


Sustainable Finance Framework



September 2021



The power behind **your mission**



The future is being built today and Johnson Controls is making that future more productive, more secure and more sustainable.



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Part 1

Johnson Controls Sustainability Commitment

1.1 Company overview



Johnson Controls International plc, together with its subsidiaries (herein referred to as “Johnson Controls” or the “Company”) is a global leader in building products and systems. Its mission is to enable smart, healthy and sustainable buildings that work seamlessly together to advance the safety, comfort and intelligence of spaces to serve people, places and the planet.

The Company offers a wide range of world-class HVAC equipment and controls, energy management systems, security systems, industrial refrigeration products, fire detection systems, and fire suppression solutions to customers around the globe. The Company started in 1885 with Warren Johnson’s invention of the first electric room thermostat, an instrument that quickly pioneered the growth of an entire industry.

Today, Johnson Controls delivers the blueprint of the future for industries such as healthcare, schools, data centers, airports, stadiums, manufacturing and beyond through its comprehensive digital offering, OpenBlue.

With a global team of 100,000 experts in more than 150 countries, Johnson Controls offers the world’s largest portfolio of building technology, software and solutions.

After several mergers, acquisitions and divestiture transactions in recent years, the Company is focused on providing building technology and solutions designed to address the need for decarbonization, smart and healthy buildings.

Johnson Controls is a leader in the design, development, manufacturing and installation of a variety of products and services, from HVAC to energy storage and from fire to security systems.

Johnson Controls also has a strong presence in the North American residential air conditioning and heating systems market and is a global market leader in industrial refrigeration products.

In 2021, Johnson Controls committed to invest 75 percent of its new product research and development in climate-related innovation to develop sustainable products and services.

1.2 Our sustainability approach




Sustainability is at the core of Johnson Controls, which strives to grow its business by providing sustainable products and services, fostering a culture of sustainability that engages and attracts people who want to make a difference, leading in sustainability partnerships, demonstrating commitment from the top, and reducing the environmental footprint of its own operations and supply chain.

The Company's 2025 Sustainability Strategy integrates sustainability throughout its business by focusing on five key areas: Solutions, Performance, People, Partnerships, and Governance.

Johnson Controls has committed to a number of 2025 Goals corresponding to each of the five key areas of the Sustainability Strategy, as outlined in Table 1.

The first three areas of the 2025 Sustainability Strategy play a key role in the development of the Johnson Controls Sustainable Finance Framework. A progress report on the 2025 Goals is available in Annex I.

Table 1: 2025 Sustainability Strategy and Goals

| Strategy | 2025 goals |
|--|--|
|  <p>Solutions</p> <p>Provide increasingly sustainable products and services.</p> | <p>Integrate sustainable design for products and services identified as having the highest environmental and social impact</p> |
|  <p>Performance</p> <p>Improve sustainability performance and track the Company's progress.</p> | <p>From a 2017 baseline:</p> <ul style="list-style-type: none"> • 25% reduction in greenhouse gas emissions intensity • 25% reduction in energy intensity • 10% water reduction at water-stressed locations • 25% of manufacturing locations landfill free • 25% reduction in recordable safety incidents • Increase diverse supplier spend at a rate exceeding revenue growth |
|  <p>People</p> <p>Foster a culture of sustainability that engages and attracts people who want to make a difference.</p> | <ul style="list-style-type: none"> • Volunteer 2.5 million hours by 2025 • Align 80% of volunteer activities with the United Nations Sustainable Development Goals (UN SDGs) • Establish employee engagement groups globally • Integrate sustainability into recruitment |
|  <p>Partnerships</p> <p>Lead in global partnerships that significantly increase the Company's sustainability impact.</p> | <ul style="list-style-type: none"> • Leverage impact through at least three global strategic sustainability partnerships |
|  <p>Governance</p> <p>Demonstrate the Company's commitment from the top.</p> | <ul style="list-style-type: none"> • Continue to integrate sustainability into Company goals and decision-making • Ensure a robust sustainability governance process • Publicly disclose climate-related risks • Implement new policies/practices to maintain leadership |

1.3 Long-term sustainability commitments

In January 2021, in addition to the 2025 Sustainability Goals, Johnson Controls adopted a new set of ambitious environmental, social and governance (ESG) commitments, including Science-Based targets and a net-zero carbon pledge to support a healthy, more sustainable planet over the next two decades. The launch of the new commitments will enable the Company to deliver quantifiable efforts to reduce carbon emissions, drive climate-focused innovation and work closely with customers and suppliers to meet sustainability goals as well as demonstrate a measurable impact.

These commitments are:

Environmental sustainability commitments

- Set science-based targets consistent with the most ambitious 1.5°C Intergovernmental Panel on Climate Change scenario
- Reduce Johnson Controls operational emissions by 55 percent and reduce customers' emissions by 16 percent before 2030 from a 2017 baseline
- Achieve net-zero carbon emissions before 2040, in line with the United Nations Framework Convention on Climate Change Race to Zero and Business Ambition for 1.5°C criteria
- Invest 75 percent of new product development R&D in climate-related innovation to develop sustainable products and services
- Achieve 100 percent renewable electricity usage globally by 2040

Social and governance sustainability commitments

- Double the representation of women leaders within the Company globally and minority leaders in the United States by 2025 from a 2020 baseline
- Launch an initiative to educate the next generation of diverse sustainable building industry leaders, in partnership with Historically Black Colleges and Universities in the United States
- Include sustainability and diversity goals in senior Company leaders' performance assessments, which are linked to executive compensation to drive accountability
- Launch an initiative focused on underserved markets and increase Johnson Controls spend with women- and minority-owned businesses

Customer and supply chain commitments

- Double annual avoided emissions by 2030 through customer use of Johnson Controls OpenBlue digitally enabled products and services
- Create a supplier sustainability council with cohorts of suppliers, and their tier-one suppliers, and provide suppliers with training on sustainability best practices and OpenBlue digital tools in order to meet ambitious public sustainability goals
- Weight sustainability equal to other key metrics in supplier performance evaluations and provide a preference for suppliers with excellent sustainability ratings

1.4 Embedded strategy and culture



Sustainability is embedded in Johnson Controls products, services, culture and the performance goals of employees at every level of the organization, starting at the top. The Company's CEO has performance goals tied to the Company's sustainability metrics and reports on progress toward these goals quarterly to the Johnson Controls Board of Directors (the Board).

In turn, these sustainability goals are integrated into the goals of the executive team. That team then cascades sustainability goals into the organization. Specifically, Johnson Controls provides monetary and Company recognition to employees from plant managers to executives as well as to suppliers that meet criteria related to sustainability targets.

The Company's products and services have helped its customers realize substantial energy and operational savings. The Company requires all suppliers to adhere to its Code of Ethics, which covers issues such as labor, human rights, and the environment, and has policies and procedures in place for removing suppliers that do not

meet these standards. The Company supports global research by partners and continually conducts research and development into energy efficient products and services it can provide to power its customers' success and protect the environment. This unified effort brings together all aspects of the business, enabling Johnson Controls to achieve its sustainability goals and deliver on its vision of a safe, comfortable and sustainable world.

