Johnson Controls



2024 Sustainability Report

Smart, healthy, sustainable tomorrows

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Global Sustainability Network
Business Resource Group

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Thank you

Letter from George Oliver, Chairman and CEO, and Katie McGinty, Vice President and Chief Sustainability and External Relations Officer

At Johnson Controls, we pride ourselves on building smarter, healthier and more sustainable tomorrows.

This unwavering focus on sustainability is at the very heart of our purpose as a company and informs every aspect of our work, from our strategy and our customer service to our corporate citizenship. We approach our own ambitious decarbonization goals as an opportunity to lead by example, while our nearly 140-year heritage of building technologies and services provides new solutions for customers around the world to accelerate their own net zero journeys.

Our work has never been more important.



Buildings are imperative to solving the climate crisis

Buildings are responsible for nearly 40 percent of global carbon emissions. However, the good news is that, with the trifecta of efficiency, electrification and digitalization of buildings, we can slash carbon and operating costs at the same time.

For that reason, the built environment represents one of the fastest paths, if not the fastest path, to meeting global climate targets and ensuring a viable future. At the same time, global climate targets set by the international community—to reduce carbon emissions by 45 percent by 2030, while limiting global warming to 1.5°C and achieving net zero by 2050—are achievable, but time is of the essence.

We have only six years left to meet global targets. The time to act is now. We have the technologies, financing and experts to transform buildings from one of the greatest climate challenges into one of the biggest climate wins.

Creating a world of net zero buildings

Recently, we commissioned Forrester Consulting to evaluate the state of smart buildings globally. In this landmark study of nearly 3,500 respondents across 18 industries and 25 countries, we found that, among decisionmakers on sustainability initiatives, two thirds feel they are fully on track to meet their carbon reduction goals. One third, however, need to accelerate their efforts.

An overwhelming majority also reported that smart buildings are important in helping their organizations lock in carbon reduction gains. That said, siloed systems, lack of partners, disjointed internal teams and lack of visibility to key data prevent most from accurately and efficiently measuring progress against their own sustainability goals. Companies that have overcome these challenges, on the other hand, view smart building initiatives holistically.

Adding or upgrading building automation and digital technologies to optimize energy use are among the most impactful sustainability investment areas. A vast majority of leaders seek partners who can provide a digital platform across sites that is easy to use and is integrated into all building systems. Smarter, more sustainable buildings give them the ability to bring together data from building systems, with measures to protect that data, a centralized mission for the data being collected and actionable intelligence provided by emerging machine learning and AI capabilities.

We are the partner our customers need to solve their challenges.

We also understand that every dollar needs to create greater value for our customers. Through technology and innovation, we're enabling them to embrace decarbonization in a smart way, and it shows. In fact, 70 percent of CEOs affirm that they are sticking with climate action because it's proving its financial value to their companies.

We are the sustainability leader in buildings

Throughout this report, we highlight key innovations and initiatives that demonstrate acceleration in delivering energy efficiency and decarbonization in buildings.

This includes our expertise in the solutions that form the smart building trifecta of energy-efficient equipment, clean electrification and digitalization. By upgrading equipment to make it energy efficient, replacing the use of gas and oil in buildings with electrification and aggregating data, an entirely new class of buildings is within reach. It's a decarbonized built environment that amplifies energy, emissions and cost savings, and even enables buildings to produce more energy than they use, thereby transforming buildings from cost centers and carbon problems to cash centers and carbon solutions.

These solutions are making a difference in buildings like the Children's of Alabama medical center, where OpenBlue and heat pump technologies have delivered $450,000 in annual savings and reduced the use of natural gas by 69 percent. In Norway, OpenBlue is helping create the largest net energy-positive building in the northern hemisphere, while in Dubai Silicon Oasis, our chillers and AI-driven solutions are significantly reducing carbon footprint by some 30 percent and guaranteeing energy savings of approximately 4.2 million kWh per year.

With teams, colleagues and partners across the world, we're uniquely positioned to drive these kinds of outcomes in new and existing buildings, wherever they may be.

Putting the future within everyone's reach

We recognize that the will to decarbonize also requires a way.

This is one of the reasons we have created new paths for customers to overcome the financing gap, creating multiple mechanisms to put funding for sustainability projects within reach. So, we can make a difference now, when changes matter the most.

When we electrify operations and optimize energy efficiency through our digital platform and technologies such as AI, digital twin and more, we can put data to work. This is our recipe for success, helping buildings slash carbon footprints, while saving on electric bills. Through this, we're enabling customers to accelerate action on climate, while also lifting economies and driving growth.

Sustainability is no longer a trade-off, as buildings move from balance-sheet liabilities to strategic assets. Simply put, sustainability is good for business and the environment.

Our own sustainability journey

We have very purposefully created a company that's uniquely qualified to meet the needs of customers at every level, creating the products, installing and servicing them, investing in advanced technologies like AI, and creating the financing structure to support end-to-end net zero journeys - wherever they are, whatever the need.

It's one of the reasons our products and solutions serve more than four million customers and are in 90 percent of the world's most iconic buildings. It's also an important factor in ensuring we live up to our ambitious carbon targets and vision for digital transformation.

We're proud of the steps we've taken as a company to prioritize ESG and lead from the front. Since 2017, we have achieved a 43.8 percent absolute reduction in scope 1 and 2 emissions, positioning us well on our way to achieving our 2030 goal of cutting carbon by 55 percent, a target aligned with maintaining a 1.5°C world. In addition to this, we're also proud to have surpassed our 2030 commitment to cut our scope 3 emissions by 16 percent. As a result of this progress, we're currently ahead of schedule to reach our net zero goal by 2040, 10 years ahead of the 2050 goal set by the Paris Agreement.

Now, we're unleashing the next generation of digitally-enabled operating equipment that can deliver up to 50 percent additional carbon savings for our customers, on top of the run-rate efficiency of the hardware itself.

A global voice for good

In our industry and beyond, we want our voice to amplify the clarion call for companies, leaders and concerned citizens to join the fight against climate change and make a difference every way we can.

Our leadership in major organizations such as the Business Roundtable and Sustainable Markets Initiative, along with engagement at major events where our speakers are in high demand like COP28, the World Economic Forum's annual meeting in Davos and New York and London Climate Weeks, demonstrates our commitment to thought and action leadership.

As such, we're proud to have been a public voice urging the ratification of the Kigali Amendment by the US Senate and to have shown the way in delivering products that put not only low, but ultra-low GWP refrigerants to work. We were also a public voice in favor of the Inflation Reduction Act, as well as similar strong initiatives in Europe, and we're working to ensure that the important incentives in these laws and directives continue to provide businesses and individual consumers with the market signal they need to replace old equipment with clean, low-carbon technology.

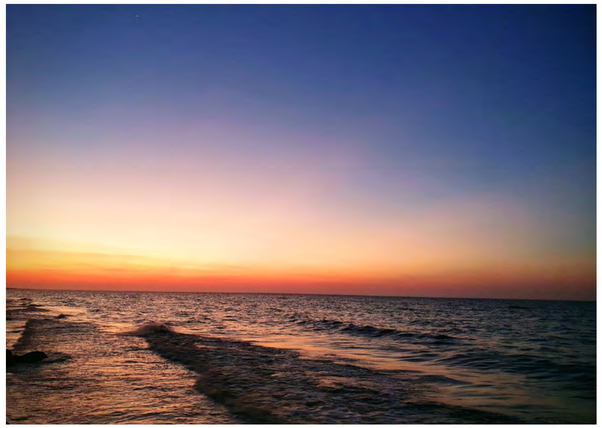
As we continue to shape and inform many of the most important global conversations, we affect positive change and promote the ongoing and necessary partnership between private and public entities. It is only through a coordinated and deliberate partnership that we'll solve the world's sustainability challenges.

Many global challenges compete for attention on the world stage, which can often pull focus away from the pressing issue of climate change. As a team of more than 100,000, our focus and resolve remain unchanged. We're committed to creating a horizon of healthier, safer, more sustainable buildings and a brighter future for all.

We thank you for taking the time to read our annual sustainability report. We're proud of the progress made this year and we look forward to the many successes ahead as we pursue our purpose and continue to make the global transition toward more sustainable buildings a reality.

George Oliver
Chairman and CEO

Katie McGinty
Vice President and Chief Sustainability and External Relations Officer











Johnson
Controls



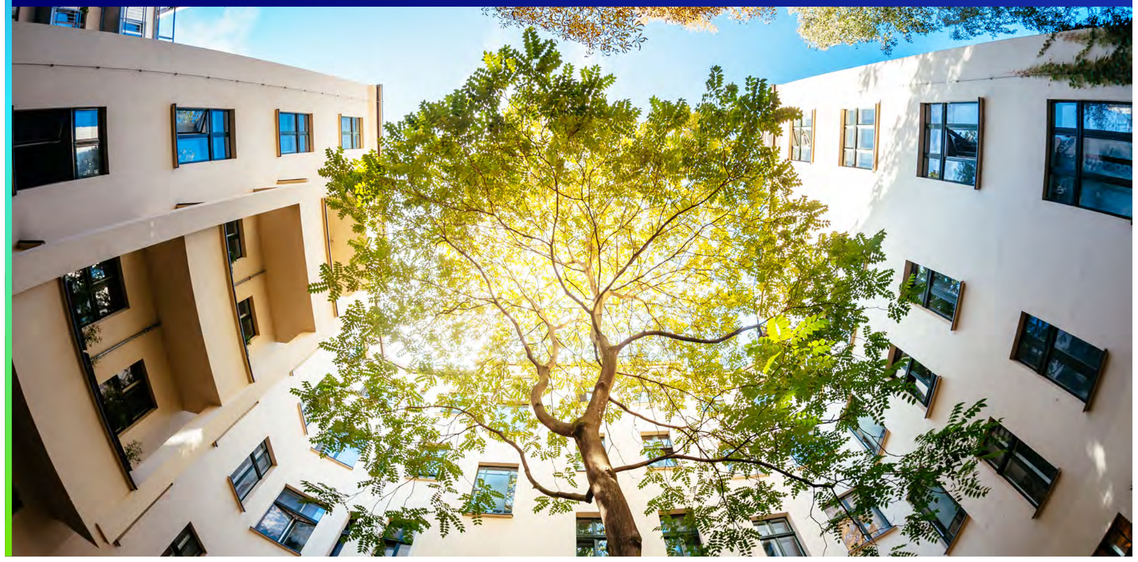
2023 Sustainability Performance

	Targets	Results to Date	Progress
Sustainable Products and Solutions 2017 baseline year	▪ **16% reduction** in Scope 3 emissions from use of sold products in 2030	▪ **27.1% reduction**, exceeding our 2030 science-based target	2030 target
GHG Emissions, Scope 1 & 2 2017 baseline year	▪ **25% reduction** of GHG intensity in 2025 ▪ **25% reduction** of energy intensity in 2025 ▪ **55% reduction** of absolute scope 1 & 2 emissions in 2030	▪ **52.5% reduction,** an ambitious target we have now more than doubled ▪ **22.5% reduction**, achieving more than 90% of our target two years early ▪ **43.8% reduction**, putting us ahead of schedule in achieving our 2030 science-based target	2025 target 2025 target 2030 target
Social Impact and Employee Experience	▪ **25% reduction** in recordable safety incidents in 2025 from our 2017 baseline ▪ **FY23 goal: $495 million** Increase diverse supplier spend with certified diverse business enterprises at a rate exceeding revenue growth **2 million** employee volunteer hours in 2025 **80%** of volunteer hours aligned to the UN Sustainable Development Goals	▪ **34.6% reduction.** We have already exceeded this 2025 target and continue to strive toward our global vision of Zero Harm ▪ **$597 million** was spent with certified diverse business enterprises, **exceeding our target** ▪ **1.92 million** accumulated hours. Our employees logged 61,521 volunteer hours in 2023, the **most volunteer hours recorded in one year** since 2017 ▪ **82%** of hours are aligned, with the majority of time driving the goals of Sustainable Cities and Communities and Quality Education	2025 target 2023 target 2025 target

We are honored

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

We're proud to be recognized as one of the World's Most Ethical Companies, to be named to CDP's Climate Change A List for transparency and performance on climate change, and to be recognized by the following organizations for our commitment, our results and our transparency.



CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE

One of fewer than 400 companies to receive this distinction amongst more than 21,000 who disclosed to CDP

2024 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE™

One of just 11 companies worldwide to receive this honor 17 times

Corporate ESG Performance Prime — RATED BY ISS ESG

Awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious, absolute targets

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

Recognized as a leader in managing environmental, social and governance risks and opportunities

SUSTAINALYTICS
ESG Industry Top Rated
2024 List

Designated as an industry leader in ESG management by Sustainalytics

TIME's
World's Best Companies
2023 List

Recognized for employee satisfaction, economic resilience and our progress towards ambitious sustainability goals

TERRA CARTA

One of the first 45 companies globally to receive the Terra Carta Seal for creating "genuinely sustainable markets"

The CLEAN 200® LIST

Listed at #31, up from #40 last year, recognizing the top 200 companies leading the transition to a sustainable global economy, by Corporate Knights

We are honored

GOLD | Top 5% ecovadis Sustainability Rating JAN 2024

Top 4 percent of more than 100,000 companies assessed across environment, labor and human rights, ethics and supply chain sustainability

FTSE4Good

Included for our corporate ethical standards and performance in environmental and social responsibility

Financial Times
European Climate Leaders
2023 List

Included as one of the leading companies in Europe in showing a reduction in energy intensity

FORBES
American's Best Employers for Diversity
2023

Ranked #144 out of 480 companies listed

FORTUNE'S
Change the World
2023 List

Named for our innovative and transformative heat pump technology

MICROSOFT
Global Independent Software Vendor Partner of the Year
2023

Johnson Controls wins 2023 Microsoft Global Independent Software Vendor Partner of the Year

NEWSWEEK'S
America's Greatest Workplaces for Diversity
2024

Recognized for our diverse workplace and commitment to recruiting and advancing individuals of various ages, races, genders, sexual orientations and abilities

FORBES
America's Best Employers for Women
2023

Recognized for working environment, salary, employee diversity and whether female employees would recommend the company to a friend or family member

Sustainability Magazine's
Top 100 Companies
2023 List

Top 100 Companies driving the energy transitition and leading in transparency in climate action and sustainability reporting

GLOBAL 100 2023 THE WORLD'S MOST SUSTAINABLE CORPORATIONS

by Corporate Knights - Global 100 companies represent the top one percent in the world. This is the 9th time Johnson Controls has been given this honor

S&P Global

Recognized in the top 15 percent of the industry for our sustainability performance

STOXX
Global ESG Leaders

Recognized as one of the leading global companies in terms of environmental, social and governance criteria

Corporate Equality Index
2023 - 2024

by Human Rights Campaign

top EMPLOYER 中国杰出雇主 CHINA 2024 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Named one of China's top employers by the Corporate Research Foundation (CFR) Institute for the 14th consecutive year for creating exceptional employee conditions

NEWSWEEK'S
Excellence 1000 Index
2024

Awarded due to overall dedication to social responsibility, corporate sustainability and the maintenance of high ethical standards

verdantix Green Quadrant Energy Management Leader 2023

Named a leader in Energy Management Software by Verdantix in its 2023 Green Quadrant

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 and 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 a materiality assessment to understand the most impactful environmental, social and governance (ESG) topics for our business and to ensure we're building robust strategies to manage our strategic impacts, risks and opportunities.

The materiality assessment followed a process where we:

1. Identified a list of 25 topics related to leadership and governance, human and social capital, environment, and business model and innovation
2. Surveyed over 100 internal Johnson Controls leaders and 50 external stakeholders, including customers, suppliers, partners, NGOs and trade associations
3. Evaluated topics on quantitative ratings and qualitative assessments based on the context of our business activities and relationships across the value chain
4. Identified and grouped the most impactful areas 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**
- **Embodied 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**

Management of our material topics

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



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

Our targets are the result of the 2023 Materiality Assessment. We're currently embarking on a Double Materiality Assessment to understand the financial materiality and the environmental and social impact of ESG topics to Johnson Controls. The highest priority 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 our company. It reviews our environmental, social and governance (ESG) material topics, strategy, commitments and performance, including sustainability, employee health and safety, and human capital management. 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 Compensation and Talent Development Committee has been delegated primary oversight over human capital matters and employee experience.

Sustainability governance

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. The Executive Committee also includes our Chief Sustainability and External Relations Officer.

ESG Leadership Committee

The ESG Leadership Committee (ESG LC) 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. The ESG LC organizes sustainability and corporate responsibility topics, along with their associated targets, metrics and strategies, into one of six enterprise ESG committees: climate, product stewardship, sustainable value chain, diversity, equity and inclusion, (DE&I) social impact and governance.

Enterprise ESG committees

Our enterprise ESG committees are formed as cross-functional teams responsible for the execution of annual targets and for establishing long-term strategies to meet our ESG commitments.

