Overview of Progress
Johnson Controls, a global multi-industrial company with established core businesses in the 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:

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

Johnson Controls completed additional Sustainability Materiality Assessments in January of 2016 and January of 2017. 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 2017 assessment include thirty-six issues which were identified using industry-accepted standards, our previous assessment and the GSC. Four of the issues from our last assessment were removed: Product lifecycle design; management of climate change risks; fines/penalties for product compliance; and critical minerals. Eight issues were added: cybersecurity; products that enhance safety and security; taxes; privacy; emergency & disaster response; risk-management process; public safety; and renewable energy.

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 importance. Internal stakeholders assessed based on “importance to our business,” including themselves as employees. External stakeholders assessed based on the “importance to my organization,” the organization they represented.


2017 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 36 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.

The top ten issues to our stakeholders are, in order: ethics & compliance; energy-efficient products; innovation; cybersecurity; product compliance; occupational health & safety; energy/environment laws & regulations; talent management & employee training; hazardous material management; and diversity and inclusion.
Key Findings

- **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.

- **Product & Services** – Johnson Controls’ largest opportunity for making a positive global sustainability impact is with its products and services. This includes energy-efficient products and innovation.

- **Performance Management** – Johnson Controls should focus internal environment, social and governance efforts on compliance, reporting, delivering energy-efficient products, managing hazardous materials, and ensuring we keep our employees safe and our data secure. Also, continue to focus on our employees, developing their talents and ensuring an environment of diversity and inclusion.

- **Reputation** – Johnson Controls should continue to use its expertise and leadership to engage on energy and environment laws and regulations with diverse stakeholders by participating in events like COP23 to help identify and scale policies and solutions that help reduce greenhouse gas emissions and further the circular economy.

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.

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