In addition, through its partnership with the International WELL Building Institute, Johnson Controls helps customers support their healthy building mission by achieving the gold standard in wellness certifications, WELL Building Standard™.

1.5 Progress on greenhouse gas (GHG) emissions reductions

Johnson Controls has set science-based targets consistent with the most ambitious International Panel on Climate Change (IPCC) decarbonization scenario, with Scope 1 and 2 emissions reduction aligned with limiting warming to 1.5°C and Scope 3 reductions aligned with the 2°C scenario. These 2030 targets are approved by the Science-based Targets initiative (SBTi), with an additional commitment through The Climate Pledge to achieve Net Zero emissions of Scope 1 and 2 by the year 2040. Johnson Controls aims to reduce operational emissions by 55 percent and downstream emission by 16 percent before 2030 relative to a 2017 baseline.

Johnson Controls understands the importance and urgency for GHG emissions reductions. As of fiscal year-end 2019, Johnson Controls had reduced emissions from its operations by 16 percent relative to its 2017 baseline. The Company's emissions reductions by fiscal year-end 2020 showed even greater improvement over its 2017 baseline; however, these reductions were meaningfully assisted by COVID-19's negative impact on business operations and may not reflect sustainable emissions reductions. While Johnson Controls believes that it made incremental progress toward reducing its emissions in 2020, it expects that a portion of the emissions reduced in 2020 will return over time as business operations stabilize. Overall, the rate of progress is unpredictable and might be uneven year over year.

Beginning in 2018, Johnson Controls offset 100 percent of its greenhouse gas emissions from its manufacturing plants in the United States through the purchase of renewable energy certificates. In keeping with the mission of The Climate Pledge, to which Johnson Controls is a signatory, achieving the goal of net-zero carbon emissions by 2040 will require using offsets to balance irreducible residual emissions.

Johnson Controls recognizes the significance of reducing its downstream emissions and is committed to the worldwide transition to low-global warming potential refrigerants. Johnson Controls believes it offers the most comprehensive range of industrial refrigeration and cooling equipment in the market, enabling solutions with the lowest total lifecycle GHG emissions for any application.

Since January 2000, performance contracting projects have helped the Company's customers save more than 30.6 million metric tons CO₂e and \$6.6 billion through energy and operational savings. By fiscal year-end 2019, Scope 3 use of sold products emissions decreased one percent relative to a 2017 baseline.

The Company has committed to allocate 75 percent of new product development R&D to climate-related innovation with the intention to remain a market leader in sustainable products and services. In 2020, 48 percent of the Company's revenue was from products and services that contribute to the clean economy¹.



¹The Company follows the Corporate Knights Clean Revenue taxonomy standard for calculating green revenue.

1.6 Advancing socioeconomic empowerment



Johnson Controls is committed to creating economic opportunity for women and minorities in the Company and in its value chain.

Externally, Johnson Controls ensures that it partners with and invests in organizations that develop and supply best-in-class female and minority talent. The Company views this as key to expanding its high-performance culture. Supplier diversity—the set of commercial and purchasing processes that incorporate diverse-owned businesses as elements of our product and services offerings—is also a strategic business imperative.

It supports the Company's mission to exceed customer expectations. As such, relevant goal attainment and progress is reviewed and communicated throughout Johnson Controls on a monthly basis.

1.7 Sustainability recognition

In pursuit of achieving improvements in environmental work across the organization, as of June 2021, Johnson Controls has been included in more than 40 prestigious sustainability indexes and participates in numerous cross-sector sustainability initiatives alongside other leading global corporations.

The Company has also been recognized for its sustainability commitment through several ESG Awards and Ratings, including MSCI AAA Rating since 2018, CDP Climate Change Leadership level, and, for the sixteenth year in a row, named as one of the 100 Best Corporate Citizens in 2021.

Johnson Controls is consistently ranked as a leader among industry peers and demonstrates its commitment to sustainability across all areas of its business. The Company has been

commended for its strong management practices to address carbon emissions relative to peers, devoting resources to clean energy investment and engaging in business lines commonly involved in clean technology. Johnson Controls is also committed to its Zero Harm vision to create a safe and healthy work environment for its employees, its vendors and contractors, its visitors and its communities. The Company's approach to governance is aligned with investor interests and possesses detailed policies on business ethics and anti-corruption efforts.²



² Johnson Controls International Plc. 2021 ESG ratings reports published by MSCI and Sustainalytics

1.8 Sustainability governance

Johnson Controls centralizes its sustainability governance through its Sustainability Leadership Committee (SLC). The Committee is chaired by the Chief Sustainability, Government and Regulatory Affairs Officer and is made up of leaders of the Company's businesses, regions across the globe, and key corporate functions.

The SLC is charged with:

- Ensuring Johnson Controls is world class across all measures of sustainability, including environmental, social and governance (ESG)
- Embedding sustainability into the Company's culture and operations across the enterprise
- Building sustainability metrics and KPIs into employee performance goals
- Launching working groups to address specific sustainability-related topics to drive the Company's sustainability commitments and strategy under a longstanding Global Sustainability Council (GSC)

The SLC provides regular updates to the Executive Committee and to the Board. The Governance and Sustainability Committee of the Board is committed to ensuring the appropriate oversight of sustainability efforts and reviews the Company's overall sustainability strategy, metrics, targets, ratings, goals and emerging trends, and progress, as well as the development of sustainability-based targets. Specifically, in fiscal year 2020, the Board:

- Renamed the Governance Committee of the Board the Governance and Sustainability Committee and expanded its oversight of sustainability
- Established a quarterly cadence for the Governance and Sustainability Committee to be briefed on sustainability trends and progress

The Executive Committee, which comprises the senior executives responsible for all our major corporate functions, is delegated with the authority for day-to-day management of economic, environmental and social topics. The CEO and Executive Committee members have sustainability and diversity embedded into their performance goals and linked to compensation.

The SLC, Executive Committee, and Board are supported by the GSC and Global Sustainability Team. The GSC and Global Sustainability Team play the role of connector and coordinator, ensuring streamlined engagement across diverse business functions to deliver on the enterprise sustainability strategy. The membership of the GSC is comprised of representatives from different business areas, functions and regions, and the working groups are composed of small teams that are designed to address specific sustainability-related topics.



1.9 Materiality assessment



Johnson Controls published its most recent Sustainability Materiality Assessment in 2020. The assessment gathered key stakeholders' feedback on the most important ESG issues for the Company to address. The issues were aligned to the Sustainability Accounting Standards Board (SASB) Materiality Map for the Company's sector and the Global Reporting Initiative (GRI) Standards Reporting Principles and topics.

The Company is using the results to identify and prioritize sustainability issues that are likely to affect its financial condition and/or operating performance. Many of the material issues identified in the assessment form the basis of the Sustainable Finance Framework, including:

- Innovation
- Energy-efficient products
- Energy and environmental laws and regulations
- Waste and hazardous materials management
- Climate policy and engagement leadership
- Sustainable products and services

The latest Sustainability Materiality Assessment can be found on the Company's Corporate Sustainability website. Johnson Controls also aligns its sustainability efforts with the United Nations Sustainable Development Goals (UN SDGs), a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Reflecting the Company's global leadership in our industry, the Sustainable Finance Framework recognizes and goes beyond the issues identified in our Sustainability Materiality Assessment to include activities and KPIs of general importance.