Our ESG Leadership Committee oversees these ESG committees and guides our three material topics, which align to the following workstreams:

Sustainable products and solutions:

Product stewardship and sustainable supply chain

GHG emissions:

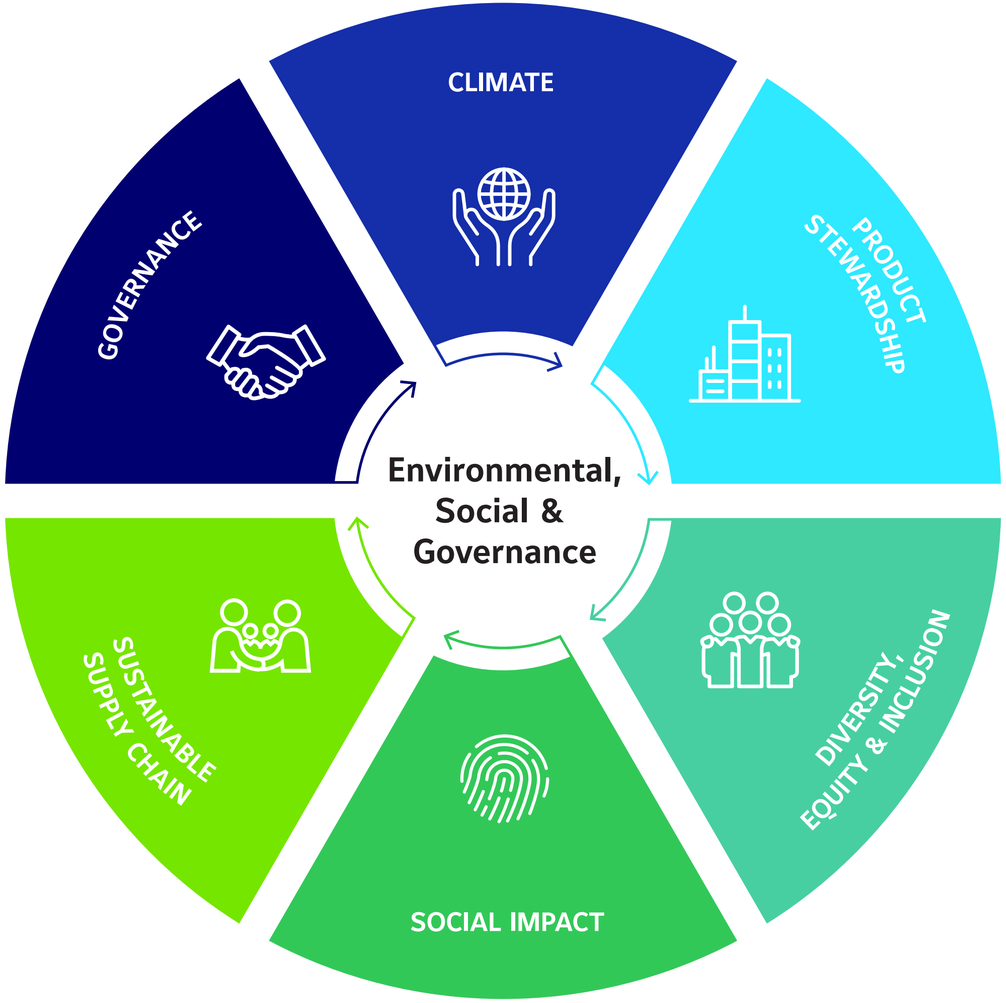
Climate

Social impact and employee experience:

DE&I and social impact

Our governance workstream ensures internal alignment and consistency with the development and execution of our ESG strategy and reporting, including alignment with our Executive Committee and Board of Directors, as well as 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 additional topics important to Johnson Controls. All issues are treated in conformity with GRI Standards and SASB Standards.



Carbon transition plan

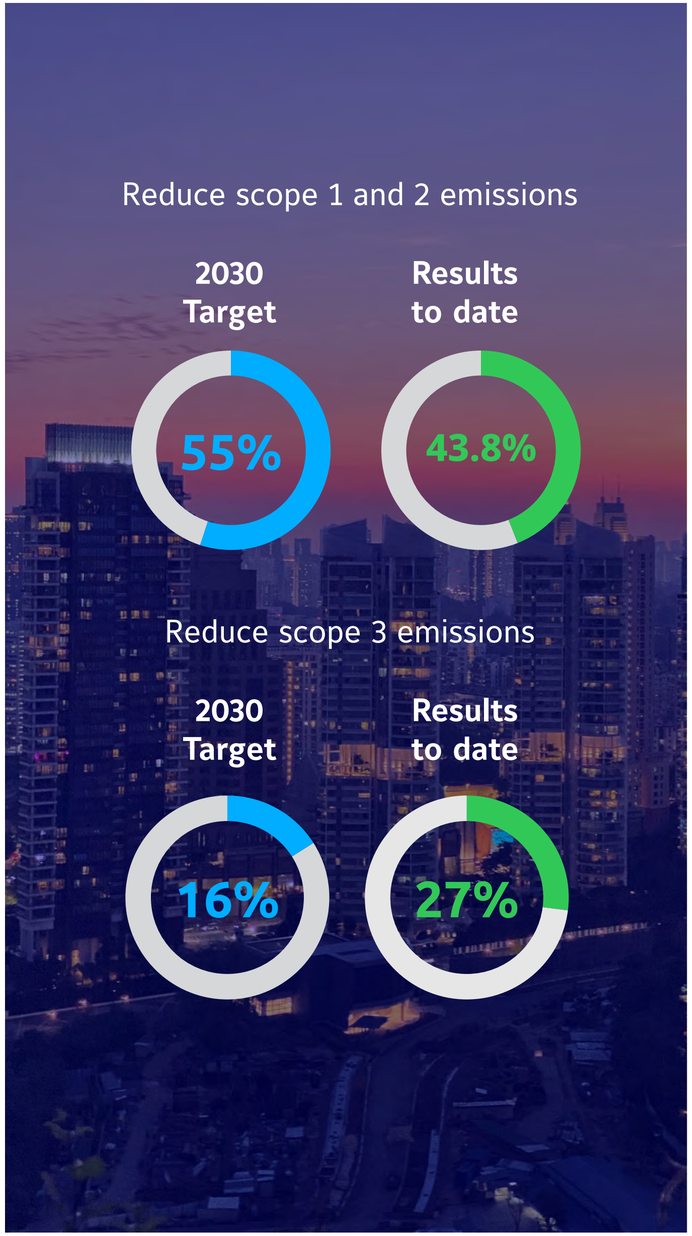
Johnson Controls continues to take significant climate action and has committed to achieving net zero scope 1 and 2 carbon emissions by 2040, ten years ahead of the goal set out in the Paris Climate Agreement.

By 2030, we aim to cut our scope 1 and 2 emissions by **55 percent** and we're currently ahead of schedule, having already achieved a reduction of more than **43 percent** from our 2017 baseline.

We also aim to reduce our scope 3 emissions by **16 percent**, a goal we have already exceeded, having reduced emissions by **27 percent** from our 2017 baseline.

These ambitious 2030 emissions reduction targets have been approved by the Science-Based Targets initiative (SBTi).

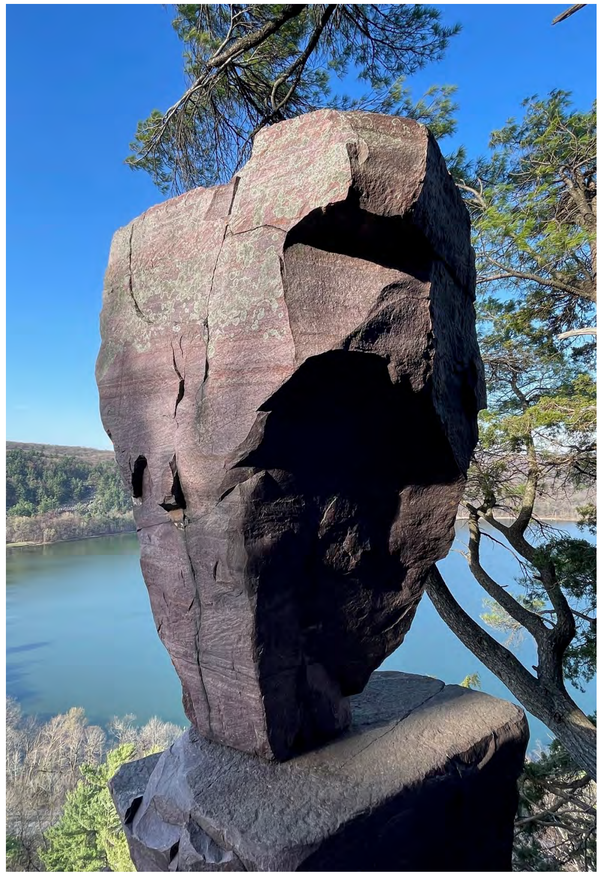
Central to the development of our net zero strategy and deployment schedule is our carbon transition plan, which looks at the current state of our carbon landscape and the specific actions and improvement measures needed to drive towards net zero. Our data-based approach is essential to the cross-functional engagement, clear and time-bound objectives, and focus on execution that we're implementing across the enterprise.







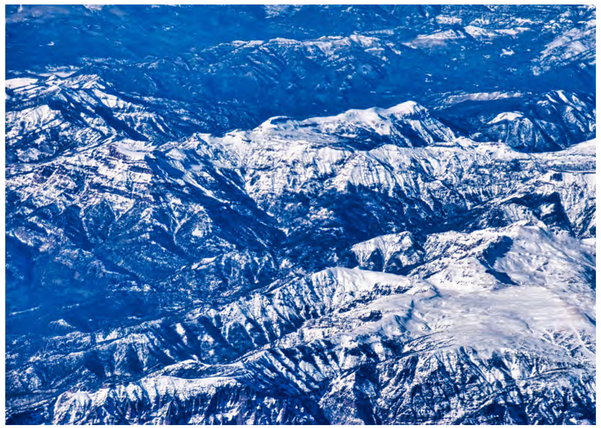













Sustainable products and solutions

Delivering sustainable products and solutions is core to our business and our growth as a global leader in smart, healthy, sustainable buildings.



Material topic 1:
Sustainable products and solutions

Our approach

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

Priority topics:

Net Zero Buildings, energy-efficient products and services, product GHG emissions, digital transformation, as-a-service offerings for decarbonization and supplier environmental impact.

Delivering sustainable products and solutions is core to our business and our growth as a global leader in smart, healthy, sustainable buildings. As we work to help our customers manage their carbon transition and enable deep decarbonization of their facility footprints, we employ a four-part strategy to achieve our science-based target approved by Science Based Target initiative:

Target:

16% reduction in scope 3

emissions from use of sold products in 2030 from our 2017 baseline

Our scope 3 carbon reduction strategy is driven by four key strategies:

1. Develop low-carbon and energy-efficient products
2. Drive OpenBlue digital solutions to accelerate customer success in decarbonization
3. Reduce embodied carbon of our products to enable customers to build net zero carbon facilities
4. Weigh sustainability equal to other key metrics in supplier performance evaluations and require suppliers representing 80 percent of our procurement spend to undergo third-party independent sustainability performance assessment by 2028

Metrics:

1. Invest at least 75 percent of new product research and development (R&D) annually in climate-related innovation to develop sustainable products and services
2. Deliver avoided emissions through OpenBlue digital solutions

We demonstrate our commitment to sustainable products and solutions by:

- Saving customers carbon emissions and costs
- Delivering revenue from sustainable products and solutions
- Driving demand for low-carbon steel by meeting at least 70 percent of our North American steel needs with low-carbon options

2023 progress

TARGET

Reduce our scope 3 emissions from the use of sold products by 16 percent by 2030 against our 2017 baseline.

16% Scope 3 reduction goal

2030 target

27% Scope 3 reduced to date

PROGRESS

We have reduced scope 3 emissions from the use of sold products by 27 percent compared to fiscal year 2017.

The use of sold products represents more than 95 percent of our scope 3 emissions.

Metric: Invest at least 75 percent of new product R&D annually in climate-related innovation to develop sustainable products and services

Progress: In fiscal year 2023, roughly 90 percent of new product R&D was invested in climate-related innovation to develop sustainable products and services. We include sustainability key performance indicators in product design during the stage gate review of our innovation process.

90%
R&D invested in sustainable products and services

Metric: Deliver avoided emissions through OpenBlue digital solutions

Progress: Sustainable revenue in 2022 was 57 percent of total company revenues, up from 54 percent in the previous year. Revenue from sustainable products and services continues to increase as a percentage of our total revenue. We follow the Corporate Knights Sustainable Economy Taxonomy standard for defining sustainable products and calculating sustainable revenue, with modifications used where necessary to align with specific Johnson Controls solution definitions. Corporate Knights reviews our sustainable revenue metrics and has listed Johnson Controls as number 31 on Corporate Knights Clean 200, up from number 40 last year.

The sustainable revenue definition includes:

- Products that enable beneficial electrification of heating
- Products that exceed minimum energy efficiency regulations for cooling or heating
- Products that use low-GWP refrigerants
- Products that enable greater energy efficiency in buildings, including energy recovery, building control and automation systems, and other connected products
- Digital solutions, such as OpenBlue, our complete ecosystem of connected technologies, expertise and services
- Products that are manufactured with recycled or reground materials
- Revenue from the installation, maintenance and service attributable to the products listed above

57%
sustainable revenue

The CLEAN 200® LIST

Develop low-carbon and energy efficient products

Addressing climate change necessitates that we manage our entire carbon footprint in alignment with a 1.5°C reduction trajectory. With the vast majority of our scope 3 emissions coming from the use of sold products, it's critical that we deliver low-carbon solutions to our customers. At Johnson Controls, we're leading the carbon transition with sustainable products and services across three strategic pillars: energy efficiency, low-GWP refrigerants and electrification.

1 Energy efficiency

Why: Building heating, cooling and ventilation operation is responsible for over 50 percent of energy consumption in residential and commercial buildings, thus representing a significant share of the nearly 40 percent of global GHG emissions attributable to the built environment. Improving the energy efficiency of these products will reduce energy-related emissions and our customers' operational expenses, while also creating a smoother transition to a distributed, zero-carbon energy system.

What: Johnson Controls has a market-leading portfolio of energy-efficient HVAC products, many of which exceed regulatory and market requirements by 30 percent or more. Despite this, we continue to improve the energy efficiency of our products, through incremental improvements to existing models, new product launches that result in significant changes in efficiency, assisting our customers in making optimal product selections for their applications, and shifting our share of products sold to higher efficiency models.

Example: YORK® YVAM and CYK chillers
Specifically optimized for data center operations, the YVAM air-cooled chiller eliminates water consumption and is 49 percent more efficient than conventional air-cooled chillers. The CYK heat pump chiller, on the other hand, can achieve a coefficient of performance (COP) as high as 8.0, meaning that it produces eight times the working energy it consumes, while providing simultaneous heating and cooling, with hot water temperatures up to 170°F. At these temperatures, our heat pumps can take on hard-to-abate end uses, such as space heating in complex commercial buildings and industrial process heating.

Case study: The TIGER at Princeton University



Princeton University is taking substantial action, now, to achieve their goal of a Net Zero Campus by 2046.

To this end, Johnson Controls is working with Princeton University on their unique TIGER (Thermally Integrated Geo-Exchange Resource) Energy Plant in Princeton, New Jersey. It is a truly innovative and sustainable project resulting in truly decarbonized cooling and heating for the 180 buildings on campus.

The multimillion-dollar project uses our high-capacity, high-temperature YORK CYK Compound Centrifugal Electric Heat Pumps to draw low-temperature heat from either a geoexchange field or the chilled water system and it pumps this heat into the new 145°F campus district hot water system. Thus, the heat pumps can cool the chilled water and heat the hot water at the same time. Or when using the geoexchange system, heat can be pulled from the chilled water system in the summer - and stored seasonally until the winter - when it can be used as a low-temperature heat source for the heat pumps. This system is dramatically more efficient than Princeton's old steam system. The heat pumps are powered only by electricity, which greatly reduces the university's reliance on fossil fuels. Ultimately, the university is planning on buying 100% carbon-free electricity, which will reduce Princeton's carbon emission to near zero.

This conversion to the new geoexchange/ heat pump/hot water system will be phased in over many years. Ultimately, there will be 2100 geoexchange bores that are each 850-foot deep. A new underground low-temperature (145°F) hot water district system is being installed to connect the heat pump plants to the campus buildings. Each of these buildings will be modified to use hot water for their heating system instead of steam.

It's anticipated that the university will almost eliminate the use of natural gas, reduce campus domestic water consumption by 20%, and reduce carbon emissions to near zero with the use of carbon-free electricity.

2 Low-GWP refrigerants

Why: Conventional refrigerants used in today's HVAC products are hydrofluorocarbons (HFCs), fluids that do not harm the ozone layer, but can have high Global Warming Potential (GWP). Phasing out these HFC emissions globally could reduce the global temperature rise by 0.5°C by 2050.

What: Johnson Controls has helped lead the global phase-out of HFC use in accordance with the Kigali Amendment to the Montreal Protocol. We're currently transitioning our HVAC portfolio to low-GWP refrigerants and already provide options that can reduce GWP by more than 78 percent. However, we're still investing heavily in solutions that will drive those reductions even further, while maintaining product safety and performance.

