

# Sustainability Materiality Assessment

## Executive Summary 2020

### **Using Sustainability Materiality Assessment to inform strategy and reporting**

At Johnson Controls, we provide a full range of building technologies and solutions that make buildings and communities smarter, safer, and more sustainable. Sustainability is an integral part of our vision, values and offerings. In support of our sustainability strategy, we conduct global Sustainability Materiality Assessments to identify the most important environmental, social and governance issues for key external and internal stakeholders.

We use this input to help prioritize sustainability actions, inform our sustainability strategy and ensure we report on the issues that are most important to our stakeholders. Our Sustainability Materiality Assessment results are also integrated within our overall Enterprise Risk Management process.

We completed our first global sustainability materiality assessment in early 2014. Johnson Controls has completed additional Sustainability Materiality Assessments in 2016, 2017 and 2019.

### **Developing the process and material topics**

In developing the 2019 Sustainability Materiality Assessment, we aligned the sustainability issues with the SASB Materiality Map for the Resource Transformation, Electrical & Electronic Equipment sector and to GRI Standards Reporting Principles and topics. We also incorporated input from internal and external stakeholders including our Global Sustainability Council and Enterprise Risk Management Committee. The 2019 assessment included thirty three issues within five categories including governance; products and services; people and partnerships; operations; and supply chain.

### **Gathering key external and internal stakeholder input**

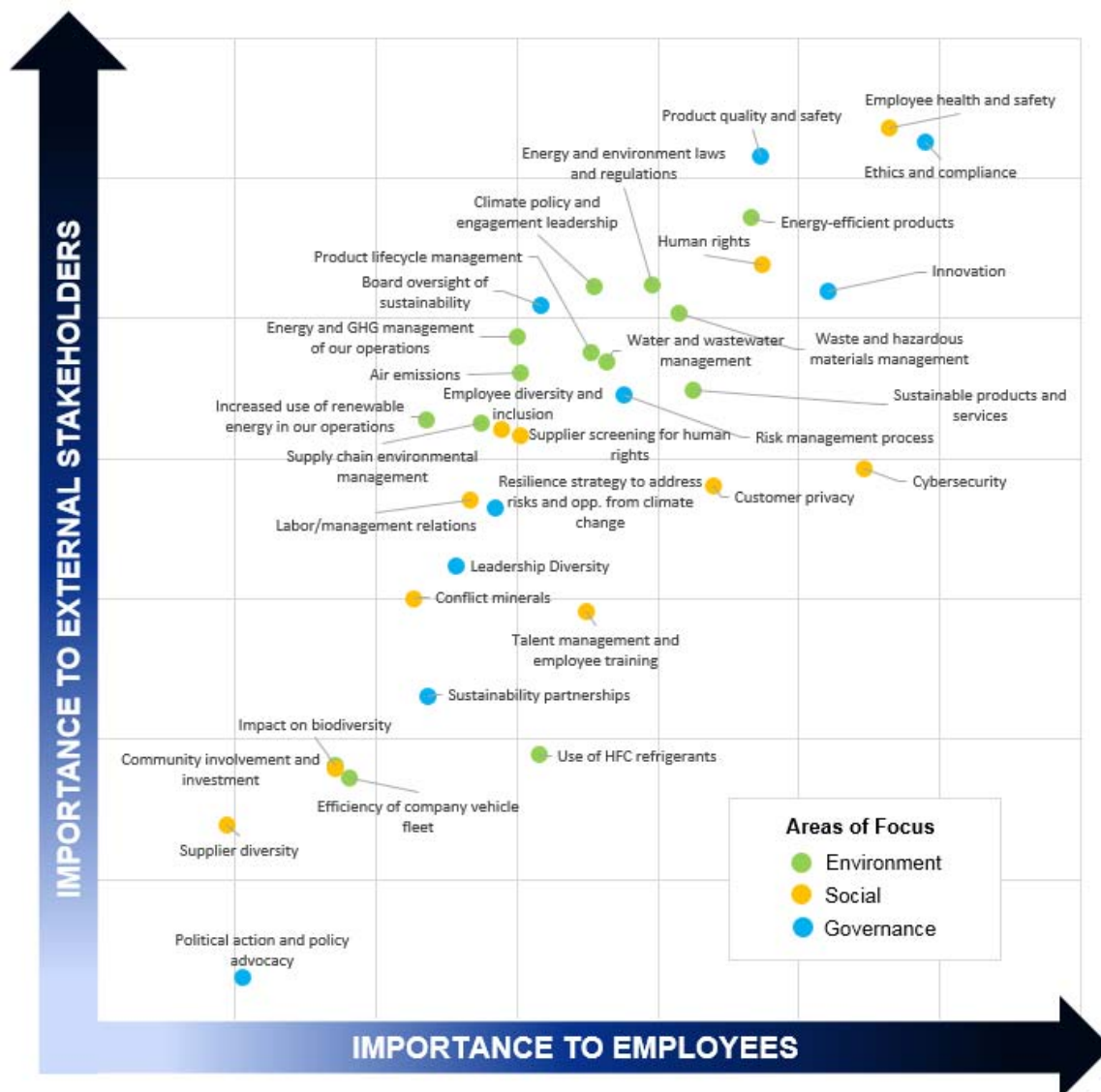
External and internal stakeholders were identified representing a broad, international perspective where Johnson Controls has operations. External stakeholders included customers, supply chain partners, industry associations, non-governmental organizations, trade media, academia, investors, and rating agencies. Internal stakeholders were from a variety of levels within the organization including executive leadership, our Global Sustainability Council, our Global Sustainability Employee Network and Business Resource Group leaders, and account managers.