The UN SDGs that Johnson Controls has identified as most relevant to the Company are outlined in Annex II, and those aligned with the Sustainable Finance Framework are outlined in Table 2.

1.10 Sustainable finance commitments



In December 2019, Johnson Controls became one of the first industrial companies to tie its senior revolving credit facilities to individual sustainability metrics in the U.S. syndicated loan market. The Company's five-year senior revolving credit facility and its one-year senior revolving credit facility include a sustainability-linked pricing mechanism that adjusts interest rates in line with the Company's sustainability performance.

The sustainability metrics are tied to (i) employee safety, (ii) the greenhouse gas emissions savings the Company is able to achieve for its customers, and (iii) reduced greenhouse gas emissions from its own operations.

In September 2020, Johnson Controls completed its inaugural green bond issuance in the form of \$625 million in 10-year senior notes. This milestone achievement made Johnson Controls one of the first industrial companies to issue a green bond in the U.S. Dollar debt capital markets.

The bond was issued in line with the Company's prior Green Finance Framework, which is superseded by this Sustainable Finance Framework.

The background of the page is a photograph of a modern building with a blue-tinted facade. The building has a grid-like structure of windows and panels. In the foreground, there are green leaves and branches of a tree, partially obscuring the building. The sky is a clear, bright blue.

Part 2

Sustainable Finance Framework

The Johnson Controls Sustainable Finance Framework has been developed to demonstrate how the Company intends to enter into Sustainable Finance transactions, including Green and Sustainability Use of Proceeds transactions, Sustainability-Linked transactions, or a combination thereof, to support its sustainability strategy and vision.

This Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and taxonomies. Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding External Review.

2.1 Green, social and sustainability use of proceeds financing

Green/Social Bond Principles (GBP/SBP) and Green/Social Loan Principles (GLP/SLP)

Johnson Controls believes that the Sustainable Finance Framework is aligned with the Green Bond Principles (GBP)³, Social Bond Principles (SBP)⁴, Sustainability Bond Guidelines (SBG)⁵, Green Loan Principles (GLP)⁶ and Social Loan Principles⁷ (SLP and, together with the GBP, SBP, SBG and GLP, “the Principles”). These principles intend to promote the integrity of the sustainable financing market by offering guidelines that recommend transparency, disclosure and reporting in order to drive investors to allocate capital to projects that are more environmentally sustainable.

The Principles provide for guidelines in four key areas:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also describes the approach to External Review, as recommended by the Principles.

Johnson Controls has also taken into account the EU Taxonomy of environmentally sustainable economic activities⁸ in developing this Framework.

Under this Sustainable Finance Framework, Johnson Controls can issue the following types of instruments:

1. Green Finance Instruments – the proceeds of which are exclusively allocated to Eligible Green Project Categories as described in the use of proceeds section.
2. Sustainability Finance Instruments – the proceeds of which are allocated to both Eligible Green and Social Project Categories, as described in the use of proceeds section. For the sake of ease, Green and Sustainability Finance instruments will be referred to collectively as “Sustainable Finance instruments” in the rest of this document.

⁴ Green Bond Principles 2021 (International Capital Market Association acting as secretariat to the Principles) www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf

⁵ Social Bond Principles 2021 (International Capital Market Association acting as secretariat to the Principles) www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf

⁶ Sustainability Bond Guidelines 2021 (International Capital Market Association acting as secretariat to the Guidelines) www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf

⁷ LMA Green Loan Principles February 2021 - www.lma.eu.com/application/files/1816/1829/9975/Social_Loan_Principles.pdf

⁸ LMA Social Loan Principles April 2021 - www.lma.eu.com/application/files/1816/1829/9975/Social_Loan_Principles.pdf

⁹ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

2.1.1 Use of proceeds



Johnson Controls intends to allocate an amount equal to the net proceeds from the sale of any Sustainable Finance instruments to financing or refinancing, in whole or in part, a portfolio of new or existing Eligible Green and/or Social Projects across one or more of the following categories:


- Eco-efficient and/or circular economy adapted products, production technologies and processes
- Green buildings
- Pollution prevention and control
- Sustainable water and wastewater management
- Clean transportation
- Renewable energy
- Socioeconomic advancement and empowerment, including gender inclusion

Investments and expenditures on Eligible Green or Social Projects include research and development, acquisition costs, and capital and operating expenditures.

Table 2 provides examples of potential uses of proceeds within each of the stated Eligible Green or Social Project categories. It also maps the project categories to elements of the Company's Sustainability Strategy, as well as the UN SDGs. Annex III provides an illustrative guide to Johnson Controls Sustainable Products and Solutions that may be included as Eligible Green or Social Projects.

Table 2:

Use of proceeds under the Johnson Controls Sustainable Finance Framework

| Eligible Green Projects | | | |
|--|--|---|---|
| Pillar of Johnson Controls Strategy | ICMA GBP Category | UN SDGs | Johnson Controls activities that would be eligible uses of proceeds |
|  <p>“Provide increasingly sustainable products and services”</p> | <p>Eco-efficient and/or circular economy adapted products, production technologies and processes</p> |   | <p>New or existing investments and expenditures to develop, manufacture, distribute and install products, services, and solutions that optimize the energy and water efficiencies of buildings and homes.</p> |
| | | | <p>Products and Solutions</p> <p>i) Digital Solutions AI (Artificial Intelligence) and IoT (Internet of Things) solutions for improved environmental performance of buildings through smart data analytics and energy management software (e.g. Enterprise Management or OpenBlue systems).</p> <p>ii) Building Automation and Controls Integration technologies to extend automated control to building systems, including smart HVAC and smart lighting, to drive energy performance and optimize resource consumption in buildings (e.g. Metasys).</p> <p>iii) Residential and Smart Home Sensor-based controls and smart home thermostats (e.g. LUX Thermostats), as well as best-in-class or certified residential air conditioning and heat pump units (e.g. York YXV Series - awarded EPA Energy Star “Most Efficient”).</p> <p>iv) Eco-Efficient HVAC Equipment Components and systems⁹ that provide a minimum 15% improvement in energy efficiency (measured on a product specification basis) to heating, ventilation and air conditioning systems in commercial, institutional and industrial facilities¹⁰ (e.g. York YZ Chiller).</p> <p>v) Distributed Energy Storage Lithium-ion and technology systems to support renewable energy generation, demand response, backup power, peak shaving, frequency regulation and load shifting in order to optimize energy usage in buildings (e.g. L2000 SU50).</p> |
| | | | <p>Services and Support</p> <p>vi) Energy and Efficiency Solutions Services include: Energy Demand Response Installations, Energy Performance Contracting (EPC) and Energy Retrofit Programs, Intelligent Lighting Infrastructure, Renewable Energy Installation and Maintenance, Water Conservation Solutions.</p> |

⁹ Chillers, electric industrial heat pumps, electric commercial heat pumps, residential heat pumps, residential air conditioners, commercial split systems, residential split systems, commercial rooftop units, commercial air handling units and air distribution products.