Example: **Refrigerant R-1234ze**
In 2023, we launched new chillers with the ultra-low (<10) GWP refrigerant R-1234ze for the North American market, complementing our existing applied and industrial refrigeration products that utilize the refrigerants R-1233zd, R-290 (propane), R-717 (ammonia), R-718 (water) and R-744 (CO_2).



YORK YVAM



YORK YZV

3 Efficient, beneficial electrification of heating

Why: Most of the world's heating needs today are met with direct fossil fuel combustion. To decarbonize our buildings and maintain a reliable grid, we need to efficiently electrify these fuel combustion systems with heat pumps. Heat pumps use one third of the energy of conventional heating systems and run on electricity, thus leveraging the clean energy transition. Moreover, heat pumps capture and use thermal energy to deliver many multiples of working energy for every unit of energy consumed to drive them.

What: We offer one of the world's most comprehensive ranges of heat pumps, covering residential, commercial and industrial applications. We're expanding our portfolio to provide higher temperature heating, at colder outdoor conditions, across wider application types. We're also planning for decreasing demand for furnaces as customers transition to more efficient heating sources. Of the furnaces we do sell, more will be used to supplement heat pumps instead of being used as a primary heating source.

We're proud to be recognized by the US Department of Energy (DOE) as a leader in inventing new heat pump capabilities. This recognition has led to us receiving a major award from the department under the Defense Production Act that will enable us to increase heat pump production by some 200 percent.

Example: **YORK YZV residential ducted electric heat pump**
The YZV heat pump exceeds US Department of Energy standards for heat pumps and ENERGY STAR cold-climate heat pump performance requirements at -15°C (5°F) ambient conditions, creating a reliable alternative to conventional fossil fuel combustion heating in even the coldest climates.

Help customers decarbonize

Enhance our digital solutions to help our customers further decarbonize operations

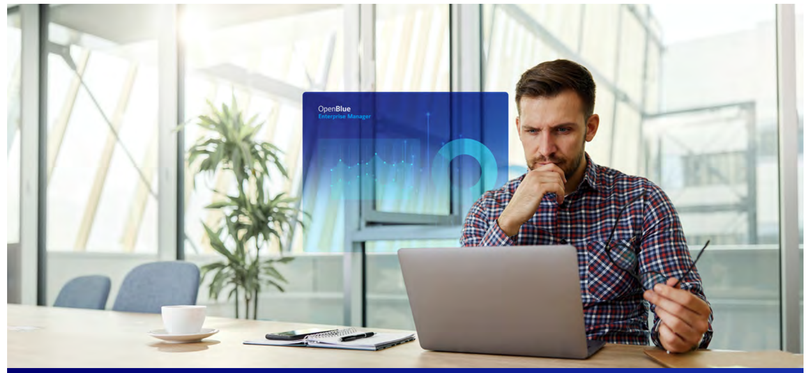
Continuous improvements in our product performance will help us make significant strides in reducing our carbon emissions and we can drive even greater efficiencies by digitizing the operation of those products. Doing so will ensure they run as efficiently as possible all the time, on the cleanest energy available, while enabling a modern and interconnected energy system.

Johnson Controls offers a digital portfolio including OpenBlue Enterprise Manager, OpenBlue Services, and Central Utility Plant Optimization that enhances HVAC equipment and building subsystems to minimize energy use, while maintaining building performance. We are working hard to create a future where every commercial product we sell is connected to a digital optimization system. As we build towards that future, we continue to use customer data to optimize our digital solutions and to better understand the impact they have on product operational carbon emissions.



OpenBlue Net Zero Advisor and Enterprise Manager

Our OpenBlue suite of applications includes Enterprise Manager, which produces real-time performance dashboards to drive energy and greenhouse gas emission improvements. This can also be integrated with Net Zero Advisor, which supports customers' increasing need for data and transparency when reporting to internal and external stakeholders. Seamlessly integrating with leading technology partners and existing building technologies, it digitally transforms buildings so that their hardware is monitored, connected and protected.



Principle:
We're committed to helping our customers reduce emissions through our products and services. 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. In 2023, OpenBlue Enterprise Manager and OpenBlue Central Utility Plant helped our customers avoid an estimated 70,000 metric tons CO_2e, more than four times the avoided emissions of 2020.

Spotlight: NRG Park



NRG Park is expected to generate an estimated $54 million in energy savings, while significantly reducing GHG emissions.

Encompassing 350 acres in Harris County, Texas, NRG Park hosts over 500 events and more than 5.5 million people annually at its sports, entertainment and event venues, namely NRG Center, NRG Stadium and NRG Arena.

Now, Johnson Controls, Harris County Sports & Convention Corporation (HCSCC), NRG Park and Harris County, Texas, are embarking on a historic sustainability and energy efficiency project. This 20-year energy savings performance contract is expected to generate more than $54 million in savings that will fund the entire cost of the complex-wide upgrades, while also providing surplus savings that will be reinvested back into the Harris County community.

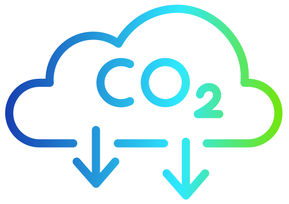
The project spans much of the complex, including upgrades to HVAC equipment, building automation systems (BAS), water conservation, life-safety systems and lighting, as well as high-efficiency chiller upgrades and the integration of Johnson Controls OpenBlue Central Utility Plant. As such, results will be measured and verified by Johnson Controls through an ongoing service agreement.

In addition to creating an optimized environment for NRG Park attendees, this project is also expected to reduce carbon dioxide emissions by more than 33 percent at NRG Park. This is highly significant for Harris County, which aims to reduce the county's carbon emissions by 40 percent by 2030 in line with its Climate Action Plan. Launched in January 2023, the Climate Action Plan outlines steps to reduce carbon emissions, including energy audits at outdated buildings and facilities to determine where energy-efficient equipment can be implemented, leading to better-performing facilities and long-term cost savings for the entire county.

To learn more about the NRG Park project, watch our video here.

$8.4 billion customer savings

Since January 2000, performance-contracting projects have directly delivered nearly 39 million metric tons in avoided CO_2e and are set to save more than $8.4 billion for our customers through energy and operational savings over project terms.



Net Zero Buildings as a Service

In 2021, Johnson Controls launched Net Zero Buildings as a Service, which gives customers real flexibility with real results. It includes everything from upfront capital, design and construction decisions to supporting customers' decarbonization goals and reporting. Tailored to the needs and goals of customers, this can also include an energy savings program, on-site solar, battery and renewable energy supply, and expert advisory through to digital solutions.

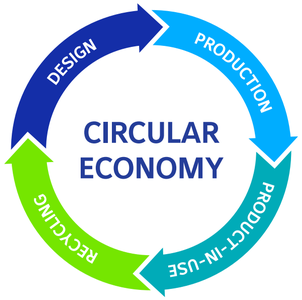
With our as-a-service offerings, neither lack of capital nor lack of expertise should stop organizations from launching ambitious decarbonization programs. In fact, with guaranteed operational cost savings, organizations aiming to preserve capital should be embracing as-a-service decarbonization as a financial imperative.

To learn more about how we combine comprehensive facility decarbonization solutions with innovative financing approaches, please visit: https://www.johnsoncontrols.com/smart-buildings/net-zero-buildings/net-zero-buildings-as-a-service.

Reduce embodied carbon of our products

To drive the shift to net zero buildings, we are not just looking at delivering net zero operations. We also focus on cutting the embodied carbon of our products. In fact, in new product development, we include sustainability 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 areas align with our definition of sustainable revenue to demonstrate our focus during product development, while also delivering circularity principles at this stage.

Through the First Mover's Coalition, we're committed to purchasing 10 percent near net zero steel by 2030

As a founding member of the US State Department and World Economic Forum's First Movers Coalition, we're committed to reducing our impact in high-carbon sectors, dialing down carbon in one of the tough-to-abate sectors: steel. Through the First Mover's Coalition, we're committed to purchasing 10 percent near net zero steel by 2030. As such, Johnson Controls continues to make significant progress in reducing embodied carbon, with over 80 percent of our steel purchases in the US, and 50 percent globally, produced from recycled scrap materials using low-carbon electric arc furnace steel-making technology, which averages 60 to 75 percent less carbon than traditional blast furnace steel manufacturing.



Committed to purchasing 10 percent near net zero steel by 2030



Over 80 percent of our steel purchases in the US produced from recycled scrap materials

Circular steel program with Nucor Steel

In 2023, we launched a circular steel program with Nucor Steel. With this, 100 percent of steel scrap from five major US manufacturing locations, including Norman, Oklahoma and Wichita, Kansas, will be recycled in new purchased products. To complement this, we have a circular aluminum program that sees 100 percent of aluminum scrap from these same Norman and Wichita plants going back to our aluminum supplier.

As part of our program to reduce embodied carbon across our portfolio, we have also launched a closed-loop steel recycling partnership program with Nucor Steel, through which thousands of tons of scrap steel from Johnson Controls facilities will be recycled using electric arc furnace steel-making technology, which generates 60 to 75 percent fewer emissions than traditional steel manufacturing. As an added incentive, this will also allow us to purchase the resulting low-carbon steel products from Nucor.

Assessing product life cycle carbon footprint across our portfolio

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. Today, we can use the TM65 standard to estimate the carbon emissions of almost any product we manufacture at each stage of its life, from production to disposal. In 2024, we'll expand our breadth in two key areas:

1. **TM65 for new products**
   We'll continue to complete TM65 methodology calculations for existing products, while also beginning to require this evaluation as part of the new product introduction process for some product lines.

2. **Track product weight through development**
   Tracking the weight of our new products through the development process will allow us to better evaluate opportunities for material reduction, while maintaining high product quality and safety standards. These material reductions will also contribute to a reduction of the overall product embodied carbon.



Case study: New Aalborg University Hospital



One of Denmark's most effective and most sustainable district cooling systems.

New Aalborg University Hospital (NAU) is a vast 330,000m² new hospital complex serving the entire region of northern Jutland, Denmark. While the hospital needs reliable equipment-cooling and air-conditioning systems, patients also need the air to be carefully filtered and conditioned to provide a comfortable temperature and humidity levels, especially in summer.

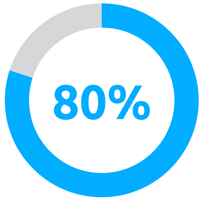
With this in mind, a district cooling solution was provided by Aalborg Forsyning, exploiting the low temperature found at the bottom of a nearby artificial lake to deliver cooling for air-conditioning, machines, servers and scanners. This project is expected to be one of the most energy-efficient refrigeration plants in the world, with an all-year efficiency of up to 23, where conventional plants range from two to five.

In fact, the district cooling provided by this project is up to eight times as efficient as conventional cooling.

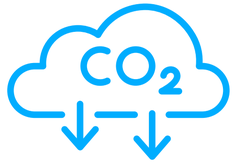
The energy plant comprises a heat exchanger and pump facility with three Sabroe ChillPAC chillers and two Sabroe HeatPAC heat pumps, as well as other auxiliary equipment.

As a result, the new hospital can look forward to saving 80 percent on electricity compared to previous systems, while also delivering annual CO_2 savings of approximately 500 to 700 tons.

As an added benefit, the facility eliminates noise and vibration, and even occupies less space.



Saving 80 percent on electricity compared to previous systems



Savings of approx. 500 to 700 tons of CO_2

Case study: Zero carbon sportsplex

The City of Brampton's innovative pilot program has the power to serve as a model for municipalities on the journey to net zero, demonstrating impactful action with tangible cost and energy savings.



The Susan Fennell Sportsplex in the City of Brampton, Canada's ninth most populated city, is the site of the Zero Carbon Retrofit pilot project as part of the city's long-term plan to be net zero by 2050. Johnson Controls conducted a thorough assessment of the 173,546 square-foot facility to guide a program that will enable the city to achieve net zero carbon operating emissions. Emphasizing operational efficiency and addressing updates to major building systems were critical considerations in the planning process.

Through energy conservation measures, electrification, innovative energy solutions, and carbon-free energy sources, the city is guaranteed outcomes based on achievement of GHG emissions reduction. The project includes HVAC upgrades and optimization, rooftop solar PV unit installation, a ground source heat loop, solar thermal pool heating and Johnson Controls OpenBlue technology to provide ongoing monitoring, measurement and reporting.

Digital energy-efficiency monitoring by Johnson Controls OpenBlue technology will help the complex meet the Canada Green Building Counsel's Zero Carbon Building™ (ZCB) Performance Standard which requires annual verification.

Funding for this sustainability project includes a $15.7 million investment through Infrastructure Canada's Green and Inclusive Community Buildings (GICB) program and $10 million in funding through the Green Municipal Fund's Community Buildings Retrofit initiative.

Zero Carbon Retrofit pilot project

Johnson Controls OpenBlue technology to provide ongoing monitoring, measurement and reporting

$15.7 million

Investment through Canada's Green and Inclusive Community Buildings (GICB) program

Expected cost reductions of nearly

$195,000

per year

The outcomes of the project will not only facilitate cost savings for the City of Brampton, with a reduction of annual utility costs by approximately $195,000,

but also drive progress toward net zero goals and enhance the dynamic space for resident use. Fostering community awareness and involvement in these efforts, project progress will be on display on kiosks in the facility.

Supplier environmental impact

Engaging with our suppliers to build sustainable roadmaps for decarbonization

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

We quadrupled the sustainability rating weight on supplier scorecards in 2022

It's now weighted at 21 percent of preferred suppliers' global scorecards, making sustainability equal to cost, quality and delivery.

38% of our procurement spend, over 1,600 suppliers,

has undergone third-party independent sustainability performance assessments

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.

Since its launch in 2021, the Johnson Controls Supplier Sustainability Program ensures our suppliers abide by the principles of our Code of Ethics through a detailed assessment covering environment, labor and human rights, ethics and sustainable procurement.

Currently, 38 percent of our enterprise procurement spend, accounting for over 1,600 suppliers, has been assessed in detail across each of these dimensions. Our target is to have detailed assessments of 50 percent of our supplier spend by the end of 2026 and 80 percent by the end of 2028. A full assessment is expected to be performed once every three years, provided there were no material changes related to the supplier, such as leadership, footprint or industry participation.

However, if a major change does take place, we'll require a new assessment to be performed within 12 months of the change.

Our supplier scorecards weigh sustainability equal to cost, quality and delivery in supplier performance evaluations. Our sourcing board reviews the supplier scorecard and specific sustainability ratings, while category managers also review relevant supplier evaluations.

Where a supplier has scored poorly, we expect all issues will be immediately resolved by the supplier or that the category manager will raise the issue with the procurement leadership lead for immediate risk mitigation.

Suppliers identified as high-risk require an improvement plan.

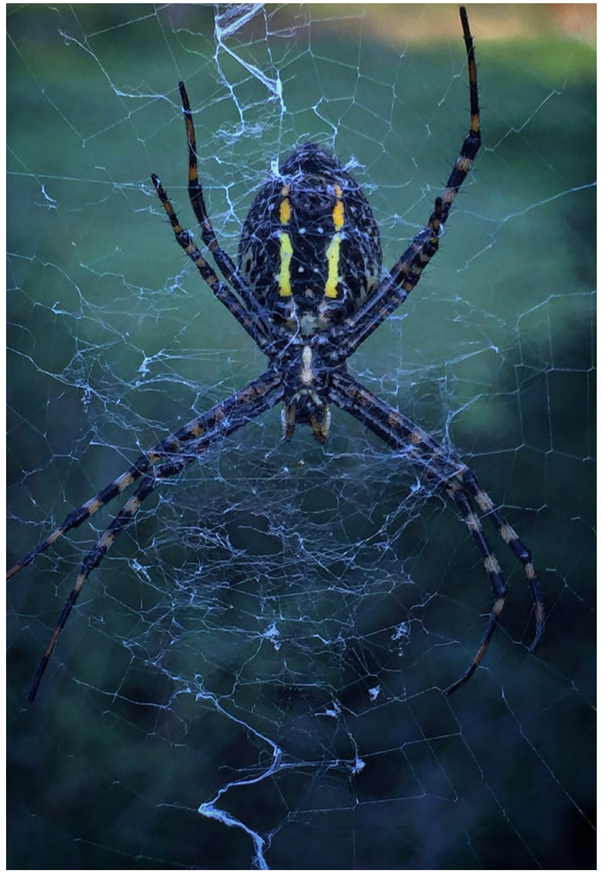



其他垃圾
Residual Waste

















Greenhouse gas emissions

Johnson Controls has a global, enterprise-wide commitment to achieve net zero scope 1 and 2 emissions by 2040.



Material topic 2:
Greenhouse gas emissions

Scope 1 and 2

302 | 305

Our approach - commitment to achieving net zero

Johnson Controls has a global, enterprise-wide commitment to achieving net zero scope 1 and 2 emissions by 2040, 10 years ahead of the goals set out in the Paris Agreement. Climate action is urgent and the time to act is now. We're ahead of schedule toward achieving this commitment, having already reached a reduction of 43.8 percent in scope 1 and 2 emissions, saving over 473,000 metric tons of absolute greenhouse gas emissions across our global operations since 2017.

