diversity of governance bodies
405-1

| Board of Directors | Male | | Female | | Minority or Vulnerable Group | | Age Groups | | |
|---|---|---|---|---|---|---|---|---|---|
| (as of annual meeting in March 2023) | Number | Percent | Number | Percent | Number | Percent | % <30 years old | % 30 – 60 years old | % > 60 years old |
| | 7 | 64% | 4 | 36% | 8 | 73% | 0% | 18% | 82% |

Board diversity (minority or vulnerable group) includes female/racial/ethnic/LGBTQ+ and geographically diverse (non-US citizenship). Note that these metrics represent our Board of Directors following the March 2023 Annual General Meeting of Shareholders. See page 27 of Johnson Controls 2023 Notice and Proxy Statement for details on board composition, tenure, expertise and diversity.

## Committees governing environmental, social and governance topics
2-9

| Committee function | Name of committee | Number of non-executive directors |
|---|---|---|
| Audit/accounting | Audit Committee | 3 |
| Renumeration/compensation | Compensation and Talent Development Committee | 3 |
| Nomination | Governance and Sustainability Committee | 3 |
| Major corporate actions | Full Board of Directors | 10 |
| Corporate social responsibility, corporate citizenship, sustainable development | Governance and Sustainability Committee | 3 |
| Health and safety | Governance and Sustainability Committee | 3 |
| Environmental issues | Governance and Sustainability Committee | 3 |
| Risk-management | Full Board of Directors / Governance and Sustainability Committee / Audit Committee | 10 |
| Ethics issues | Audit Committee | 3 |
| Community and public affairs | Governance and Sustainability Committee | 3 |

## Executive leadership team responsibility for corporate social responsibility and sustainability
2-9 | 2-12 | 2-13 | 2-17 | 3-1

| As of the annual meeting in March 8, 2023 | Name | Position or title | Organizational level (from the board and CEO) and reporting line |
|---|---|---|---|
| Overall responsibility for corporate social responsibility and sustainability | George Oliver | Chairman and Chief Executive Officer | 0 – Serves on Board of Directors |
| Diversity and employment equity | Marlon Sullivan | Executive Vice President and Chief Human Resources Officer | 1 – reports to Chairman and CEO |
| Community and public relations | Katie McGinty | Vice President and Chief Sustainability and External Relations Officer | 1 – reports to Chairman and CEO |
| Environmental issues | Katie McGinty | Vice President and Chief Sustainability and External Relations Officer | 1 – reports to Chairman and CEO |
| Health and safety | John Donofrio | Executive Vice President, General Counsel | 1 – reports to Chairman and CEO |
| Risk-management | John Donofrio | Executive Vice President, General Counsel | 1 – reports to Chairman and CEO |
| Supply chain social responsibility | Terry Nadeau | Vice President, Chief Procurement Officer | 1 – reports to Chairman and CEO |
| Compliance/ethics issues | Mara Murphy | Vice President, Chief Ethics and Compliance Officer | 2 – reports to EVP and General Counsel who reports to Chairman and CEO and reports to Audit Committee |
| Human rights issues and labor Issues | Tammara Lovett | Vice President, Chief Labor and Employee Counsel | 2 – reports to EVP and General Counsel who reports to Chairman and CEO and reports to Audit Committee |

## Political contributions
415-1

| Currency: USD | 2022 | 2021 | 2020 |
|---|---|---|---|
| Recipient: PAC Activity Country: US | $230,650 | $179,550 | $218,100 |

Also see Public Policy Engagement section of this report and associated links to public disclosures of our political contributions.

**Johnson Controls International PLC Cautionary Statement Regarding Forward-Looking Statements**

Johnson Controls International PLC has made statements in this report that are forward-looking and therefore are subject to risks and uncertainties. All statements in this document other than statements of historical fact are, or could be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In this communication, statements regarding Johnson Controls' purpose, ambitions, aims, commitments, targets, plans, and objectives, environmental, health, and safety data, social data as relates to employee metrics, social practices, employee engagement, recruiting, learning and development, and community engagement programs, future sustainability and corporate social responsibility goals, targets and performance, future financial position, sales, costs, earnings, cash flows, other measures of results of operations, synergies and integration opportunities, capital expenditures and debt levels are forward-looking statements. Words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "forecast," "project" or "plan" and terms of similar meaning are also generally intended to identify forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Johnson Controls cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Johnson Controls' control, that could cause Johnson Controls' actual results to differ materially from those expressed or implied by such forward-looking statements. A detailed discussion of risks related to Johnson Controls' business is included in the section entitled "Risk Factors" in Johnson Controls' Annual Report on Form 10-K for the 2022 fiscal year filed with the SEC on November 15, 2022, which is available at www.sec.gov and www.johnsoncontrols.com under the "Investors" tab. The description of certain of these risks is supplemented in Item 1A of Part II of Johnson Controls' subsequently filed Quarterly Reports on Form 10-Q. Shareholders, potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this communication are made only as of the date of this document, unless otherwise specified, and, except as required by law, Johnson Controls assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this communication.