¹⁰ Improvement in performance measured benchmarked using current applicable U.S. Department of Energy (DOE) minimum energy efficiency standards or applicable national and/or local equivalent.

Eligible Green Projects

Pillar of Johnson Controls Strategy






Category

UN SDGs

Johnson Controls activities that would be eligible uses of proceeds



“Improve our sustainability performance and track our progress”

| | | |
|---|---|---|
| Green Buildings |  | New or existing investments and expenditures related to the design, construction, maintenance or refurbishment of buildings that have or are expected to achieve a LEED v3,4: Gold or Platinum Standard, BREAAAM: Excellent or Outstanding, or Chinese 3 Star. |
| Pollution Prevention and Control |  | <p>Investments and expenditures related to minimizing or eliminating the amount of waste sent to landfill by Johnson Controls manufacturing facilities. As of July 2021, 24 total manufacturing facilities have a 100 percent diversion rate (i.e. internally certified zero landfill). Sites must follow our robust Zero Landfill Standard and Zero Landfill Certification process including:</p> <ul style="list-style-type: none"> • Implementing measures to follow the waste hierarchy • Achieving 100 percent diversion according to strict definitions of what can and cannot be included (e.g. hazardous waste is included in the definition and must be diverted – incineration without energy recovery cannot be included in diversion) • Documenting zero waste to landfill for at least six months before application • Review by senior management • Ongoing documentation, education and continuous improvement. |
| Sustainable Water and Wastewater Management |  | Investments and expenditures related to the treatment of (waste) water as well as water-saving technologies, including leak detection and ultra-efficient water cooling technologies (e.g. BlueStream™ hybrid data center cooling system). |
| Clean Transportation |  | New or existing investments and expenditures related to the electrification of the Company’s vehicle fleet. Eligible expenses include purchasing and maintenance costs for battery electric vehicles (BEV) and charging stations. |
| Renewable Energy |  | <p>Investments and expenditures related to the development, construction, maintenance, and operation of renewable energy projects, such as solar and wind. This includes:</p> <ul style="list-style-type: none"> • Power purchase agreements (PPAs) and virtual PPAs that are project-specific and long term • On-site renewable energy projects and associated energy storage systems • Procurement of project-specific energy attribute certificates (EACs), such as Green-e certified RECs, when other options are not viable or practical. |

Eligible Social Projects

| Pillar of Johnson Controls Strategy | Category | UN SDGs | Johnson Controls activities that would be eligible uses of proceeds |
|--|--|---|---|
|  <p>"Foster a culture of sustainability that engages and attracts people who want to make a difference"</p> | <p>Socioeconomic Advancement and Empowerment, Including Gender Inclusion</p> |   | <p>Expenditures to expand spending with certified women- or minority-owned businesses¹¹ and those designated by government agencies as small or disadvantaged businesses.¹² Eligible Projects may include, but are not limited to:</p> <ul style="list-style-type: none"> • Procurement¹³ of products and services from diverse suppliers by implementing a multi-level targeted plan for converting supplier diversity requirements and diverse spend performance into a business growth strategy in direct materials procurement categories. These procurement expenditures will only be considered at 10 percent or less of total bond allocations and will focus on small and medium-sized enterprises. • Costs of fellowships that provide annual training in financial analysis, customer focus, leveraging the value chain, and leadership for managers of diverse firms. |

¹¹ The certification organizations that Johnson Controls uses in this regard are the National Minority Supplier Development Council (www.nmsdc.org) and the Women's Business Enterprise National Council (www.wbenc.org). In order to be certified, these businesses must show that they are at least 51 percent owned, operated, and controlled by women and/or minority management teams.

¹² As according to Federal SBA criteria (www.sba.gov/federal-contracting/contracting-assistance-programs/small-disadvantaged-business)

¹³ Excludes expenditures related to fossil fuels, nuclear energy and companies that produce weapons, ammunitions, or tobacco.

2.1.2 Process for project evaluation and selection



Projects that will potentially receive allocations of amounts related to the Sustainable Finance proceeds are evaluated and selected based on compliance with the definition of Eligible Green or Social Projects by the Johnson Controls Sustainable Finance Committee. The Johnson Controls Sustainable Finance Committee is formed by members of the Sustainability Leadership Committee, Treasury, Legal and other members to be nominated as subject matter experts.

The Sustainable Finance Committee will also ensure that all Eligible Green or Social Projects selected comply with the Company's Enterprise Risk Management (ERM) program, which provides a common framework and terminology to ensure consistency in the identification, reporting, analytics, and management of key risks. More specifically, Johnson Controls has teams in place to oversee and advise on sustainability risks and opportunities. These include the Executive Committee, Executive Leadership Team, Global Sustainability Council, Purchasing Leadership Team, and specialized committees and management groups.

The Johnson Controls Sustainable Finance Committee will seek to minimize the extent to which the net proceeds of any Sustainable Financing are allocated to Eligible Green or Social Projects with the potential to significantly adversely affect the Company's environmental objectives.

Johnson Controls operations are conducted in accordance with environmental, social and sustainability policies that can be found on the Johnson Controls Corporate Sustainability website.

2.1.3 Management of proceeds



The Finance department will maintain responsibility for tracking the amount of net proceeds allocated to the portfolio of Eligible Green or Social Projects as well as ensure that no double counting of expenditures for the use of proceeds occurs across Sustainable Finance instruments.

Johnson Controls intends for the proceeds of any Sustainable Financing to be allocated to Eligible Green or Social Projects within 24 months of incurrence of the debt.

Pending the allocation of the net proceeds of a Sustainable Financing, Johnson Controls will hold or invest an amount equal to the unallocated balance of the proceeds in cash, cash equivalents and/or Treasury securities. In the case of divestment or if a project no longer meets the criteria as an Eligible Green or Social Project,

Johnson Controls intends to reallocate the funds to one or more other Eligible Green or Social Projects. Payment of principal and interest on Sustainable Financing Instruments will be made from the Johnson Controls general account and will not be linked to the performance of any Eligible Green or Social Project unless expressly so noted in the documentation in respect of a particular Green or Social Financing Instrument. Johnson Controls may apply a two-year lookback period prior to issuance year.¹⁴

¹⁴ The two-year lookback period prior to issuance year will be applicable for all issuances after the publication of this framework. For issuances prior to the publication of this framework, the Company may apply a three-year lookback period prior to the issuance year, in alignment with the Green Finance Framework that was in effect at the time of issuance.

2.1.4 Reporting

Johnson Controls intends to make and keep readily available Sustainable Finance reporting following the one-year anniversary of any Sustainable Financing, to be renewed annually until full allocation of any net outstanding proceeds, or on a timely basis in the event of any material change. Johnson Controls intends to show the allocation of the net proceeds of its Sustainable Financings to the portfolio of Eligible Green or Social Projects (the Portfolio), at least at the category level.