Targets from our 2017 baseline:

- 25% reduction of energy intensity in 2025
- 25% reduction of greenhouse gas emissions intensity in 2025
- 55% reduction of absolute scope 1 and 2 emissions in 2030, as approved by the Science Based Targets initiative. Net zero scope 1 and 2 emissions in 2040 in alignment with The Climate Pledge

Our scope 1 and 2 carbon reduction strategy is driven by four key strategies:

1. Facility decarbonization
2. Refrigerant loss reduction in manufacturing
3. Fleet emission reduction through efficiency and electrification
4. Transition to renewable electricity globally

Metrics:

100% of electricity globally will be met or matched with renewables in 2040

We demonstrate our commitment to GHG emission reduction by:

- Providing full transparency of our GHG emissions through annual reporting and limited assurance by a third-party independent auditor
- We advocate for climate policy at global, national and sub-national levels that align with:
  - the transition to low-GWP refrigerants
  - incentives for buildings to operate more efficiently
  - the acceleration of the energy transition to renewable energy

2023 progress from our 2017 baseline

25 percent reduction of greenhouse gas emissions intensity in 2025

Progress: We set out to reduce emissions intensity by a quarter, a target we have more than doubled, reducing emissions intensity by 52.4% percent to date

52.4%
emissions intensity reduced

25 percent reduction of energy intensity in 2025

Progress: We have already achieved a 22.5 percent reduction of energy intensity to date

22.5%
energy intensity reduced

55 percent reduction of absolute scope 1 & 2 emissions in 2030

as approved by the Science-Based Target initiative (SBTi). Achieve net zero scope 1 and 2 carbon emissions in alignment with The Climate Pledge by 2040

Progress: 43.8 percent absolute reduction of scope 1 and 2 emissions, eliminating over 473,000 metric tons of CO_2e to date

43.8%
absolute scope 1 & 2 emissions reduced

100 percent of electricity globally will be met or matched with renewables by 2040

Progress: 42.1 percent of electricity purchased globally is met or matched by renewable energy

42.1%
electricity met or matched by renewables

Case study: Johnson Controls global HQ at One Albert Quay in Cork, Ireland



Our global headquarters is a LEED Gold-certified building, leading by example with effective space utilization, minimized energy consumption and optimized equipment performance.

The Johnson Controls global headquarters building at One Albert Quay in Cork, Ireland, is designed to LEED Gold standards. In fact, it's the first smart building in Ireland and is widely known for embracing new technology to benefit both its occupants and the environment. We wanted this building to be a blueprint of the future for smart buildings, leading the way in optimized occupant experience, safety and security, and sustainability. To achieve this, we turned to our OpenBlue technology and its suite of connected solutions, and the transformation has been clear for all to see.

Through our use of OpenBlue technology, we have delivered optimized space performance and seamless workplace experiences for occupants, including space booking, navigation, comfort controls and more.

In addition to this, automated equipment fault detection and diagnostics serve to further optimize comfort, reduce costs and ensure operations continuity.

However, One Albert Quay has also gained significant sustainability upgrades through OpenBlue technologies, including energy audits and advisories, as well as the measurement, monitoring and evaluation of progress toward carbon emissions and net zero energy goals. This has proved crucial in terms of defining sustainability strategies and is complemented by Green Hub kiosks in the building that highlight carbon goal accomplishments, increasing occupant awareness in the process.

Our global headquarters is now an inspiring example of smart sustainability for customers and visitors to experience. Our OpenBlue technologies have helped us to **reduce energy usage by 45 percent** through lighting optimization in unoccupied rooms, leading to **energy savings of around $12,000 per year** and approximately **0.4 MT CO_2e per month**. In line with this, One Albert Quay is also zero-waste certified, prioritizing environmentally-conscious waste collection, treatment and disposal to meet the stringent waste management standards of the Johnson Controls global sustainability program.

Carbon transition: Scope 1 and 2 GHG emissions

The three primary contributors of our scope 1 and 2 emissions are energy usage at our global facilities, refrigerant loss in manufacturing and our global fleet. We measure emissions monthly, applying continuous improvement throughout the year, and have teams organized under our climate workstream to drive our carbon transition.

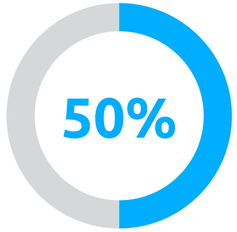
These teams develop strategies to achieve net zero, as well as three-year executable roadmaps to ensure organizational alignment on the improvement measures, timing and investments needed.

As of 2023, scope 1 and 2 emissions have been reduced by 43.8 percent since 2017, while 42.1 percent of our electricity globally is met or matched by renewable sources of energy.



Facility decarbonization

Buildings account for nearly 40 percent of all global greenhouse gas emissions and our Johnson Controls facility footprint is no exception. In fact, our facilities accounted for nearly 50 percent of our total scope 1 and 2 emissions in 2023.



With this in mind, we launched the Johnson Controls Facility Decarbonization Program in 2021 in collaboration with our Sustainable Infrastructure business. In this program, 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, determine a cost-effective and impactful plan to net zero through high-efficiency infrastructure, cutting-edge software, renewable energy solutions and ongoing operations. This is the same approach we bring to customers with our Net Zero Buildings offering.

The first major stop on our journey was a 900,000-square-foot manufacturing plant in Norman, Oklahoma, that also served as a flagship research location and our Rooftop Center of Excellence. This project is on course to achieve a 43 percent reduction in emissions and $960,000 in annual savings by the time of its completion in 2024.

In 2023, we launched the Facility Decarbonization Program at the next three major facilities in the United States: Grantley, PA; Waynesboro, PA; and Marinette, WI. Including Norman, OK, these four facilities contribute 40 percent of Johnson Controls scope 1 and 2 emissions from manufacturing sites in the U.S.

In addition, our corporate headquarter buildings in Glendale and Shanghai are both LEED Platinum-certified, while our headquarters in Cork is LEED Gold-certified. LEED certification is a third-party certification developed by the US Green Building Council, with platinum being the highest level of certification. These buildings serve as global examples of leading energy, water and material efficiency, along with building decarbonization.

Case study: Norman, Oklahoma



Our plant in Norman, Oklahoma, is expected to decrease its annual greenhouse gas emissions by 43 percent and generate $960,000 in annual savings. The lessons learned will help power the decarbonization journey of organizations across the globe.

Johnson Controls decided its Norman plant, a 900,000-square-foot space, would be its first industrial site to be put on a path to achieve emissions reductions from major equipment and process upgrades.

How we solve for zero: design, digitalize, deploy

With our portfolio of solutions, we simplified the journey into three key areas:

Design

Our team of experts performed an in-depth assessment to set a course to design, digitalize and deploy upgrades to the facility without disrupting production. The Norman plant was selected as the first site because of its high potential impact.

Digitalize

Johnson Controls OpenBlue technologies and solutions were used so that we could create a healthier environment, while improving resource efficiency and carbon reduction. OpenBlue technologies unlock insights into emissions data, breaking down data silos and providing analytics that allow more efficient management of this complex, multi-faceted plant in order to deliver sustained lower emission outcomes. We connected the Norman plant, infrastructure and the grid so we could access data that was critical to making informed decisions, near real time, to solve for both cost and carbon.

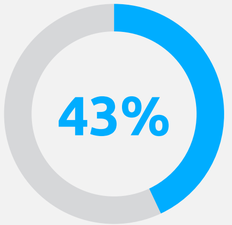
Deploy

We deployed key strategies to turn our plan into reality, including central utility plant redesign and retrofit, building envelope improvements, compressed air system replacements, plug load controls, water conservation measures and ongoing maintenance and management of efficiency improvements.

To further improve energy efficiency, a 1.56-megawatt solar photovoltaic carport solution with vehicle charging stations was installed to help meet energy demand with on-site renewable energy.

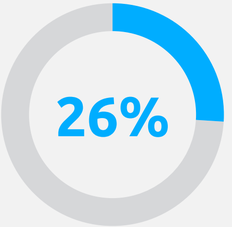
The project is expected to:

Reduce GHG emissions by 43 percent



Save 3,500 kilogallons of purchased water annually

Reduce energy consumption by 26 percent from a FY17 baseline



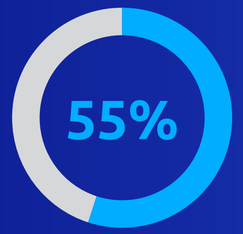
Deliver $960,000 in annual energy, operating and maintenance savings

Refrigerant loss reduction in manufacturing

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

Our team of environmental health and safety, operations and research and development professionals works collaboratively to build the transition plan for decarbonizing our refrigerants. Due to the significant actions we're taking, emissions from refrigerants continue to drop and represented just 17 percent of overall operational emissions in 2023.

While our progress has been significant, we'll drive further improvements in 2024 and ensure that slashing carbon from refrigerants is a key and successful part of our drive to 55 percent operational emissions reductions by 2030.



To help achieve this, multidisciplinary management teams actively reduce refrigerant loss through:

- Annual goal setting
- Education and awareness
- Optimizing current management of processes, standards and protocols
- Investment, implementation and sharing of best management practices, including leak detection programs, digitization and monitoring

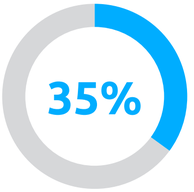
Refrigerant transition to low GWP

In 2023, we continued transitioning the refrigerants in our products to low GWP within our North America operations, a process we started in 2016. These changes will address policies that target the phase-down of hydrofluorocarbons (HFCs), including the American Innovation and Manufacturing (AIM) Act of 2020, a landmark law supported by Johnson Controls that will drive innovation in cutting carbon, as well as operational costs.

Over the next two years, we'll be fully transitioning US operations to low-GWP refrigerants and extending best practices to our global facilities.

Fleet emission reduction through efficiency and electrification

Our second largest contributor to GHG emissions is our global fleet, comprised of both field service operations and management fleet. In 2023, this accounted for more than 35 percent of our total scope 1 and 2 emissions. Over 72 percent of these emissions are in the US, 17 percent are in Europe, the Middle East and Africa, and the balance is across Canada, Mexico and Asia Pacific.



We have a formalized working group dedicated to fleet emission reductions, working on optimizing our current vehicle use and the transition to electric vehicles. We analyze our fleet performance on a monthly basis, including the use of telematics to understand trends and driving patterns. We systematically bring in fuel-efficient vehicles and right-size the equipment needed on our field service operations to decrease weight and increase load factors.

In 2023, Johnson Controls launched the Early Adopter Electric Vehicle (EV) program in the US, along with our first EV request for proposal across fleet manufacturers, giving us a thorough understanding of the industry, including vehicle capabilities and charging infrastructure, as we build our decarbonization roadmap to 2026. Our first full wave of electric vehicles will be implemented in 2024.

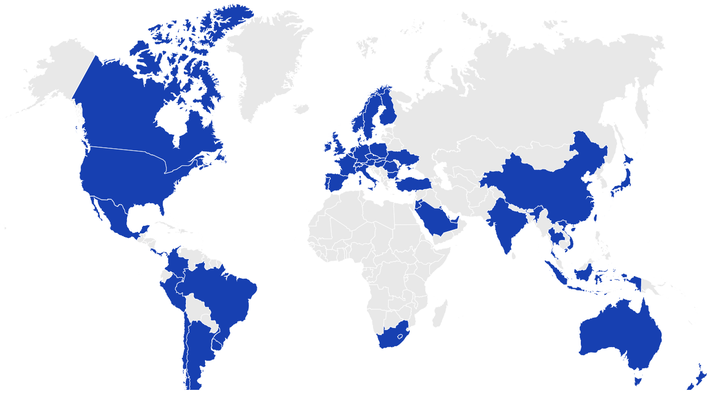
Transition to renewable electricity globally

We continuously seek lower carbon, renewable electricity.

In 2023, 42.1 percent of the electricity we purchased globally was met or matched by renewable sources of energy. To complement this, we have invested around the world to deliver renewable electricity directly to our facilities.

Sites with on-site renewable electricity:

- Glendale (US)
- Shanghai (China)
- Matamoros (Mexico)
- Puspokladany (Hungary)
- Neuruppin (Germany)
- Cologno (Italy)
- Corropoli (Italy)
- Kadi (India)
- Wuxi (China)
- Guangzhou (China)
- Taoyuan (Taiwan)
- Norman (US)
- Pune (India)



New solar projects to power operations with renewable energy

In 2023, Johnson Controls entered into an agreement with Constellation, the largest producer of carbon-free energy in the US, to support the development of two new solar plants to match the power needs of four major Johnson Controls facilities.

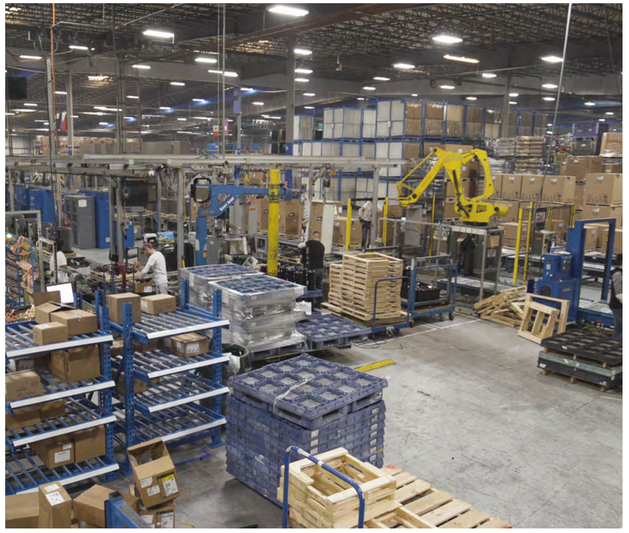
Starting in December 2024, this 15-year commitment will see Johnson Controls receive energy that's matched by Green-e® Energy-certified renewable energy certificates (RECs) to power four world-class Johnson Controls engineering and manufacturing facilities in Pennsylvania, all dedicated to advancing net zero buildings. The first is the New Freedom global research and development complex, where Johnson Controls is leading the charge in heat pump development, machines that enable the full electrification of buildings and generate three to eight times as much energy as they consume. The others include an advanced chiller manufacturing center and two facilities that are driving hyper-efficiency in industrial refrigeration applications.

Since 2021, we've also had a green tariff in Wichita, Kansas, near our 1.3-million-square-foot heating, ventilation and air conditioning (HVAC) manufacturing plant, with the capacity to produce 100 percent of this facility's electricity. The Johnson Controls Wichita plant receives its wind energy from Soldier Creek Wind Farm, a 300-megawatt wind farm in Nemaha County, Kansas.

The contract will result in an emissions savings of over 14,000 MT CO_2e as compared with the local grid.

100 percent of our US electricity use is met or matched by renewable electricity.

In addition to our renewable electricity and on-site renewables, we voluntarily purchase certified Green-e Energy renewable energy certificates (RECs) to match 100 percent of the greenhouse gas emissions for the remainder of our electricity use at our US office, manufacturing, research and development, and branch locations.

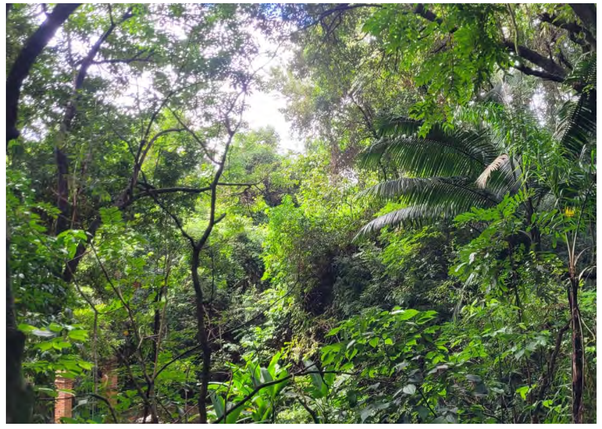



Johnson
Controls

















Social impact and employee experience

Our vision: foster a culture that attracts and engages people who want to make a difference.



Material topic 3:
Social impact and employee experience

Our approach

Our vision: foster a culture that attracts and engages people who want to make a difference.

We firmly believe that our greatest resource is our people. They are what set us apart and allow us to achieve and maintain our exceptional standards. We also understand our role in empowering our employees to bring their authentic selves to work each day, in turn, adding value, fostering creativity and inspiring change across our organization.

In our operations and in our communities, we're committed to our vision of Zero Harm to people and the environment, and have created robust policies and strategies to support this vision.

Targets:

- Reduce recordable safety incidents by 25 percent in 2025 from our 2017 baseline
- Increase diverse supplier spend at a rate exceeding revenue growth
- 2.0M employee volunteer hours by the end of 2025
- 80% of volunteer hours aligned to the UN Sustainable Development Goals

We have developed ambitious strategies to address social impact and employee experience:

1. Implement diversity, equity and inclusion mission, vision and roadmap, including employee experience, business resource groups, learning and development, and external impact
2. Create a Zero Harm culture and drive employee well-being
3. Increase the representation of women leaders globally and minority leaders in the US

Metrics:

1. Grow employee engagement groups globally
2. Launch an initiative to educate the next generation of diverse leaders in the sustainable building industry

We demonstrate our commitment to social impact and employee experience by:

- Growing engagement across all Business Resource Groups (BRGs)
- Investing and engaging in the communities where we live and work

2023 progress

Reduce recordable safety incidents by 25 percent in 2025 from our 2017 baseline.