Internal stakeholders assessed the issues based on "Importance to Johnson Controls" and external stakeholders assessed the same issues based on "importance from your perspective."

The results showed that the sustainability-related issues of greatest importance to Johnson Controls and our stakeholders are:

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

Despite the fact that most respondents and the composition of Johnson Controls' major businesses have changed since 2017, many of the top issues were similar including: ethics and compliance; energy-efficient products; innovation; cybersecurity; product quality and safety; employee health and safety; energy and environment laws and regulations and waste and hazardous materials management. New top issues for 2019 included human rights, climate policy and engagement leadership and sustainable products and services.



Actions based on stakeholder feedback:

**Environment:**

- **Provide increasingly-sustainable products and services** - Johnson Controls' largest opportunity for making a positive global sustainability impact is with its products and services. We are committed to innovation in developing increasingly energy-efficient and sustainable products and services.
- **Improve how we perform internally** - We have made great strides in improving our operational footprint, for example reducing our greenhouse gas intensity by 64% since 2002 and certifying 19 sites as landfill-free, and we will continue to do more, driving ambitious goals for greenhouse gas emissions, energy, water, and waste.

**Social:**

- **Ensure a safe and healthy work environment** - It is critical that we continue to conduct business in a way that is protective of the health and safety of our employees, those working on our behalf, our customers, our shareholders, the environment and the communities in which we operate, including a focus on delivering product quality and safety, keeping our employees safe, and our data secure. Johnson Controls first signed the United Nations Global Compact in 2004, and we remain steadfastly committed to aligning our operations and strategies with the Compact's Ten Principles, which cover human rights, labor, health and safety, the environment and anti-corruption.

**Governance:**

- **Continue integration of sustainability into company goals and decision making** - Sustainability is core to Johnson Controls. It is a part of Johnson Controls' vision, values and employee purpose. Our commitment to ethics and integrity and our culture of sustainability benefits communities and the world - while improving our shareholder value, reputation, productivity, and employee retention.
- **Lead in global sustainability partnerships** - We recognize that we have an incredible opportunity to increase our sustainability impact through collaboration with others. We take leadership roles in global sustainability organizations that engage in advocacy for responsible climate policy and energy and environment laws and regulations that provide environmental, economic and social benefits for customers and communities around the world.