Allocation reporting

The allocation report will provide, on a portfolio basis, indicators such as:

- Total amount allocated to Portfolio
- Total amount allocated to each Eligible Green or Social Project category
- Balance of unallocated proceeds
- Amount or the percentage of new financing and refinancing

Impact reporting

Where feasible, Johnson Controls also intends to provide, on a portfolio basis, impact reporting including metrics regarding the Portfolio’s environmental impacts (see examples in Table 3). Johnson Controls intends to align its impact reporting with the Handbook for “Harmonized Framework for Impact Reporting”¹⁵, June 2021 version, where possible. Johnson Controls also intends to include the methodology used to calculate the environmental impacts in its Sustainable Finance reporting. Both the allocation and impact reporting will be made available via the Johnson Controls Corporate Sustainability website.

Table 3: Examples of potential impact metrics for each Green and Social Portfolio Category

| | |
|---|---|
| Eco-efficient and/or circular economy adapted products, production technologies and processes | Estimated Annual GHG Emissions avoided or reduced (tons of CO ₂ e) |
| Green buildings | Estimated Annual GHG Emissions avoided or reduced (tons of CO ₂ e) |
| Pollution prevention and control | Tons of waste diverted from landfill |
| Sustainable water and wastewater management | Estimated reduction in water use (gallons per year) |
| Clean transportation | Estimated Annual GHG Emissions avoided or reduced (tons of CO ₂ e) |
| Renewable energy | Estimated Annual GHG Emissions avoided or reduced (tons of CO ₂ e) |
| Socioeconomic advancement and empowerment, including gender inclusion | Number of women or minority-owned businesses engaged |

¹⁵ www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf

2.1.5 External review

Second party opinion (pre-issuance)

Johnson Controls has retained Sustainalytics to provide a second party opinion (SPO) on the environmental and social benefits of its Sustainable Finance Framework as well as the alignment to relevant industry standards. The SPO will be made available on the SPO provider’s website as well as the Company’s website.

Verification (post-issuance)

Johnson Controls intends to request, one year after incurrence of any Sustainable Financing or after full allocation or following any material events, verification by an independent third party of a management statement on the allocation of the net proceeds from a Sustainable Financing to the Portfolio. The verification will be made available, along with the allocation and impact report, on the Johnson Controls website.



2.2 Sustainability-Linked Financing

Alignment with Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021

This Framework has been established in accordance with the Sustainability-Linked Bond Principles 2020¹⁶ ("SLBP 2020") as administered by ICMA. The SLBP 2020 are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking sustainability outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance of a Sustainability-Linked Bond ("SLB"). Our framework is in alignment with the five core components of the SLBP 2020:

- I. Selection of Key Performance Indicators (KPIs)
- II. Calibration of Sustainability Performance Targets (SPTs)
- III. Bond characteristics
- IV. Reporting
- V. Verification

Substantially similar core components are outlined under the Sustainability-Linked Loan Principles 2021¹⁷ ("SLLP 2021"), published by the LMA in connection with Sustainability-Linked Loans. For the sake of ease, the Sustainability-Linked Bonds and Sustainability-Linked Loans will be referred collectively as "Sustainability-Linked Instruments" in this document. Sustainability-Linked Instruments are any type of instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/Environmental, Social and Corporate Governance (ESG) objectives. In that sense, issuers are thereby committing explicitly (including in bond/loan documentation) to future

improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. SLBs are a forward-looking performance-based instrument.

The proceeds of SLBs are intended to be used for general purposes; hence, the use of proceeds is not a determinant in our categorization. Johnson Controls is committed to the UN Sustainable Development Goals (UN SDGs) as it understands that private sector engagement is essential to accelerate the fulfillment of the 2030 Agenda for Sustainable Development¹⁸. The Company promotes sustainability through the way it does business, the solutions it provides and its engagement in society. Johnson Controls believes the future issuance of Sustainability-Linked Instruments will further reinforce its efforts to achieve its climate transition strategy.

¹⁶ www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf

¹⁷ www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf

¹⁸ <https://sdgs.un.org/2030agenda>

2.2.1 Selection of Key Performance Indicators (KPIs)

Prior to issuing a Sustainability-Linked Instrument, Johnson Controls will select from the following KPIs, which are core, relevant, and material to its business and measure the sustainability improvements of the Company. Johnson Controls has selected KPIs that are measurable or quantifiable on a consistent methodological basis, externally verifiable, and that are able to be benchmarked with the performance of Johnson Controls and, to a certain extent, taking into account differences in scale and methodology, with peers in the sector.

| Key Performance Indicator(s) | Rationale |
|--|--|
| <p>KPI #1: Greenhouse Gas Emissions (Scope 1 and 2)</p> <p>2025 Goal: -35%¹⁹</p> <p>2030 Goal: -55%</p> <p>SDG 13 – Climate Action</p> | <p>Johnson Controls is committed to improving environmental performance and reducing energy from our global operations, including manufacturing plants, distribution centers, service centers, offices, fleets and other operations worldwide. Reducing Scope 1 and Scope 2 emissions aligns with the Company's Science Based Targets and mission of building a more sustainable future. Scope 1 GHG emissions refer to those produced by the Company's operations. Scope 2 emissions are indirect and arise from consumption of purchased electricity and heat.</p> |
| <p>Baseline: As of 2017, direct GHG emissions (Scope 1) were 682,761 metric tons of CO₂e and market-based indirect GHG emissions (Scope 2) were 396,612 metric tons of CO₂e</p> <p>Baseline year: 2017</p> <p>The 2016 merger of Johnson Controls with Tyco International was a change in our company profile material enough that the GSC determined new goals were needed. Accordingly, in 2018, Johnson Controls announced new 2025 sustainability goals from a 2017 baseline. For consistency, Johnson Controls set its science-based target for the same baseline year.</p> | |

¹⁹The 2025 interim goal is provided as a part of the Sustainability Performance Targets of this framework, the basis of which was formed by the 2030 Sustainability Commitments announced by Johnson Controls in January 2021.

| Johnson Controls Historical GHG emissions (Scope 1 and 2) ²⁰ | | | | |
|---|--------------------|---------|---------|-----------|
| Metric Tons CO ₂ e | 2020 ²¹ | 2019 | 2018 | 2017 |
| Direct (Scope 1) | 549,358 | 642,379 | 631,752 | 682,761 |
| Market-based indirect (Scope 2) | 229,809 | 264,108 | 305,578 | 396,612 |
| Total Scope 1 and 2 emissions | 779,167 | 906,487 | 937,330 | 1,079,373 |
| Change relative to baseline | -28% | -16% | -13% | N/A |

Johnson Controls calculates greenhouse gas emissions using the World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol's guidance for all scopes.

| Key Performance Indicator(s) | Rationale |
|---|--|
| KPI #2: Greenhouse Gas Emissions (Scope 3) from Use of Sold Products 2025 Goal: -5% ²² 2030 Goal: -16% SDG 13 – Climate Action | Johnson Controls recognizes the significance of reducing its Scope 3 emissions, which are considered as part of its Science Based Targets. The Company's total other indirect emissions (Scope 3) comprise purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste, business travel, employee commuting, investments, use of sold products and product end of life. Use of sold products arising from customers' downstream use of Johnson Controls products is the largest component of total indirect/Scope 3 emissions, comprising 92 percent of total Scope 3 emissions at the end of fiscal year 2020. KPI #2 as well as the Company's Scope 3 SBTi target are tied to these use of sold products emissions. |

Baseline: As of 2017, other indirect GHG emissions (Scope 3) use of sold products were 128,700,000 metric tons of CO₂e.