Progress: We have reduced recordable safety incidents by **34.6 percent** since 2017 and we continue to work toward our global vision of Zero Harm.

34.6%
reduction in recordable safety incidents

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

Progress: In 2023, we increased our spend on certified diverse business enterprises by approximately **41 percent** compared to 2022, achieving a significant year-over-year increase in diverse spend and greatly exceeding our goal.

41%
more spent with diverse suppliers

Volunteer two million hours and align 80 percent of volunteer activities with the United Nations Sustainable Development Goals (UN SDGs) by 2025.

Progress: Johnson Controls employees logged 61,521 volunteer hours in 2023, the most volunteer hours recorded in one year since 2017. Our employees have volunteered and recorded more than **1.92 million accumulated hours**, with **82 percent** of those hours aligned to the UN SDGs.

1.92
million volunteer hours

Metric: **Grow employee engagement groups globally.**

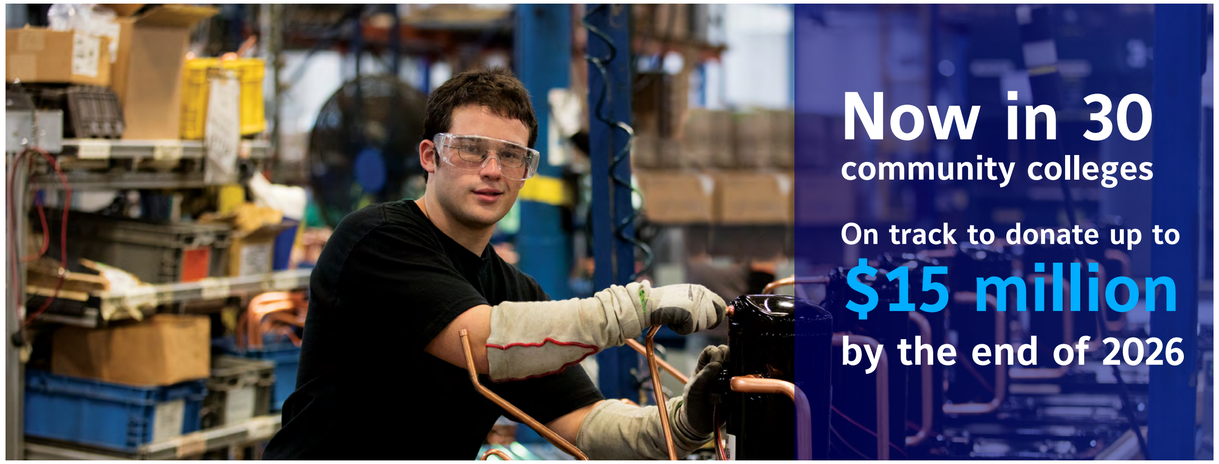
Progress: In fiscal year 2023, our Business Resource Groups (BRGs) made tremendous progress, with **new membership growing by 36 percent in just one year**. We also launched two new Business Resource Groups, Parents & Caregivers Together for parents and caregivers, and INSPIRASIAN for supporting and uplifting Asia Pacific Island heritage.

36%
increase in new BRG members

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

Progress: Since its inaugural year in 2021, the Johnson Controls Community College Partnership Program has been on track to **donate up to $15 million** by the end of 2026 to expand access to educational programs in HVAC, fire, security and digital disciplines.

Now in 30 community colleges, the program engages students from historically underrepresented groups and supports them in preparing for and embarking on career paths in sustainable building practices.



Diversity, equity and inclusion

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We recognize the synergies that exist between culture and the employee experience.

As a result, we strive to curate a multi-dimensional, world-class employee experience, leading to a sustained culture of inclusion. We strongly believe in this approach because a sustained culture of inclusion, in turn, sustains a world-class employee experience.



One of our priorities is to ensure that we employ a workforce that reflects the communities we live in and the customers we support. We provide products and services across the globe and our workforce reflects the diversity of thoughts, ideas and lived experiences needed to serve all markets.

The power of our people is strong and we continue to leverage each individual's unique expertise to solve difficult customer challenges as a team.

Our competitive advantage is strengthened when we can recruit and leverage diverse backgrounds in an inclusive, high-performance culture.

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 2023 diversity, equity and inclusion annual report and our EEO-1 are reported and publicly available on our website. As of the end of 2023, 24% of our leaders globally were women and 25.1% of leaders in the U.S. were minorities.

Our mission

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

Our vision

Employees will bring their authentic selves to work each day. Our rich culture of inclusion will lead to inclusive 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' visions for success. Our high-performance culture ensures that we have the best talent, always highly engaged and eager to innovate.

Diversity, equity and inclusion pillars



Employee experience

At Johnson Controls, we want every employee to feel supported, both personally and professionally. That's why we focus on employee experience and drive an employee-owned culture of inclusion that values and celebrates talent.

Business Resource Groups (BRGs)

BRGs consist of employees who share similar interests, backgrounds, experiences and/or characteristics. These employees share a common interest in professional development and improving corporate culture, leading 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, we continue to enable the mindsets and behaviors that foster our culture of inclusion.

Talent management

The Office of Diversity, Equity & Inclusion collaborates with our talent management teams to attract, develop and retain best-in-class talent from around the world.

External impact

We support the communities in which we live and work. We're proud of the partnerships we have cultivated and we continue to expand our global reach to form new relationships that align with our values and vision.

Metrics and measurement

We understand that without transparency, progress is not sustainable. Analytics inform our goals and drive inclusive outcomes.

Employee experience

Driving inclusive mindsets and behaviors in 2023: amplifying voices and actions

Recognizing employees who live our DE&I mission

Following a successful launch in 2022, we continued our employee **Diversity, Equity & Inclusion Distinction Awards in 2023**. These awards 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.

Employees throughout the organization can nominate individuals who have made substantial multi-business unit or enterprise impact. In fiscal year 2023, over 800 peer nominations were submitted, with 24 employees selected as winners by a committee based on program criteria.

The Diversity, Equity & Inclusion Distinction Awards also include a badge that allows employees to use our Bravo employee recognition platform to give real-time, peer-to-peer recognition to team members who have adopted key DE&I behaviors that promote our culture of inclusion.

800 peer nominations were submitted, with 24 employees selected as winners



Employee roundtables

We value the voices of our diverse talent and continue to use our employee roundtables to amplify those voices. These global sessions are hosted quarterly with the aim of providing team members with a sense of belonging, ownership, autonomy and empowerment regarding their careers and their ability to contribute to the culture and work processes at Johnson Controls.

The goals of these roundtable discussions include:

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



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 encourage meaningful discussions between employees that highlight unique experiences, diverse mindsets and the prevailing resilience our employees bring to work each day.

Global initiatives

Dimensions pilot

In 2023, we announced Dimensions, a new self-nomination talent development program. It was created in response to data, internal feedback and research that reflected a potential gap in experiences, development and networking opportunities for underrepresented employees.

The six-month curriculum includes webinars, curated learning sessions, mentoring and more.

Sponsoring BRGs:

INSPIRASIAN Business Resource Group

ONYX Business Resource Group

UNIDOS Business Resource Group

Sessions are offered to progress competencies aligned with our talent development and career tools and processes. Each session features a business leader who provides additional context to the session topic, as well as encouragement to program attendees.

Supplemental curriculum is also provided, while small groups allow participants to collaborate.

Future Leaders Internship Program

The Johnson Controls Future Leaders Internship Program was named on Way Up's 2023 Top 100 Internship Programs list in North America.

This robust, best-in-class intern experience curates a rich, challenging and rewarding experience for each intern through engaging programming, including:

- An eight-week innovation challenge
- Weekly leader-led professional development sessions
- Group networking with our employee-led resource groups
- Volunteering opportunities within local communities

The program provides structured opportunities to grow both professionally and personally, with access to our senior leaders, including our Chief Executive Officer, providing an enriching experience for interns and leadership alike.

In fiscal year 2023, 398 interns took part in the Future Leaders Internship Program worldwide, with a notable 92 percent participation rate in the innovation challenge. In addition to this, of the interns who took part in the program, 41 percent were female and 47 percent were diverse.

We have purposefully identified key performance indicators and metrics for this program, which we monitor alongside numerous pulse surveys throughout the internship to ensure the program not only meets, but exceeds the expectations of our interns and their managers. The primary goal is to ensure each intern finishes their program enriched with new experiences, new skills, strengthened professional competencies and an expanded network to yield additional professional opportunities.

Our hope is that when each intern completes the program, they feel a great sense of belonging and seek out opportunities to start their professional careers at Johnson Controls.

398
interns in 2023



participation rate in the innovation challenge

One of Way Up's 2023 Top 100 Internship Programs in North America

One Albert Quay Art Gallery

During Ireland's national culture week in September, we inaugurated our on-site art gallery at One Albert Quay, Cork.

The Quays Gallery is reset every quarter with employee art and makes use of a beautiful space, giving everyone a chance to share their creative side.

In January, we displayed a photography exhibition entitled New Beginnings. Following this, our June exhibition was inspired by the Johnson Controls sustainability report, while in September, our theme was World Cultures.

The Gallery is currently exhibiting the new Business Resource Group (BRG) logos and will exhibit a trees-themed exhibition for Earth Month using recycled frames and photographs printed on recycled paper.



India Engineering Center

Our India Engineering Center has played an integral part in driving our DE&I mission.

Since its formation in 2019, the team has developed initiatives that align with the global DE&I mission, vision and pillars.

For example, the JobsForHer event in Hyderabad, Pune, focused on gender diversity and people with disabilities. It included strategies for promoting gender diversity in the workplace, including gender-neutral hiring, as well as development programs, mentorships and preparation programs for students at women's colleges. The event also addressed gender balance across career levels and the pandemic's impact on diversity ratios.

Discussions explored strategies for attracting diverse talent, advancing careers for individuals with disabilities and promoting equal opportunities, emphasizing the importance of inclusive facilities.

This event highlighted the challenge of turning policies into action and stressed the importance of consistent implementation in advancing diversity and inclusion efforts.

South Africa initiatives

Growth in the employment equity plan

There has been significant growth in our employment equity (EE) plan, which is designed to achieve set goals outlined in the five-year plan. The targeted focus includes improving representation at various levels of the organization and we have already seen growth in the employment of designated groups, including diverse representation within top management.

Breakfast engagements with female team members

Launched in fiscal year 2023, these engaging breakfast sessions provide a platform for female team members to discuss their experiences, challenges and aspirations, further fostering a supportive and inclusive environment. During these sessions, participants are encouraged to discuss topics freely and openly.

Cork Pride parade

In July, Johnson Controls team members walked in the Cork Pride parade to celebrate our local and international LGBTQIA+ communities and their allies, demonstrating that we can show up as our authentic selves, no matter who we love or how we identify.



Business Resource Groups (BRGs)

A rich culture of inclusion relies upon an engaged and productive employee population that feels not only empowered, but excited to drive outcomes that matter for the communities we serve.

Employees involved in BRGs power our culture at Johnson Controls, providing strategic support for the initiatives that make our people safer, our buildings smarter and our world more secure.

Our BRGs consist of employees who share similar interests, backgrounds, experiences and/or 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 membership growth, talent retention and consistent innovations, the inspiring actions, engaging discussions and meaningful progress that took place across Johnson Controls throughout fiscal year 2023 highlighted the unquantifiable value BRGs bring to our company.

Growth and global footprint increase

Our Business Resource Groups (BRGs) made tremendous progress in fiscal year 2023, growing new membership by 36 percent in just one year. We also launched two new Business Resource Groups, Parents & Caregivers Together for parents and caregivers, and INSPIRASIAN for supporting and uplifting Asia Pacific Island heritage.

Global Sustainability Network
Business Resource Group
Our community for employees passionate about our company's sustainability mission

INSPIRASIAN
Business Resource Group
Our community for supporting and uplifting Asia Pacific Island heritage

JC4e
Business Resource Group
Our community for LGBTQIA+ employees and allies

UNlimited
Business Resource Group
Our community for employees living with disabilities and caregivers

ONYX
Business Resource Group
Our community for Black and African employees and their allies

Parents and Caregivers Together
Business Resource Group
Our community for working parents and caregivers

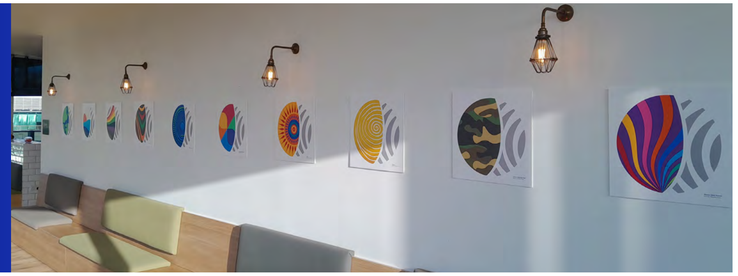
SYNERGY
Business Resource Group
Our community of emerging young professionals

UNIDOS
Business Resource Group
Our community for Hispanic and Latinx employees and their allies

Veterans Engagement Team
Business Resource Group
Our community for veterans around the world, military families and supporters

Women's Global Network
Business Resource Group
Our community for supporting, uplifting, engaging and inspiring women

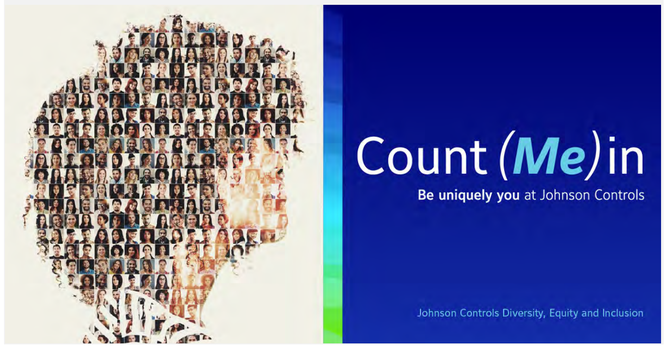
The new BRG logos were displayed in The Quays Gallery, Cork, Ireland in December 2023.



Count Me In

Count Me In is a voluntary self-identification campaign that was launched as part of the Johnson Controls DE&I strategy to encourage employees globally (where permitted) and across all levels of the organization to self-identify. Count Me In enables employees to define themselves according to certain diversity elements and characteristics, such as race, ethnicity, gender identity, disability and sexual orientation.

The campaign gives our employees the opportunity to bring their whole authentic selves to work, while helping Johnson Controls enhance overall employee experience with an increasingly supportive and inclusive work environment.



Learning and development

We strive to incorporate diversity, equity and inclusion into our learning and development experience at Johnson Controls.

DE&I is embedded into leadership development programs, while opportunities to engage in virtual instructor-led workshops and self-service on-demand DE&I learning content are available to employees throughout the year.

Diversity, equity and inclusion learning series

In 2023, thousands of employees attended over 80 live DE&I workshops, including the first open-enrollment session advertised to employees. As a result of this success, we even expanded our facilitator network, with upwards of 30 facilitators certified throughout the year in Spanish, Portuguese, Hindi, Simplified and Traditional Chinese, Malay, Japanese, German, Italian and French.

Though geared towards hiring managers, the content is freely available to current and future leaders, and includes:

- Understanding the Johnson Controls DE&I strategy and why workplace diversity matters
- Exploring common types of workplace bias, the science behind unconscious bias and how to interrupt bias in our hiring, performance management and decision-making processes
- Getting comfortable with 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

In 2023, we expanded the web-based learning content on the in-house DE&I channel within the Johnson Controls Learning Hub, our platform for learning content. Modern and intuitive, this platform uses artificial intelligence and machine learning that allows employees to own their learning experience.

13 new DE&I learning pathways and one new learning journey were deployed on the platform in fiscal year 2023 to encourage DE&I self-service engagement. As a result, enterprise self-service DE&I learning hours increased by 34 percent.

Four engagement campaigns were also launched, resulting in a 117 percent increase in completion of the DE&I at Johnson Controls core learning journey, a 76 percent increase in followers of the DE&I channel and the addition of 2,771 new users.

Diverse hiring councils

Hiring managers with strong records of diverse team building and high-potential individuals serve on diverse hiring councils.

Council members partner with hiring managers and talent acquisition to assist with recruitment strategies, social media sharing and interview panel participation and calibration, among other responsibilities.

In FY22 and FY23, councils were created to support our global products, global supply chain, engineering and manufacturing strategy, commercial sales and building solutions North America business. We also added councils to support our building solutions EMEALA business, while establishing processes to help even more locations create councils.



Talent acquisition

We support the continued attraction of top talent from across the globe with diversity, equity and inclusion embedded in our recruitment processes, candidate experience and hiring commitments.

