

# SUSTAINABILITY MATERIALITY ASSESSMENT

## EXECUTIVE SUMMARY

### 2015-2016

#### Overview of Progress

Johnson Controls, a global multi-industrial company with established core businesses in the automotive, building, and energy storage industries completed its first global sustainability materiality assessment in early 2014. As a result of that assessment, we took a number of actions to further drive organizational sustainability priorities and efforts, including but not limited to:

- Launched the Supplier Efficiency Program
- Added a representative from our Human Resources team to the Global Energy & Sustainability Council (GESC)
- Continued efforts to reduce hazardous waste
- Continued to focus the GESC on the importance of product and service innovation to sustainability

In January 2016, Johnson Controls completed its second Sustainability Materiality Assessment. The process helped Johnson Controls continue to assess the environmental, social, and governance topics that are priorities for Johnson Controls' employees, customers, supply chain participants and non-profit stakeholders. The most recent findings will be leveraged to continue communication, reporting and engaging on these areas internally and externally.

#### Review of materials and identification of areas of focus

The assessment include thirty-two issues which were identified using industry-accepted standards, our previous assessment and the GESC. Some of the issues changed from our last assessment and we added five new issues.

#### Gathering Stakeholder Input

External and internal stakeholders were identified representing a broad, international perspective where Johnson Controls has operations. We used our Materiality Assessment Navigator tool to gather input from all stakeholders which also allowed for commentary and feedback.

Stakeholders assessed the issues on two dimensions: importance and impact.

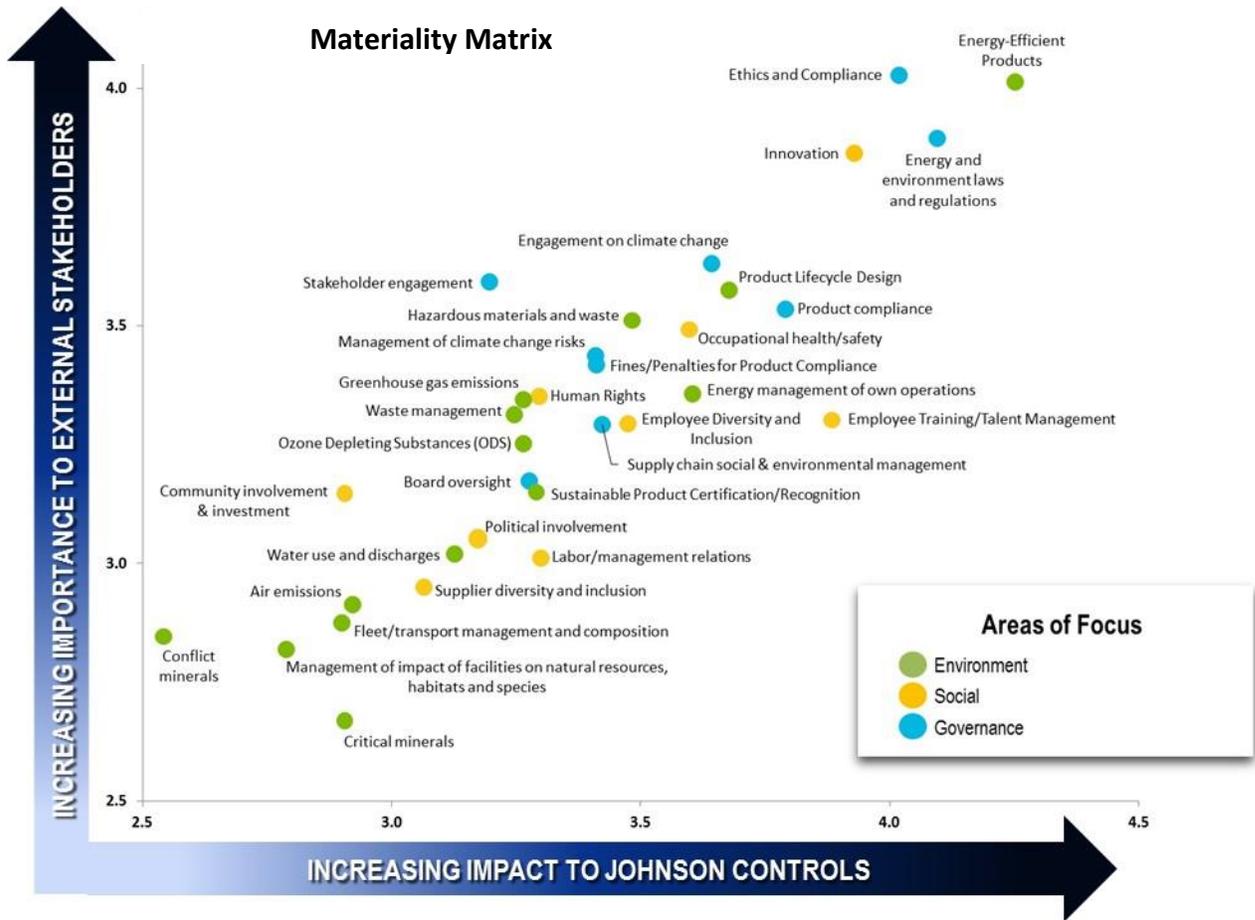
- Internal stakeholders assessed based on the importance to their stakeholders, including themselves as employees and the impact they believed the issue would have on business success if not addressed.
- External stakeholders assessed based on the importance to them and the organization they represented and the impact they believed the issue would have on the success of Johnson Controls if not addressed.

Stakeholder groups invited to respond included: Executive leadership, Business Resource Group leaders, Suppliers, Customers, Investors, Non-governmental/non-profit organizations, Industry Groups, Labor Groups, Trade Press, and Academia.

#### 2015-2016 Sustainability Materiality Matrix

The sustainability materiality assessment was not a comprehensive review of all sustainability risks and opportunities for Johnson Controls. Rather, the assessment provided a snapshot to help guide further dialogue and engagement with stakeholders. Within the 32 areas of focus explored, there were a number of areas such as supplier diversity where Johnson Controls has many years of management focus. Other areas, such as talent

management may be of greater internal and external attention now as Johnson Controls, and other companies, increase their focus on global talent acquisition and retention.



#### Key Findings

- **Product & Services** – Johnson Controls’ largest opportunity for making a positive global sustainability impact is with its products and services. This includes product lifecycle design and innovation.
- **Performance Management** – Johnson Controls should focus environment, social and governance efforts on talent management and occupational health & safety.
- **Values Driven Engagement** –Johnson Controls core values of ethics and integrity should drive sustainability communications on sustainability objectives and more deeply engage stakeholders to address sustainability challenges and opportunities.
- **Reputation** – Johnson Controls should continue to use its expertise and leadership to engage on the issue of climate change with diverse stakeholders by participating in events like COP21 to help identify and scale policies and solutions that help reduce greenhouse gas emissions.

#### Next Steps

- Share materiality assessment results with internal and external stakeholders.
- Focus sustainability reporting on the material issues as identified.
- Prioritize sustainability efforts based on the importance to stakeholders and impact to Johnson Controls.