In addition, Johnson Controls has made several public commitments regarding environmental, social and corporate responsibility matters, including, among others, commitments to achieve net zero Scope 1 and 2 carbon emissions by 2040 and the establishment of science-based targets to reduce carbon emissions from Johnson Controls operations and the operations of its customers. Although Johnson Controls intends to meet these commitments, it may be required to expend significant resources to do so, which could increase operational costs. Further, there can be no assurance of the extent to which any of these commitments will be achieved, or that any future investments Johnson Controls makes in furtherance of achieving such commitments will meet external expectations or any binding or non-binding legal standards regarding environmental social or corporate responsibility performance. Moreover, Johnson Controls may determine that it is in the best interest of Johnson Controls and its stockholders to prioritize other business, social, governance or sustainable investments over the achievement of these commitments based on economic, regulatory and social factors, business strategy or pressure from investors, activist groups or other stakeholders. Johnson Controls ability to achieve its public environmental, social and corporate responsibility commitments may also be negatively impacted by one or more of the risks included in the section entitled "Risk Factors" in Johnson Controls' Annual Report on Form 10-K for the 2022 fiscal year filed with the SEC, as updated by any subsequently filed Quarterly Report on Form 10-Q or Current Report on Form 8-K.
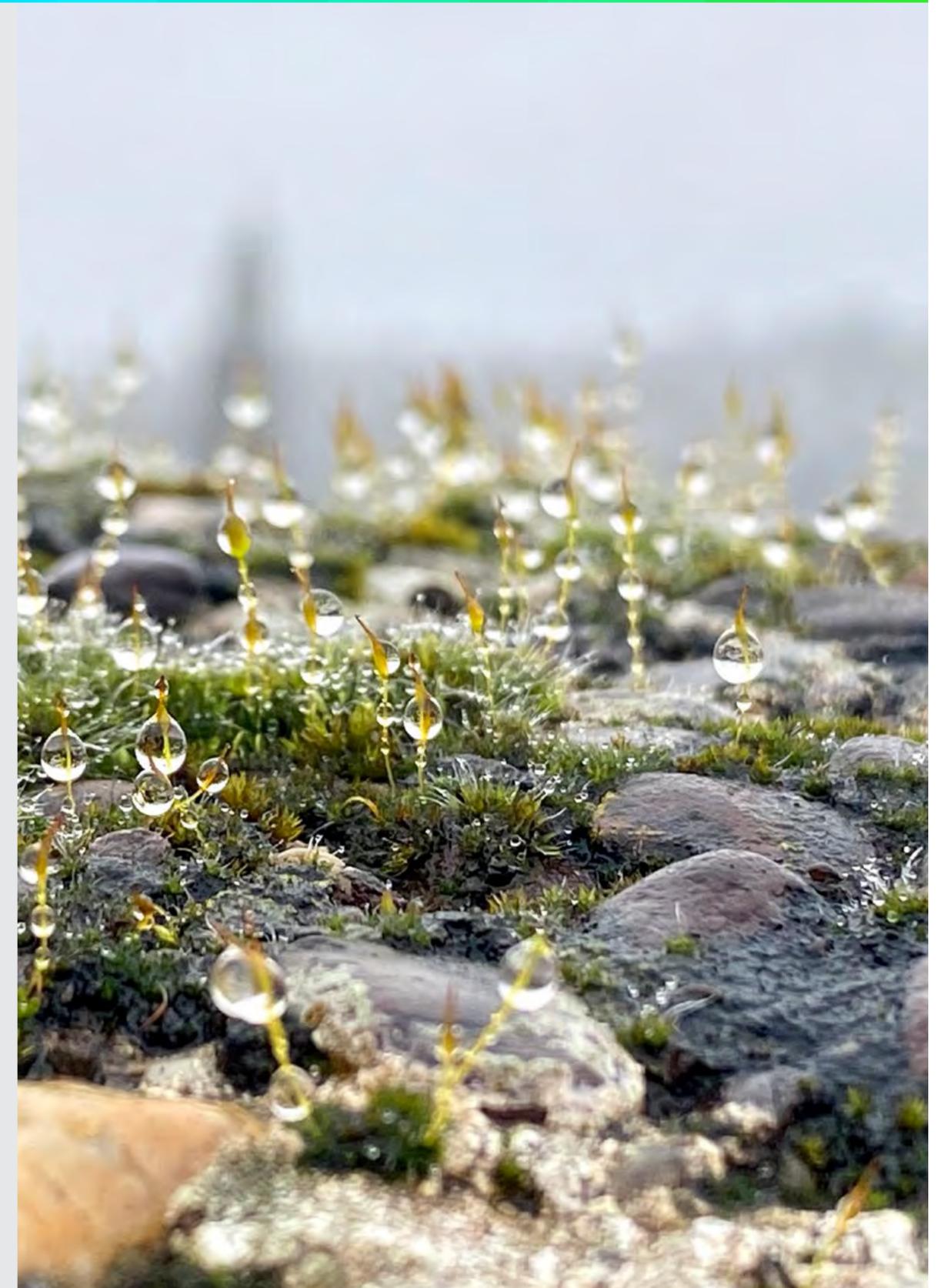
**About Johnson Controls**
At Johnson Controls (NYSE:JCI), we transform the environments where people live, work, learn and play. As the global leader in smart, healthy and sustainable buildings, our mission is to reimagine the performance of buildings to serve people, places and the planet.

Building on a proud history of nearly 140 years of innovation, we deliver the blueprint of the future for industries such as healthcare, schools, data centers, airports, stadiums, manufacturing and beyond through OpenBlue, our comprehensive digital offering.

Today, with a global team of 100,000 experts in more than 150 countries, Johnson Controls offers the world`s largest portfolio of building technology and software as well as service solutions from some of the most trusted names in the industry.

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