Our talent acquisition teams put immense effort into identifying, attracting and recruiting diverse talent around the globe. They're committed to providing our businesses with a qualified, balanced and diverse talent slate during the recruitment process. To complement this, we have also hired dedicated diversity talent acquisition leaders in order to focus on growing our diverse workforce.

We strive to provide career advancement opportunities for our employees. In fact, more than half of our management positions are filled by internal talent. With a constantly evolving marketplace, we're also committed to workforce development strategies that open new hiring channels for diverse talent.

Some of these new hiring channels and development strategies include:

- Engaging with our Business Resource Groups (BRGs) on employee referrals and engagement
- Partnering with diversity-focused organizations across the globe
- Instituting diverse hiring councils across the business to help increase awareness of our hiring practices
- Investing $15 million over five years to help expand community college associate degree and certification programs in health, ventilation and air condition (HVAC), fire and security and digital building automation systems across the United States
- Expanding our Future Leaders Global Internship Program in our EMEA and APAC regions

In addition to our internal posting process, our career opportunities are also shared via a variety of external diversity-focused job boards and organizations, helping us reach a more expansive talent pool.

Investing $15 million

over five years to help expand community college associate degree and certification programs





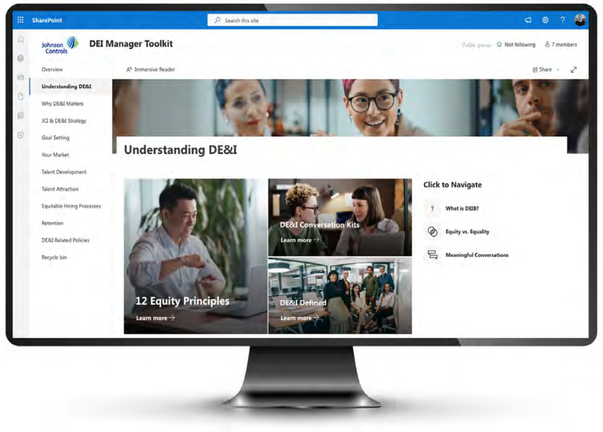
Diversity hiring manager toolkit

In partnership with talent acquisition, the office of DE&I developed a comprehensive 75-page guide for hiring managers to enable best-in-class attraction, development and retention of diverse talent.

This toolkit supports hiring managers' understanding of:

- Diversity, equity, inclusion and belonging
- The business case for creating teams that are diverse
- Our Johnson Controls DE&I strategy, mission and vision
- Building their own DE&I people strategy by leveraging connections to various assets and groups that can help them recruit and hire diverse talent
- Resources and processes to develop their teams into high performers ready for their next role
- Tools to create an inclusive workspace and retain talent that is diverse

This toolkit is designed to be a central source of policy, driving behaviors that ensure employees refrain from engaging in discrimination during our employment process.



Talent acquisition workshops

Building an inclusive workforce: navigating market trends and best practices for hiring managers

We understand that it's crucial for organizations to embrace diversity and inclusion in order to thrive. With that in mind, we're committed to doing not only what's right, but what will allow us to keep innovating in today's rapidly evolving business landscape.

In FY23, our building solutions North America (BSNA), talent acquisition and DE&I teams launched an interactive workshop designed specifically to equip hiring managers with the knowledge and tools necessary to build a diverse and inclusive workforce. The team hosted a total of 11 workshops for business areas across the US and Canada, with participants gaining a comprehensive understanding of internal representation in their area, as well as market trends and the importance of attracting top talent with diverse skillsets.

Through insightful discussions and practical exercises, hiring managers also learned how to craft inspiring job descriptions that resonate with candidates, ensuring that their open roles stand out in competitive job markets, while providing clarity on job requirements.

Equitable candidate selection was another key focus for hiring managers. Together, participants assessed their abilities to identify transferable skills and discussed strategies to eliminate bias and ensure a fair evaluation process. They were also reminded of the importance of structured interviews, consistent assessment methods that promote diversity and inclusion, and strategies to increase applicant pools.



Talent mobility

We're committed to not only finding the best talent, but developing our employees at all levels to ensure we have the right talent, in the right place, at the right time.

With this in mind, we completed a deep dive on how we rate and evaluate talent across the organization to better understand opportunities for building robust and diverse talent pipelines. By applying a more strategic approach to talent mobility, we broadened the conversations around how we evaluate and assess talent.

When it comes to identifying and cultivating our emerging diverse talent, data analytics are key, providing additional opportunities and setting employees up for success. Leaders were also provided with tools and resources to help make objective assessments in the pursuit of diverse high-performing talent, bringing awareness to existing trends and the role biases, including unconscious biases, can play. This created increased engagement and understanding, while also giving leaders the opportunity to see diversity both holistically and at the grade level.





External partnerships

Diverse recruiting is key to ensuring we employ a workforce that represents all our customers and stakeholders at every level of the organization.

As a result, we place great emphasis on identifying, attracting and recruiting minority and female talent. We also partner directly with several organizations to ensure diversity in our candidate pools.

Some of these partners include:

- Society of Hispanic Engineers
- Latino Worker Project
- The Future of STEM Scholars Initiative
- Society of Women Engineers
- Department of Defense (DoD) Skillbridge Program
- American Corporate Partners (ACP)

Diversity recruiting outreach

In alignment with the Office of Federal Contract Compliance Programs (OFCCP), we have implemented several outreach and recruitment efforts, including those utilizing technology, agencies and non-profit organizations. Our goal is to leverage these tools to act affirmatively and to increase exposure of our employment opportunities to certain groups that require good-faith outreach as defined by the OFCCP.

- **SeekOut sourcing platform**
  SeekOut is a recruiting platform that specializes in hard-to-find talent. SeekOut also provides critical insights around diversity, helping you to reduce unconscious bias and to find underrepresented candidates. We work with SeekOut to build diverse pipelines with guidance from the platform's usage of external data.

- **Executive search agency partnerships**
  Executive search agencies support diverse talent attraction for business groups where we see lower percentages of diverse talent in the external market supply according to Talent Neuron and LinkedIn Insights data. Some of these areas include plant management, operational leadership, commercial sales leadership and field sales. These agencies focus on increasing our exposure to diverse candidates in North America that align with these target business areas so that we're more likely to have diverse applicants for open positions.

- **Talent acquisition – diversity sourcing team**
  We've expanded our talent acquisition team so that we can better identify diverse talent for our existing and future job openings. The new employees bring experience working with diversity organizations in North America, as well as technical skills that enable us to increase visibility of job openings among diverse talent. This team also works with others across our company to review job postings in order to prevent any adverse impact on any group under protected categories as outlined by the Equal Employment Opportunity Commission (EEOC), the Office of Federal Contract Compliance Programs and other federally-guided institutions.

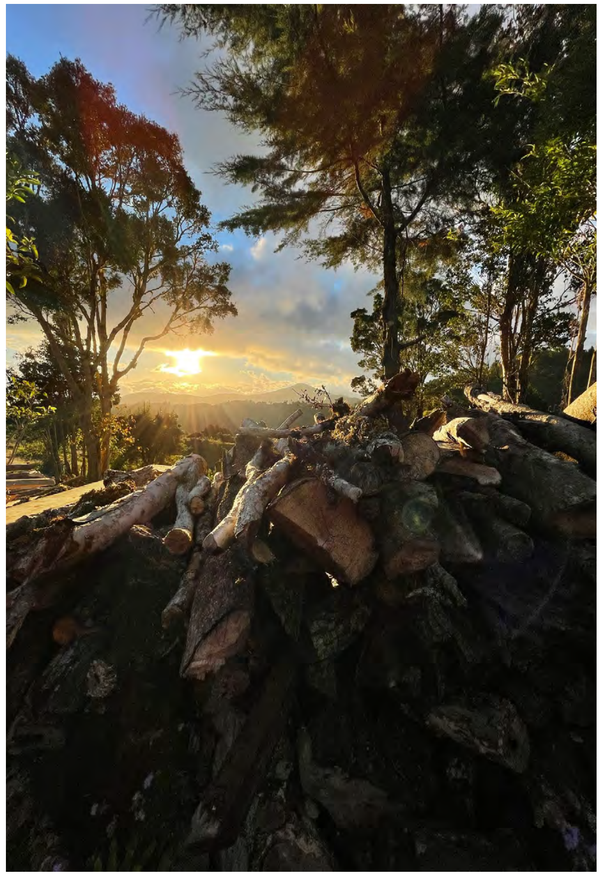
- **DE&I early career development**
  Our early career team has access to diversity databases from organizations like SHPE, SWE and NSBE, which they use in recruiting diverse talent for our early career internships and rotational programs. Using these sources, we invited over 1,800 students to an annual DE&I early career symposium at Johnson Controls, in line with our ambition of delivering good-faith outreach to institutions with diverse populations.

- **Veterans**
  Skillbridge is a program sponsored by the Department of Defense (DoD) to allow active-duty service members to participate in on-the-job training at a corporate civilian company for around 12 weeks. We're currently partnered with Hiring Our Heroes, who work with the DoD and Johnson Controls to help attract candidates.

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

See the 'Community investment and engagement' section of this report to learn more.





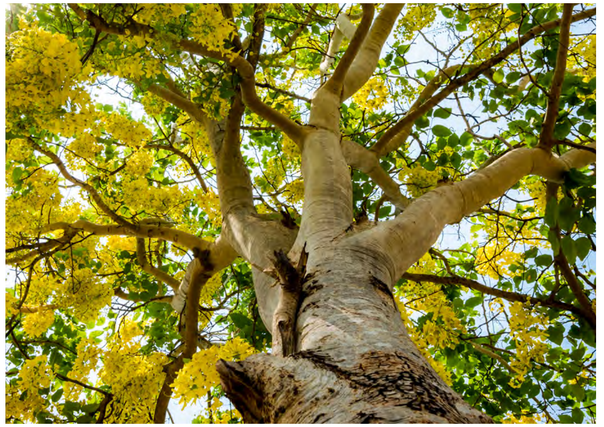





Welcome to
Johnson Controls








1100





Community investment and engagement

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We're committed to advancing the well-being of our communities and our planet, while supporting smart, healthy and sustainable tomorrows.

Through our philanthropy and community engagement, we strive to improve the lives of individuals and to strengthen communities through employee volunteerism and financial support for organizations.



Smart

We support organizations and programs that increase access to education, especially in the areas of 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

We support organizations and programs in the areas of economic mobility, safety, housing and homeownership, and health.

Sustainable

We support organizations and programs that help communities become more sustainable, including those that preserve and protect the environment and relief efforts following natural disasters such as floods, fires, hurricanes and earthquakes.





Promoting a global culture of generosity

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.



Our programs provide numerous ways for our employees to get involved and support causes important to them. Total giving in 2023 included a combined $12.7 million from Johnson Controls and the Johnson Controls Foundation, as well as $2.9 million from employees. In addition, Johnson Controls employees logged 61,521 volunteer hours in 2023, the most volunteer hours recorded in one year since 2017. Our employees have volunteered and recorded more than 1.92 million accumulated hours towards our goal of two million volunteer hours by the end of 2025. 82 percent of these volunteer hours are also aligned to the UN Sustainable Development Goals (SDGs), with the top SDGs supported including Sustainable Cities and Communities, Quality Education, Zero Hunger, Life on Land and Good Health and Well-Being.

In addition to this, we also give back in the communities where we have a presence through our long history of supporting United Way. Through its 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. To add to this connection, our CEO serves on the board of the United Way of Greater Milwaukee and Waukesha County, the location of our North American headquarters. Alongside many of our Executive Committee members and countless colleagues from throughout our organization, our CEO is excited to be on the front lines, pitching in on initiatives to paint homes and to ensure that kids have backpacks with necessary school supplies and that parents have diapers and other sanitary and nutritional necessities to support their families.

Each year, we hold an employee giving campaign in support of United Way, where many of our employees donate generously and volunteer for their local United Way, as well as other organizations supported by United Way in their communities. Last year, our campaign led to nearly $4 million in contributions to critical United Way organizations.

Total giving

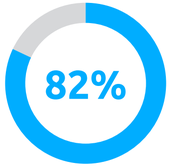
$12.7 million

from Johnson Controls and the Johnson Controls Foundation

$2.9 million

from Johnson Controls employees

61,521 volunteer hours logged in 2023



82 percent of these volunteer hours are also aligned to the UN Sustainable Development Goals (SDGs)

Community engagement

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

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

We consider the communities where we do business as important stakeholders and we believe that community involvement and engagement programs enhance our relationships with our communities, customers and employees.

Through our employee volunteerism and philanthropic efforts, we aim to improve the lives of individuals and to strengthen communities, in turn creating smarter, healthier and more sustainable tomorrows.

As part of our community engagement strategy, we:

- Focus on organizations that serve locations where we have a significant presence and those with a national or global reach
- Prioritize underserved populations and communities
- Align with UN Sustainable Development Goals
- Help through financial and in-kind contributions, as well as volunteer support

We encourage our employees to become involved with their local communities and to support causes that are important to them, recognizing what an incredibly rewarding experience it can be to give back and to build connections with the community.

We also encourage employees to form volunteer teams and to work with local non-profit organizations to build smart, healthy and sustainable communities.

When employees log volunteer hours, Johnson Controls recognizes their volunteer time with a $10-per-hour contribution to the non-profit organizations they're passionate about. Similarly, when employees donate to eligible non-profit organizations, their donations are matched dollar for dollar, in accordance with the parameters of our gift-matching program.

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

Community College Partnership Program expansion

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

These grants support the programming, personnel and equipment necessary to recruit and retain students and ensure they're successful in completing of a certificate or degree program.

The program aims to enroll students from historically underrepresented groups in local technical college programs to highlight 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.

To this end, the program announced 10 partner colleges in North America in each of 2021, 2022 and 2023. All colleges in these three North American cohorts received an initial grant of up to $100,000, renewable for up to three additional years. By the end of 2026, Johnson Controls anticipates providing approximately $15 million in total funding through this program.



By 2026

$15 million

funding through this program



To add to this, more than 100 of our employees currently serve as volunteer educators and mentors as part of the program, providing students with tutoring, counseling and real-world experiences. We're also launching a formal mentoring program for the students, with an eye toward ensuring an increasing number of students have a personal connection to a professional in the field. Johnson Controls mentors receive training to effectively support students in pursuing a career pathway towards a family-supporting job.

To date, this program has served more than 2,600 students. Of those, more than 500 students have received scholarships to cover their tuition, books and tools. Many of the colleges have also implemented support and scaffolding measures to retain and ensure student success, such as retention specialists, career coaches, mental health therapists, childcare, transportation and emergency funds for students who are experiencing food, housing or clothing insecurities. Through this program, we strive to provide students with the education, mentorship and support needed to prepare them for a career path in the sustainable building practices.



College Partnership Program in India

Our College Partnership Program in India grew from two to three colleges this year, with a college in Gurgaon adding to the two colleges Johnson Controls supports in Pune. Unlike the North American program, which aims to develop skilled technicians, this program focuses on giving tuition support to women from impoverished areas who aspire to attain bachelor's degrees in business-related skills.

Funding also helps support skill development programming and related education needs for students.

A committee of Johnson Controls volunteers also works with students on the soft skills needed to enhance their employability, providing coaching in confidence and business etiquette, as well as training sessions in business writing, digital literacy and other functional skills.

Johnson Controls Foundation

To ensure robust philanthropic support for communities, Johnson Controls makes financial contributions to the Johnson Controls Foundation, a separate entity from Johnson Controls with its own charter and board of directors.

The foundation supports smart, healthy and sustainable tomorrows through its philanthropic giving, including direct grants to non-profit organizations, significant gifts to United Way and the Milwaukee United Performing Arts Fund, scholarships for employees' children and matching contributions for individual employee and retiree gifts to eligible non-profit organizations.

To learn more about the Johnson Controls Foundation, **click here**



Investment in our neighborhood of focus

Since 2015, the Johnson Controls Foundation Neighborhood Initiative has provided funding to non-profit organizations serving the challenged neighborhoods just minutes from the company's North American headquarters.

This past September, we announced our continued commitment to these neighborhoods by launching four Smart and Healthy Neighborhood grants. With this, four Milwaukee-based organizations will each receive $300,000 in funding over a two-year period, representing a $1.2 million investment from the Johnson Controls Foundation. The four organizations selected – Greater Milwaukee Urban League, Silver Spring Neighborhood Center, Boys & Girls Club of Greater Milwaukee and Milwaukee Parks Foundation – will offer transformative programming in the neighborhood, with grants helping to advance education, workforce development and health initiatives.

By channeling both funding and employee volunteer resources into these select non-profit organizations, Johnson Controls aims to create a more sustainable and prosperous future for our neighbors on Milwaukee's northwest side, aligning with our broader vision for a healthier, smarter and more sustainable world. These grants also represent a change in approach for the Johnson Controls Foundation, moving from broad support of many non-profit organizations to more significant grants being awarded to fewer organizations.

To learn more about this initiative, simply **click here**.





$1.2 million for four Milwaukee-based organizations over a two-year period

Expanded partnership with Habitat for Humanity

In 2023, Johnson Controls announced significant commitments to Habitat for Humanity International and Milwaukee Habitat for Humanity.