Baseline year: 2017

The 2016 merger of Johnson Controls with Tyco International was a change in our company profile material enough that the GSC determined new goals were needed. Accordingly, in 2018, Johnson Controls announced new 2025 sustainability goals from a 2017 baseline. For consistency, Johnson Controls set its science-based target for the same baseline year.

| Johnson Controls Historical GHG emissions (Scope 3) from use of sold products ²³ | | | | |
|---|--------------------|-------------|-------------|-------------|
| Metric Tons CO ₂ e | 2020 ²¹ | 2019 | 2018 | 2017 |
| Use of sold products | 112,400,000 | 127,600,000 | 130,600,000 | 128,700,000 |
| Change relative to baseline | -13% | -1% | 1% | NA |

Johnson Controls calculates greenhouse gas emissions using the WRI GHG Protocol's guidance for all scopes

²⁰ Historical Scope 1 and 2 GHG emissions data reflects the Company's footprint as of September 30, 2020.

²¹ Johnson Controls expects that 2020 emissions reductions are the result of COVID-19 impacts on business operations and are unlikely to be sustained in subsequent years. For this reason, the Company believes the 2019 figures are a better indicator of progress to date.

²² The 2025 interim goal is provided as a part of the Sustainability Performance Targets of this framework, the basis of which was formed by the 2030 Sustainability Commitments announced by Johnson Controls in January 2021.

²³ Historical Scope 3 GHG emissions data reflects the Company's footprint as of September 30, 2020.

2.2.2 Calibration of Sustainability Performance Targets (SPTs)

Key Performance Indicator #1

Sustainability Performance Target 1.1: Reduce Scope 1 and Scope 2 GHG emissions by 35 percent by 2025 globally.

Observation Date: September 30, 2025.

Sustainability Performance Target 1.2: Reduce Scope 1 and Scope 2 GHG emissions by 55 percent by 2030 globally.

Observation Date: September 30, 2030.

2017 Baseline: As of 2017, direct GHG emissions (Scope 1) were 682,761 metric tons of CO₂e and market-based indirect GHG emissions (Scope 2) were 396,612 metric tons of CO₂e.

Strategic Goal and selection of methodology for calculating the SPT

These SPTs align with the Company's stated goals to reduce its operational emissions by 55 percent by 2030, which has been approved by the Science Based Targets Initiative (SBTi) as a science-based target aligned with the pathway to limit global warming to 1.5°C above pre-industrial levels by the end of the century. Johnson Controls has also committed to be net zero before 2040 and has signed on to The Climate Pledge. Johnson Controls takes an enterprise approach to reducing its greenhouse gas (GHG) emissions, which is linked closely to its activities on energy reduction. Its emissions reduction strategies include improving energy efficiency, using renewable energy (either on-site or off-site), tracking and managing emissions using information technology, and exploring how demand response, energy storage, and other new technologies can continue to help Johnson Controls manage its emissions. Additionally, Johnson Controls continuously seeks cost-competitive lower-carbon electricity and other energy, voluntarily purchasing energy attributes certificates and strives to support green power that is additional to the standard electricity mix. Johnson Controls also has on-site renewable energy in some of its locations. From 2002 to 2020, Johnson Controls achieved a 70 percent reduction in enterprise-wide greenhouse gas emissions intensity and achieved a 100 percent increase in energy productivity. In addition, the Company's purchase of Renewable Energy Certificates offset 100 percent of its greenhouse gas emissions from the electricity consumption in its United States manufacturing plants in 2020. Johnson Controls also exceeded its fiscal year 2020 goal for greenhouse gas intensity with a 7.7 percent reduction and reduced its energy intensity by 3.2 percent. As a result, the Company's carbon emissions risk is currently ranked in the eleventh percentile worldwide and the fourth percentile within the building products industry for lowest risk by Sustainalytics.

Johnson Controls follows the Task Force on Climate-Related Financial Disclosure's recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change. Emissions data of all Scopes are calculated in line with the guidance from the GHG Protocol, the Climate Registry, the U.S. EPA and other authoritative sources. Factors that support and/or might put at risk the achievement of the targets are disclosed in the relevant documentation of the sustainability-linked transactions, in line with applicable regulation.

Key Performance Indicator #2

Sustainability Performance Target 2.1: Reduce Scope 3 use of sold products GHG emissions by 5 percent by 2025 globally.

Observation Date: September 30, 2025.

Sustainability Performance Target 2.2: Reduce Scope 3 use of sold products GHG emissions by 16 percent by 2030 globally.

Observation Date: September 30, 2030.

2017 Baseline: As of 2017, the use of sold products component of other indirect (Scope 3) emissions was 128,700,000 metric tons of CO₂e.

Strategic Goal and selection of methodology for calculating the SPT

This SPT aligns with the Company's stated goal of reducing emissions from the use of sold products by 16 percent by 2030. The SBTi has approved this goal as a science-based target aligned with the pathway to limit global warming to 2.0°C above pre-industrial levels by the end of the century. Johnson Controls has also committed to be net zero before 2040 and has signed on to The Climate Pledge.

Johnson Controls recognizes the significance of reducing its downstream emissions and is committed to the worldwide transition to low-global warming potential (GWP) refrigerants. Johnson Controls believes it offers the most comprehensive range of industrial refrigeration and cooling equipment in the market, enabling solutions with the lowest total lifecycle greenhouse gas emissions for any application. Johnson Controls offers alternative refrigerants across all chiller platforms, with GWP reductions ranging from 56 percent to more than 99 percent compared to conventional refrigerants. Johnson Controls has supported its customers in certifying more than 75 million square feet of green building space around the world.

Continued progress towards reducing emissions from product use might be uneven as Johnson Controls overcomes novel technical obstacles. The SPT of five percent reduction by 2025 reflects the expectation that further advances beyond that interim goal will require significant R&D, the benefits of which might not be integrated into ready-for-market products until after the SPT review date. Notwithstanding this possibility, Johnson Controls believes it will be able to achieve its related 2030 Scope 3 goal. Scope 3 emissions can be difficult to measure and cannot be directly managed or controlled by Johnson Controls, but it is a critical component in achieving global environmental goals, like the UN SDGs. Given the Company's unique product and service offerings, Johnson Controls plays an important role in partnering with its customers to reduce their own emission footprints.

Johnson Controls follows the Task Force on Climate-Related Financial Disclosure's recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change. Emissions data of all Scopes are calculated in line with the guidance from the GHG Protocol, the Climate Registry, the U.S. EPA and other authoritative sources. Factors that support and/or might put at risk the achievement of the targets are disclosed in the relevant documentation of the sustainability-linked transactions, in line with applicable regulation.