This included a $750,000 grant from the Johnson Controls Foundation to Habitat for Humanity International to support its mission to build homes, communities and hope in partnership with families in need of decent and affordable housing.

In addition, donations to Milwaukee Habitat for Humanity totaling approximately $550,000 were also announced in 2023, including a $150,000 grant from the Johnson Controls Foundation and in-kind product donations from Johnson Controls. Product donations included furnaces and air conditioners, fire detection and suppression devices, smart thermostats and security systems that will help support 90 new Habitat homes being built in partnership with local families.

Johnson Controls employees regularly volunteer alongside Habitat homeowners who are building or improving their homes in numerous communities where Johnson Controls has a presence. In line with this, more than 30 Johnson Controls employees, including CEO George Oliver and members of our Executive Committee, volunteered on site with Milwaukee Habitat for Humanity this past year.





Volunteer Network program continues to grow

Our Volunteer Network was established in 2022 to facilitate transformative experiences between our dedicated employee volunteers and local community partners.

This unique initiative, which serves as a cornerstone of our commitment to sustainability, has proven to be a powerful driver of volunteerism.

First launched in the US, Ireland and Mexico, the Volunteer Network has expanded over the last two years and now has a presence in 12 countries, including Argentina, Brazil, Chile, Colombia, Costa Rica, India, Canada, the United Kingdom and Belgium. This expansion reflects our dedication to creating a global impact and fostering deeper connections between our employees and the communities we serve.

The program played a pivotal role in Johnson Controls achieving more than 61,000 volunteer hours in FY23, a 36 percent increase from the previous year. Of these hours, 82 percent were aligned with one of the 17 United Nations Sustainable Development Goals (SDGs), with approximately 26 percent connected to Sustainable Cities and Communities, 25 percent connected to Quality Education and nine percent connected to Zero Hunger.

Our innovative approach empowers our employees to make a meaningful difference in their local communities, guided by passionate executive sponsors and community leaders in each country. Together, they provide the essential tools and guidance that enable our volunteers to contribute positively to various causes.

Below are just two examples of the many volunteer engagements led by our Volunteer Network last year:

- During Intern Week of Action in India, nearly 80 volunteers participated in the Rise Against Hunger initiative, working over 154 hours and packaging more than 20,000 meals to help children and families thrive
- In Mexico, over 840 employees volunteered 2,500 hours in collaboration with 14 organizations, including Blooders, Mexican Red Cross, United Way Mexico, Teletón Foundation, Robotix, and Specia Olympics, to award $25,000 in volunteer rewards to deserving organizations

Zero Harm - health, safety and well-being

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

Health and safety is critical to our success. We're 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, environment and health and wellness, with multiple stakeholders from across the organization collaborating on improvement initiatives within these pillars.

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



These programs rely on a systems management approach to ensure compliance and continuous improvement. As a result, we have several mechanisms and processes in place to prevent non-compliance. At the enterprise level, we have established common processes and standards that apply to all Johnson Controls operations, supplemented by additional processes and standards set by the respective global manufacturing or regional field businesses. For example, our Johnson Controls Manufacturing System defines standards for a range of topics, including environment, health, safety and other matters, to ensure compliance. To add to this, we identify and share best practices across the enterprise to continuously improve our compliance processes.

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

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

Our health and safety programs are designed around global standards. 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, with each region maintaining an environmental health and safety (EHS) organization and management structure designed to support its health and safety efforts. The enterprise environmental health and safety Center of Excellence (COE) team drives the company's strategic health and safety initiatives in close collaboration with regional health and safety leads. Our enterprise-wide standards and programs are established with business health and safety leaders, while the enterprise EHS COE team also hosts several activities with the global EHS network each quarter, including global EHS townhall events, training webinars on specific EHS topics 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 systems, programs and policies apply to all staff present at our workplaces, whether they're Johnson Controls employees or external contractors. Our sites hold onboarding and training programs for our employees and, when it comes to contractors, we assess the contracting company's environmental health and safety programs and policies before awarding work to them. We also 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 2023, we launched initiatives to enhance the management of subcontractor activities, with new global subcontractor EHS requirements being implemented in collaboration with other departments, such as procurement and operations, to improve the contractor assessment and approval process.

In 2023, we transformed the global EHS network from a business unit-centric organization to a region-centric organization, ensuring that employees and site EHS leads have better access to above-site EHS expertise that is closer, speaks the same language and understands the locally-applicable regulatory and industry environmental health and safety requirements.



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, including work at height, control of hazardous energy, driving safety and contractor management, applying these standards at all our locations worldwide
- Measuring 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, such as during third-party auditor assessments
- Exploring innovative ways to further strengthen our safety culture, such as placing greater focus on leading indicators as a measure of safety performance and outcomes
- Deploying the Johnson Controls Manufacturing System (JCMS) maturity model and standards in order to implement the Johnson Controls Way of Manufacturing to attain world-class performance in our manufacturing operations across the globe



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

In addition to this, safety culture and behavior-based safety initiatives are being deployed within various parts of our business. As there are many 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.

To complement our traditional workplace health and safety programs, we have also implemented health and wellness programs at major locations.

Total Well-Being Program

Our Total Well-Being Program promotes and encourages a harmonious work-life balance and a positive, healthy lifestyle.

The program was designed to align with our Zero Harm and Power of Prevention strategies to protect our employees' safety, health and wellness.



The pillars of the program ensure wellness is intrinsically tied to the work we do, not only at an individual level, but across the enterprise. With that in mind, health and wellness programs seek to improve employee well-being both inside and outside the workplace through 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.

These well-being initiatives are facilitated by regional well-being councils in Asia, North America, Latin America, Europe, the Middle East and Africa as they implement and sustain our Total Well-Being Program at a regional and local level in line with our Zero Harm vision.

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, while adhering to local and regional regulatory requirements and industry standards where necessary (e.g., European Union, US-OSHA, National Fire Protection Association, country-specific standards etc.). These policies are reviewed annually to ensure optimal performance.

For our health and safety management systems, we follow the principles of the internationally-leading ISO 45001 standard, or operate in compliance with the standard. However, we do not require external certifications for all operations. Given this, various locations maintain other key certifications, including ISO 9001, ISO 14001 and ISO 50001.

Training

403-5

Training is a key component of our health and safety programs, conducted using a combination of classroom and computer learning. Our standards require new employees to receive the appropriate level of health and safety training, relevant for their tasks and work environment.

Health and safety training is provided during an employee's initial orientation or onboarding process, as well as on a more continual basis through regular on- and off-site training, in combination with toolbox talks ranging from specific certifications to general awareness and behavior training.

Occupational health services

403-3

Our staff have access to appropriate occupational health services for the risks they may be exposed to at work. These services may be internal, 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 have 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 cases of exposure above acceptable levels, managers and supervisors may need to be involved to help resolve an exposure problem, but are not granted 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 Code of Ethics and our privacy policy.



Audits and inspections

As part of the ISO 45001 standard, as well as 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. Following this, 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. Along with 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 recordkeeping, NFPA 70e live electrical, confined space, etc.). 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, with reports generated monthly and circulated to the senior leadership team.

Health and safety is a standard topic at monthly operational reviews. As a result, our corporate environmental health and safety department also generates a monthly global Zero Harm Report, which contains information related to key performance indicators, including total recordable incident rate (TRIR), significant incident frequency (SIF), motor vehicle injury rate (MVIR), near miss/unsafe act/unsafe condition closure rate, Zero Harm coaching moments and on-time audit finding closure. This report is also distributed to the executive leadership team, which includes our CEO and his direct reports, as well as our global health and safety leadership team.

One example of how these metrics guide our actions came in relation to an electrocution fatality that occurred in China in July 2023. Following this, we took global action to reinforce the application of the Control of Hazardous Energy program, while also creating a new long-term strategy to focus health and safety actions and initiatives on the Critical 6 health and safety programs (work at height, control of hazardous energy, electrical safety, confined space entry, forklift/PIV operations and overhead crane operations) to continue our Zero Harm journey to improve our health and safety performance.

Health and safety committees

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

At the local level, health and safety committees take many forms depending on 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, key performance indicator trends, reporting and investigation obligations, inspections by relevant authorities and both internal and external audit results.

Health and safety meetings are held regularly, with topics tailored to specific location needs depending on the type and scope of work. In the manufacturing organization, health and safety committees generally operate at the location level due to the size of the facilities and concentration of employees, while installation and service business committees typically operate at the branch or regional levels as a result 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 US OSHA total recordable incident rate (TRIR) based on the number of incidents per 100 employees (or per 200,000 work hours), significant incident frequency (SIF) based on the number of significant incidents per 1,000,000 work hours and motor vehicle injury rate (MVIR) based on the number of motor vehicle-related injuries per 1,000,000 miles.

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

Leading indicators include, but aren't limited to, potential significant incident 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 according to relevant risks and operation types. However, leading indicators near miss/unsafe act/unsafe condition closure, compliance audit on-time finding closure and Zero Harm coaching moments are 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, while also enabling users to create safety audits, execute 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, as well as many other stakeholders, including technicians, supervisors and team leaders, to address their health and safety responsibilities.

























Global sustainability

Our passion is to build smarter, healthier and more sustainable tomorrows, for our customers, our communities and our planet.





Climate policy and engagement leadership

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

In 2023, we continued to elevate Johnson Controls as a leading voice on climate change and building decarbonization policy through our strategic engagements with global policy makers, industry partners and influential stakeholders in the United States, European Union, Latin America and Asia.

Through these engagements, Johnson Controls is demonstrating its important role as a thought leader on critical sustainability issues globally.

28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28)

When it comes to fighting climate change, Johnson Controls recognizes the importance of engaging with world leaders both individually and via leading organizations. As such, several members of our leadership team, led by our Chairman and Chief Executive Officer George Oliver, took an active role in the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28). This builds on the company's long history of engagement and Mr. Oliver's personal leadership at these conventions during his tenure as CEO of Johnson Controls. His message was clear:



Cracking the Code – Decarbonizing the Built Environment

To kick off COP28, Johnson Controls hosted an event at the world-renowned Museum of the Future, with a panel titled Cracking the Code – Decarbonizing the Built Environment.

This event brought together the key actors required to drive society's net zero goals: corporate leadership, building owners, technology providers, non-governmental organizations and government officials. The event featured four innovation showcases that brought to life the technologies needed to decarbonize our society for over 200 leaders and delegates in attendance.

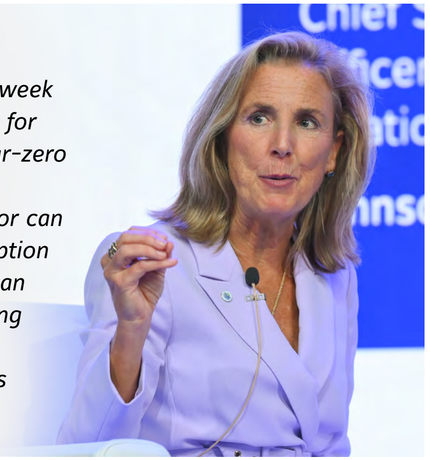


COP28 also provided ample opportunity to demonstrate the key cross-collaborative engagements Johnson Controls is driving:

- Johnson Controls is a founding member 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. Together with US Special Climate Envoy John Kerry, Johnson Controls urged companies and all sectors of society to put technology to work now to tackle climate change. As a founding member of CCITNZ, we helped inaugurate the effort together with lead founding member GE on stage at the US Pavilion at COP27. At COP28, Johnson Controls was featured in a CCITNZ-led exhibit titled "U.S. Innovation: Pathways toward Net Zero" in the US Center. This interactive, multimedia exhibit demonstrated how Johnson Controls technology and public-private partnerships are contributing toward global climate goals

- The United Nations Environment Program also plays an important role in the decarbonization of the built environment. At COP28, Katie McGinty, our Vice President and Chief Sustainability and External Affairs Officer, released a statement in support of the United Nations Buildings Breakthrough Initiative:

"We applaud the United Nations Environment Program and the 27 signatory countries of the Buildings Breakthrough announced this week at COP28. Decarbonization of the buildings sector is an imperative for meeting global climate targets. The technology exists to make near-zero emissions and climate-resilient buildings the new normal by 2030. Working together, leaders across civil society and the private sector can rapidly deploy these climate solutions affordably, accelerating adoption of these technologies at a time when they are most needed, and can do the most good. At Johnson Controls, we're committed to helping drive leadership on net zero building technologies into the future and look forward to working with nations around the world on this breakthrough endeavor."



The Sustainable Markets Initiative's Sustainable Buildings Task Force

Johnson Controls is committed to the work of the Sustainable Markets Initiative (SMI), which was founded by His Majesty King Charles at the World Economic Forum annual meeting in Davos in 2021.

George Oliver serves as a member of the SMI board of directors and built the Sustainable Buildings Task Force (SBTF) to address the 40 percent of carbon emissions stemming from buildings. Mr. Oliver chairs this task force, which brings together global CEOs from throughout the buildings industry to accelerate the delivery of net zero buildings by decarbonizing the heating and cooling of buildings, addressing carbon emissions in the building value chain and forging partnerships and incentives.

During COP27, the Task Force published a white paper outlining best practices for cutting emissions from building operations through technology adoption, smart policies and innovative partnerships. Building on this effort, the Task Force is urging all SMI member companies to make a pledge to drive their buildings to net zero.

Moreover in 2023, under the leadership of Johnson Controls, the Sustainable Buildings Task Force hosted a series of building tours in New York, London and Dubai that brought building decarbonization technologies to life. At COP28, a roundtable discussion also highlighted innovations in the built environment aimed at accelerating our journey to net zero, while the SBTF released a whitepaper outlining strategies for reducing embodied carbon in building systems, an important step towards achieving our society's net zero goals.

Business Roundtable Energy and Environment Committee

Our CEO George Oliver served as Chair of the Business Roundtable's Energy and Environment Committee.

Our CEO George Oliver served as Chair of the Business Roundtable's Energy and Environment Committee. In 2022, through his chairmanship, Mr. Oliver guided the Business Roundtable to support SEC action on climate change and to affirm the importance of congressional action on clean energy and efficiency incentives. Building on accomplishments in 2022, he drove the organization's efforts on permitting reform, which will allow for faster construction of renewable energy projects and grid modernization.

In addition to this, under Mr. Oliver's leadership, the group also published a comprehensive study on building supply chain resilience for technologies essential to the clean energy transition.

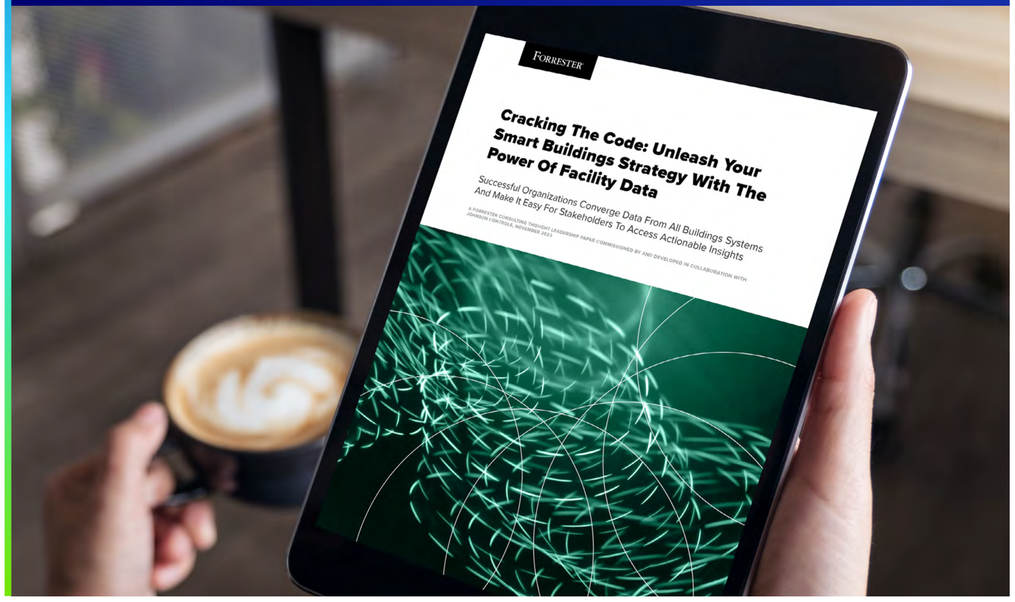
The recommendations in this report were a central theme for activities jointly organized by the Business Roundtable and the European Round Table for Industry at COP28, which featured the largest-ever presence from the global business community.





Thought leadership - 2023 Forrester Consulting study

In 2023, Johnson Controls commissioned a study in collaboration with Forrester Consulting that surveyed nearly 3,500 respondents representing 25 countries and 18 industries. This landmark survey showed both widespread acceptance that sustainability is a business priority and a firm recognition that partners are essential to realizing 2030 sustainability commitments.