Baseline figures may be restated as the result of future material divestments or acquisitions of assets. For avoidance of doubt, any significant structural change to the Company, including from divestments or acquisitions, will not result in any adjustment to the Sustainability Performance Target (SPT) levels for the KPIs. Johnson Controls follows the WRI GHG Protocol's guidance for base year recalculation methodologies for structural changes in the Company.

Emissions sources from an acquired company are included in both base year and the current years. Similarly, emissions sources from divested companies are excluded from both base year and current years. The Company's standard practice is to externally assure baseline emissions when that data has been restated for acquisitions or divestitures.

Any such restatements will be communicated in the Company's annual sustainability reports. In order to provide the best year-over-year comparison, sustainability metrics starting with the applicable baseline year reflect our current Company footprint.



2.2.3 Instrument characteristics

The Company's Sustainability-Linked Instruments have a sustainability-linked feature that will result in a coupon/margin adjustment or a premium payment if its performance does not achieve the stated Sustainability Performance Target.

The relevant KPI(s), SPTs, step-up margin, margin adjustment or the premium payment, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. final terms of the Sustainability-Linked Bond or the facility agreement of the Sustainability-Linked Loan). Should Johnson Controls adjust its SPTs and utilize an SPT of equal or greater ambition going forward on an instrument with the same KPI(s) and Observation Date for each SPT, any outstanding Sustainability-Linked financing would be updated to reflect the greater ambition.

This would allow Johnson Controls to increase its ambitions over time, avoid the co-existence of multiple Sustainability-Linked financings with varying SPTs, and make for a cleaner KPI reporting process.



2.2.4 Reporting

Annually, and in any case for any date/period relevant for assessing the trigger of the SPT performance leading to potential adjustments, such as a step-up or premium payment of a Sustainability-Linked Bond, Johnson Controls will publish and keep readily available and easily accessible on its website a Sustainability-Linked Bond update within its annual Sustainability Report ²⁸, and/or a separate report, including:

- i. up-to-date information on the performance of the selected KPI, including the baseline where relevant
- ii. a verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on a bond's financial performance
- iii. any relevant information enabling investors to monitor the progress of the SPT

Information may also include when feasible and possible:

- i. qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis
- ii. illustration of the positive sustainability impacts of the performance improvement
- iii. any re-assessments of KPIs, restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope



²⁸ www.johnsoncontrols.com/corporate-sustainability/reporting-and-policies

2.2.5 Verification

Annually, and in any case for any date/period relevant for assessing the KPI performance leading to a potential financial adjustment, such as a step-up coupon on a Sustainability-Linked Bond, until after the KPI trigger event of a bond has been reached, Johnson Controls will seek independent and external verification of its performance level for the stated KPI by a qualified external reviewer with relevant expertise. The verification of the performance of the KPI will be made publicly available on its website.

Johnson Controls has obtained and made publicly available a Second Party Opinion (SPO) from Sustainalytics on the sustainability benefit of this Sustainable Finance Framework as well as the alignment to the SLBP 2020 and SLLP 2021. The SPO will be available on the Company's and Sustainalytics' websites





Annex I

Progress on 2025
Sustainability Goals

2025 Goals

Progress by the end of FY2020

Integrate sustainable design for products and services identified as having the highest environmental and social impact

- Our Science-Based targets were submitted and approved by the Science Based Targets Initiative, aligning with the Paris Agreement’s goal of limiting global temperature increase to 1.5 degrees Celsius.
- Since January 2000, performance contracting projects have helped our customers save more than 30.6 million metric tons CO₂e and \$6.6 billion through energy and operational savings.
- In September 2020, we opened our \$50 million OpenBlue Innovation Center in Singapore, Singapore’s first new-build net-zero energy building, to create a future-ready built environment that meets new demands for health, safety and sustainability in connected buildings.
- We offer alternative refrigerants across all chiller platforms, with Global Warming Potential (GWP) reductions ranging from 56 to more than 99 percent compared to conventional refrigerants. We believe we offer the most comprehensive range of industrial refrigeration and cooling equipment in the market, enabling solutions with the lowest total lifecycle greenhouse gas emissions for any application.

From a 2017 baseline:

- **25% reduction in greenhouse gas emissions intensity**
- **25% reduction in energy intensity**
- **10% water reduction at water-stressed locations**
- **25% reduction in recordable safety incidents**
- **Increase diverse supplier spend at a rate exceeding revenue growth**

- We exceeded our fiscal year 2020 goal for greenhouse gas intensity with a 7.7 percent reduction and reduced our energy intensity by 3.2 percent.
- We offset 100 percent of our greenhouse gas emissions from our manufacturing plants in the United States through the purchase of renewable energy certificates.
- We are on track to meet our zero landfill goals, with 21 landfill-free facilities to date.
- We conducted a detailed analysis with the World Resources Institute’s Aquaduct™ tool to identify which of our locations are in water-stressed areas. We exceeded our goal and achieved an 11 percent water reduction at water-stressed locations in FY20 from a FY17 baseline.
- We exceeded our fiscal year 2020 safety goal and we promote a Zero Harm vision worldwide. In 2020, in response to the COVID-19, we created additional Zero Harm processes, tools and solutions to support our employees and sites through the pandemic.
- In 2020, we achieved our supplier diversity goal to purchase from certified diverse suppliers at a higher percentage rate than revenue growth.

- **Volunteer 2.5 million hours by 2025**
- **Align 80% of volunteer activities with U.N. Sustainable Development Goals**
- **Establish employee engagement groups globally**
- **Integrate sustainability into recruitment**

- In 2020, employees brought our total volunteer hours to 1.8 million, volunteering individually and on group projects in communities around the world. In 2020, we launched a new volunteer engagement program, WeGive. For each hour employees volunteer, we provide funds to eligible nonprofit organizations to support their work.
- More than 83 percent of our volunteering and philanthropy efforts align with U.N. Sustainable Development Goals.
- In 2020, our Company re-launched the Business Resource Group structure with support and ongoing engagement from our executive team.
- In fiscal year 2020, our corporate philanthropy efforts resulted in contributions of more than \$8.2 million. In addition, our employees gave in excess of \$2.6 million.
- In 2020, employees globally stepped up to donate time and funds to COVID-19 relief, with the Johnson Controls Foundation matching employee donations in the U.S. and the Company matching the donations outside the U.S. Johnson Controls and our foundation also provided significant donations to nonprofits around the world for COVID-19 relief work.
- Johnson Controls Mexico achieved gold level, the highest level, in the Mexican Standard on Job Equality and Non-Discrimination. We are one of only two multinational corporations to be awarded the gold level at multiple sites. This certification was issued by Factual Services with the endorsement of the Mexican Federal Secretary of Labor.

2025 Goals

Progress by the end of FY2020

Leverage our impact through at least three global strategic sustainability partnerships

- Effective January 2021, George Oliver is the chairman of the Business Roundtable Energy and Environment Committee. The committee dedicates itself to policies that support an environmentally and economically sustainable future. This includes supporting policies that can deliver at least 80 percent carbon emission reductions before 2050 in line with the goals of the Paris Climate Accord.
- We committed to launch an initiative to support the training and education of students from historically black colleges and universities and selected universities around the world in environmental sustainability, energy equity, healthy building practices and building decarbonization solutions.
- Johnson Controls and the Lawrence Berkeley National Laboratory won the prestigious R&D 100 Award in the Software/Services category from R&D World for the Building Efficiency Targeting Tool for Energy Retrofits (BETTER). The open-source BETTER tool allows building owners and managers to convert readily available monthly building energy consumption data into specific recommendations to improve building energy efficiency at scale worldwide.

- **Continue to integrate sustainability into Company goals and decision-making**
- **Ensure a robust sustainability governance process**
- **Disclose climate-related risks in financial reporting**
- **Implement new policies/practices to maintain leadership**

- The Johnson Controls Governance Committee of the board of directors was renamed the Governance and Sustainability Committee and given expanded sustainability oversight.
- In 2020, we named Katie McGinty the Company's first Chief Sustainability Officer. McGinty is a former Chair of the White House Council on Environmental Quality as well as former Secretary of the Pennsylvania Department of Environmental Protection.
- The Sustainability Leadership Committee (SLC) was created to oversee sustainability at the Company. It is made up of leaders of our businesses, regions across the globe, and key corporate functions. The SLC reports regularly to the CEO and the Executive Committee and quarterly to the board.
- In September 2020, we announced the pricing of our first Green Bond offering of \$625 million in ten-year notes. The net proceeds will support projects that focus on sustainability and support our 2025 sustainability goals. This initiative builds on our commitment to sustainable finance and is our second sustainability-driven financing project. In 2019, we became one of the first industrial companies to tie its senior revolving credit facilities to specific sustainability metrics in the U.S. syndicated loan market.
- Sustainability is integrated into the goals of our executive team and linked to compensation, ensuring that it is embedded into our products, services and culture. Sustainability and diversity performance goals are required for the top leaders of our Company, including our CEO and our executive team. These goals are included as part of the individual performance goals of +10/-25 percent used to modify executive compensation. Our CEO reports on progress toward these goals quarterly to our board of directors.
- In fiscal year 2020, we were once again named one of the 100 Best Corporate Citizens by 3BL Media, one of the World's Most Ethical Companies® by Ethisphere, included in the Carbon Clean 200™ by Corporate Knights, rated AAA by MSCI, part of FTSE4Good, and are honored to be listed on more than 40 leading sustainability indexes.



Annex II

Johnson Controls alignment
to UN SDGs

Annex II – Johnson Controls Alignment to UN SDGs

| UN SDG | Description |
|---|--|
|  2 ZERO HUNGER | Dedicate employee volunteer hours to community causes, including food banks and hunger task forces |
|  4 QUALITY EDUCATION | Continue to implement Women in Technology program that encourages young women to advance their education and careers in STEM |
|  6 CLEAN WATER AND SANITATION | Measure water consumption in both manufacturing and office buildings to detect and repair water leaks and deploy water-saving technologies |
|  7 AFFORDABLE AND CLEAN ENERGY | Utilize more electric vehicles and higher fuel economy for fleet vehicles to reduce fuel emissions and greenhouse gas emissions |
|  8 DECENT WORK AND ECONOMIC GROWTH | Expand product and service offerings to include elements of solar, biomass, wind, waste-to-energy, and other renewable sources |
|  9 INDUSTRY INNOVATION AND INFRASTRUCTURE | Increase energy productivity across all global operations |
|  10 REDUCED INEQUALITIES | Incorporate diverse supplies, such as companies owned/operated/controlled by minorities or women |
|  11 SUSTAINABLE CITIES AND COMMUNITIES | Administer Energy Performance Contracting (EPC) to deploy equipment upgrades and management services to help customers reduce greenhouse gas emissions |
|  12 RESPONSIBLE CONSUMPTION AND PRODUCTION | Increase the percentage of renewable energy in the purchased energy portfolio through on-site generation and renewable energy certificates |
|  13 CLIMATE ACTION | Reduce carbon intensity by implementing Energy Hunt Program across all manufacturing facilities |
|  17 PARTNERSHIPS FOR THE GOALS | Align with regional and global initiatives for sustainable development (e.g. United Nations Global Compact, Copenhagen Communique, EP100, etc.) |



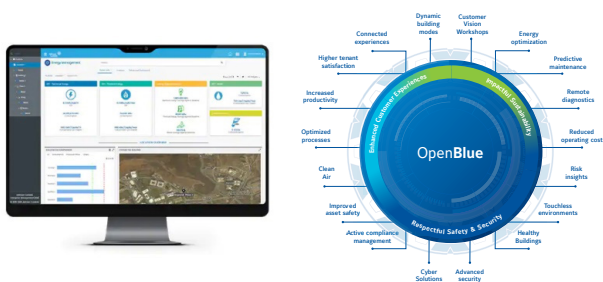
Annex III

Examples of
Johnson Controls sustainable
products and solutions

Annex III – Examples of Johnson Controls Sustainable Products and Solutions

| Johnson Controls Products and Solutions Area | Illustrative Example | Environmental Benefits |
|--|----------------------|------------------------|
|--|----------------------|------------------------|

Digital Solutions



Johnson Controls recently launched **Enterprise Management 2.2** software to drive digital transformation by providing data and insights to lower energy costs, improve utilization and productivity.

OpenBlue Enterprise Management utilizes AI and machine learning (ML) technologies to proactively analyze building data across the entire enterprise and help customers identify opportunities to save money and streamline operations.

Building Automation and Controls



Metasys software systems allow users to find energy and operational savings through advanced analytics and visualizations, connecting seamlessly to energy storage solutions.

Residential and Smart Home



YXV 21 SEER Variable Capacity Air Conditioner is certified EPA ENERGY STAR Most Efficient 2020, with up to 32 percent savings over federal minimum requirements.

Energy-Efficient HVAC Equipment



YZ Magnetic Bearing Centrifugal Chiller delivers up to 35 percent annual energy savings, with zero Ozone Depletion (ODP) and Low Global Warming Potential (GWP) refrigerant.

The YORK® Sun™ Select 27.5- to 50-ton rooftop units under development are expected to exceed DOE's 2023 energy efficiency standards by up to 22 percent, while surpassing current DOE 2018 levels by up to 39 percent.

Distributed Energy Storage



L2000 SU50 Modular Distributed Energy Storage Systems are used for renewable energy storage, meeting the requirements for California's Self-Generation Incentive Program

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Johnson Controls is proud of our sustainability efforts and we have publicly reported sustainability data since 2002.

About Johnson Controls

At Johnson Controls, we transform the environments where people live, work, learn and play. From optimizing building performance to improving safety and enhancing comfort, we drive the outcomes that matter most. We deliver our promise in industries such as healthcare, education, data centers and manufacturing. With a global team of 105,000 experts in more than 150 countries and over 135 years of innovation, we are the power behind our customers' mission. Our leading portfolio of building technology and solutions includes some of the most trusted names in the industry, such as Tyco®, York®, Metasys®, Ruskin®, Titus®, Frick®, Penn®, Sabroe®, Simplex®, Ansul® and Grinnell®.

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