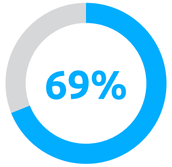


Among decision-makers on sustainability initiatives specifically, a subset of 1,500 respondents, two thirds reported they are fully on track to meet their carbon reduction goals, while one third realized the need to accelerate their efforts to meet 2030 net zero goals. Respondents reported that smart buildings are important in helping their organizations accelerate sustainability initiatives (69 percent) and that adding or upgrading building automation (56 percent) and digital technologies to optimize energy use (42 percent) are among the most impactful sustainability investment areas.

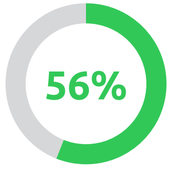
Currently, technologies exist that can digitalize building systems, multiply energy, emissions and cost savings, and even create net energy-positive solutions. Some 10 percent of respondents have already fully integrated their building systems and equipment to realize these benefits.

The vast majority of leaders seek partners who can provide a digital platform across sites and use cases (74 percent) that's easy to use for cross-departmental teams (67 percent) and is integrated into all building systems (70 percent). These partnerships solve two key problems for these leaders: 73 percent of sustainability leaders say their organizations lack the technical expertise to optimize building systems from insights collected, while 40 percent lack the internal skills to measure their environmental impact.

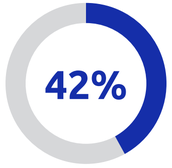
Respondents reported that smart buildings are important in helping their organizations accelerate



Sustainability initiatives



adding or upgrading building automation



Digital technologies optimize energy use



Other key findings include:

- Sustainability is increasingly a core consideration across business functions. When comparing findings from security, sustainability and building environment systems decision-makers, all were focused on improving efficiency in operations and doing so sustainably
- Customer-required reporting, public reporting and supply chain compliance reporting have significantly increased over the past two years since Forrester Consulting first conducted this study in 2021. Now, reporting is among respondents' top challenges. In fact, 53 percent reported that the ability to only measure and report on carbon emissions once per year or quarter is limiting incremental progress
- Roughly one third of respondents say they expect AI will have a significant impact on improving sustainability in company-owned spaces by providing them with actionable recommendations to prevent downtime and optimize efficiencies before losses occur
- One third of leaders note their organization would be able to keep their sustainability goals on track if faced with a minor budget cut, while two thirds would need help maintaining the resiliency of their sustainability strategies. To account for factors outside their control, organizations need strategic partners and technology solution providers to identify opportunities for short- and mid-term savings such as energy efficiency solutions and water and waste reduction

Download the full study results here:
The Race to Zero Carbon Requires Smart Buildings

Political contributions

415-1

We encourage our employees to be engaged in their communities in a variety of ways

In addition to volunteering and charitable activities, we promote participation in the public policy and electoral process in the United States, including encouraging our employees to vote.

Along these same lines, eligible employees may also make a voluntary contribution to the Johnson Controls Political Action Committee (PAC). Our corporate government affairs activities, including membership of various trade associations and organizations, are designed to educate policymakers on key issues impacting the company and to help advance our business objectives.

In 2023, 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. Additionally, we do not provide financial or in-kind support related to political activities in other countries.

The Johnson Controls Political Action Committee 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 publicly support policies that have an impact on reducing climate change, such as the Inflation Reduction Act in the United States, the European Green Deal in the European Union and the Green Growth Initiatives in India.



In the United States, we continued our support of sustainability policies at the federal level through engagements with administration, agency and elected officials on issues such as the implementation of the Inflation Reduction Act (IRA), the phase-down of HFCs, increased use of energy savings performance contracts (ESPCs) and the electrification of the federal government building portfolio. Our continued work on energy retrofits at the Ronald Reagan Building, supported in part by IRA funds, has highlighted Johnson Controls as a key leader in building decarbonization.

Additionally, Johnson Controls worked with the Biden Administration to underscore the vital role heat pumps have in driving energy efficiency and electrification. In the aftermath of Russia's invasion of Ukraine, it's a national security imperative that the US frees itself from dependency on Russia, and heat pumps are an important technology in meeting that goal. To that end, Johnson Controls successfully applied for funding under the Department of Energy's (DOE) domestic heat pump manufacturing grant program to increase heat pump production across San Antonio, Waynesboro and Wichita.

We're helping building owners in states, counties and cities across the United States to meet recent Building Performance Standards (BPS) laws requiring substantial reductions in energy use and carbon emissions. Jurisdictions that have passed BPS laws include Boston, Denver, Montgomery County, Maryland, New York City, Oregon, Washington State and Washington D.C., with many more expected to pass laws in the coming years. Johnson Controls partners with customers to meet BPS requirements, while turning properties into energy-efficient buildings that deliver long-term savings. We're committed to the success of these efforts and have moved to support our partners in every way, including stepping up to cover all up-front capital costs and guaranteeing cuts to not only carbon, but also operating costs as part of our innovative Decarbonization as a Service offerings.

In Europe, Johnson Controls holds key leadership positions in our sector-specific trade associations and plays a vital role in driving building renovation, advancing net zero buildings, decarbonizing the heating and cooling of buildings and advancing district heating and cooling. We have also accelerated efforts to advance net zero buildings and to emphasize the use of heat pumps for heating and cooling in the EU Energy Performance of Buildings Directive. Similarly, our efforts have seen the Energy Efficiency Directive give a bigger role to municipalities in decarbonizing district heating and cooling.

In Latin America, Johnson Controls has actively participated in local chapters of the World Green Building Council to develop national decarbonization roadmaps in both Chile and Colombia, as well as developing the Green Taxonomy in Colombia and, more recently, Mexico. We're proud that, with these strong leadership efforts, Johnson Control's own Ricardo Bussey, Director of Government Relations in LATAM, has been asked to become President of the Mexico Green Buildings Council and is leading work to get government and companies to commit to net zero buildings.

In India, Johnson Controls works closely with organizations such as the Indian Green Building Council (IGBC), the Energy Resources Institute and the World Resources Institute (WRI) to promote energy efficiency and digitalization in buildings. We also contribute towards the development and implementation of the Energy Conservation and Sustainability Building Code (ESCBC). With this in mind, we're honored to have our Chief Sustainability Officer on the board of the World Sustainable Building Summit hosted by TERI in New Delhi, India. Johnson Controls has chaired panels at this prestigious event in the past and is proud to support rural young women in attending this annual summit, which attracts the Prime Minister of India among other global leaders.

Johnson Controls sustainability memberships

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Our public policy engagement is often conducted in conjunction with the efforts of allied non-profit advocacy groups, businesses, and trade and issue organizations of which the company is a member.

Our 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.

The full list of our memberships can be found here.

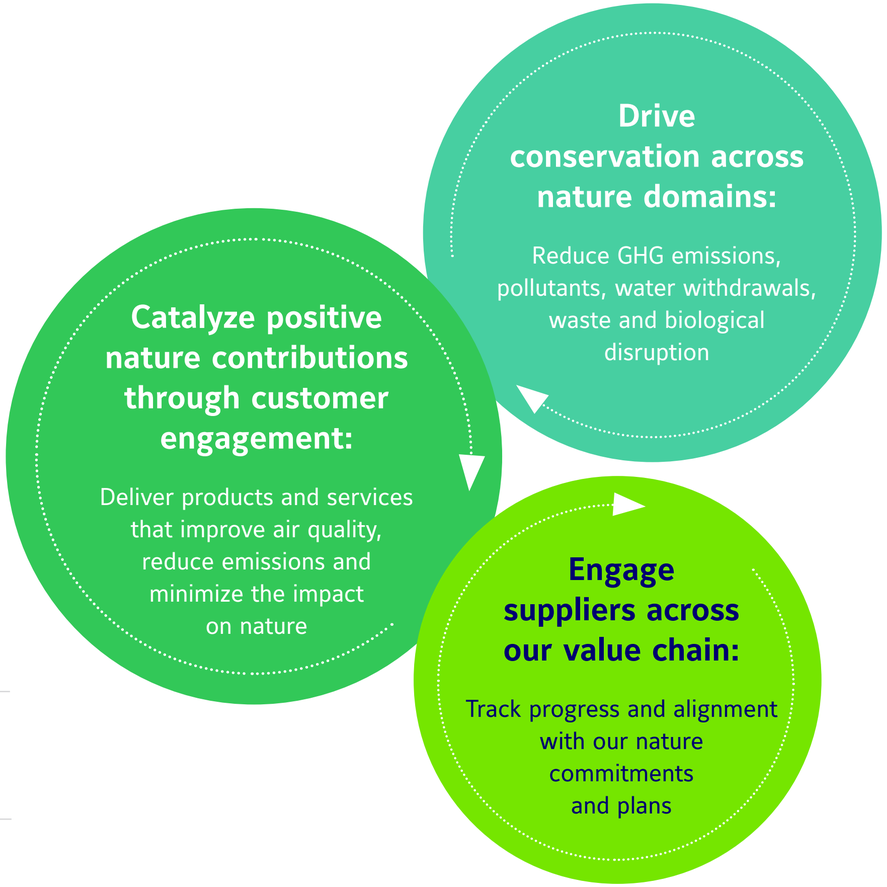
Nature

We're committed to the assessment of our nature-related impacts.

We continuously increase our understanding of nature-related risks and opportunities to mitigate our impact on nature, as well as nature's impact on our business, through management of key areas and transparent disclosure.

Our focus on nature includes upstream, direct and downstream impacts and opportunities from:

- **Climate change**: Greenhouse gas emissions
- **Pollution:** Land, air and soil
- **Waste:** Hazardous and non-hazardous
- **Water:** Conservation and wastewater management
- **Biodiversity and ecosystem use change:** Terrestrial and aquatic



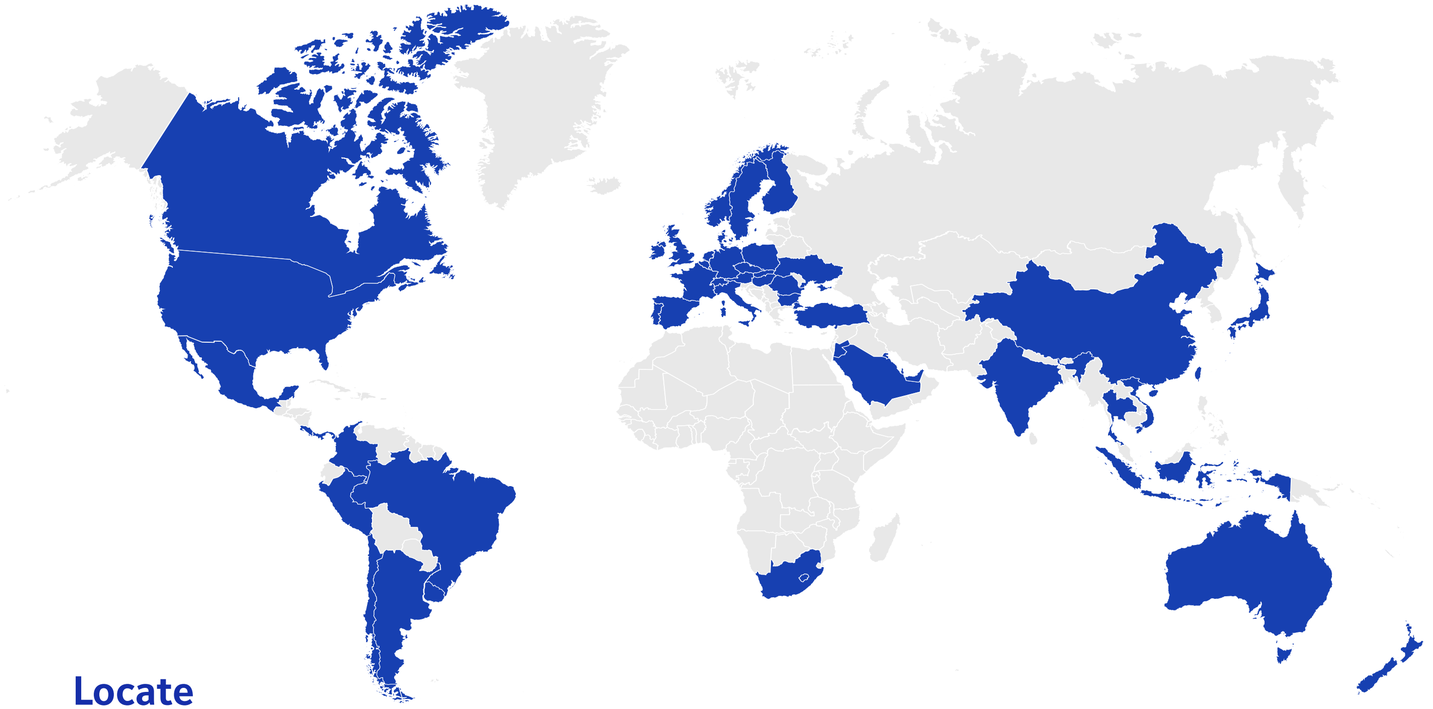
We're now looking at how we can accelerate action through workstreams dedicated to defining our goals and aspirations with respect to water and waste for 2025 and beyond. We have both board oversight and third-party limited assurance of our water and waste performance, underscoring our commitment in this rapidly developing space.

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

We're engaged with the Taskforce on Nature-Related Financial Disclosure (TNFD), the nature counterpart to the Taskforce on Climate-Related Financial Disclosure (TCFD), and are proud to have helped guide the built environment pilot program as a partner and member.

In addition, we're also engaged with the Science-Based Targets Network (SBTN) as we continue to create targets and strategies across nature-based topics.

In line with this, we actively reduce our impact on nature through several initiatives. We use the Locate, Evaluate, Assess and Prepare (LEAP) framework to align our strategy and look for new ways to reduce our impact on nature, while maximizing its beneficial impacts. To that end, we have identified dependencies and impacts, both material and immaterial, that interface with nature and are aligned with the five categories of nature.



Locate

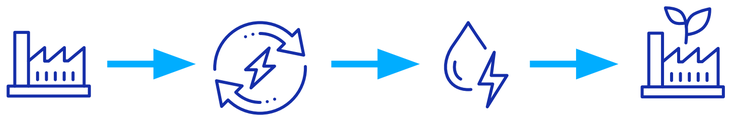
Johnson Controls performs its location assessment across facilities in the following countries:

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	

Evaluate

Relevant environmental assets, ecosystem services and impact drivers are mapped to business activities and/or assessment locations.

Johnson Controls' product value chain interfaces with nature in several ways. Inputs to our product manufacturing include metals, chemicals (primarily heat transfer fluids such as refrigerants), water and energy. In operation, our products improve air quality, discharge water and displace high GHG emission equipment.



TNFD-Aligned Dependency Matrix

TNFD Identified Sector	Dependence	Johnson Controls Action
Manufacturing Inputs	Metals and mining inputs Ground water Surface water Heat transfer fluids	See Waste and Circular Economy See Water See Water See Climate Change
Manufacturing Processes	Energy supply Water flow maintenance Dilution by atmosphere and ecosystems	See Climate Change See Water See Pollution and Water
Digital Solutions Dependencies	Metals and mining inputs Energy supply	See Waste and Circular Economy See Climate Change

Assess

Johnson Controls prides itself on early recognition of the connections between environmental sustainability and enterprise risk management (ERM).

Climate changes and other environmental aspects have been embedded in our ERM and risk mitigation actions. As a global multi-industrial company, we face a wide range of risks (see enterprise risk management). However, our ERM process provides us with a common framework and terminology to ensure consistency in the identification, reporting and management of key risks. It also informs the strategic planning process and includes formal processes to identify and document the key risks to Johnson Controls as perceived by a variety of stakeholders within the company.

The Governance and Sustainability Committee of the Board of Directors oversees the ERM process, while a Risk Committee assesses risks throughout the year and escalates any new risks to the Executive Committee. In addition, we also have key teams in place to oversee and advise on our sustainability risks and opportunities, including the board's Governance and Sustainability Committee, the Executive Committee and the ESG Leadership Committee. These committees review tracked data, including water withdrawals globally, as well as data collected centrally for our manufacturing locations, three HQ locations and significant R&D facilities.

In fiscal year 2024, we'll be performing a double materiality assessment, bringing in the five nature categories in alignment with the TNFD.

Prepare

Our nature-related goals ensure we remain on track to contribute positively to the natural environment.

We report goals to the board and assess each target quarterly through our ESG governance program (see page Governance). As we meet specific targets, we review opportunities to increase both ambition and scope.

Nature LEAP assessment

Dependency/Impact	Locate	Evaluate	Assess	Prepare
Climate Change	**Upstream:** Material procurement and associated emissions from transportation of goods **Direct:** Scope 1 and 2 emissions from facilities **Downstream:** Emissions from use of sold products	**Upstream:** GHG emissions evaluation of suppliers **Direct:** GHG emissions evaluation of facilities **Downstream:** GHG emissions evaluation of use of sold products	**Upstream:** Risk assessment of suppliers from EcoVadis or other supplier evaluation **Direct:** Risk and opportunity assessment analysis of facilities **Downstream:** Risk and opportunity assessment analysis of use of sold products	**Upstream:** Assessment of 50 percent of supplier spend by 2026 and 80 percent by 2028 through EcoVadis or other supplier assessment tool **Direct:** Reduce scope 1 and 2 GHG emissions intensity and energy intensity by 25 percent by 2025, reduce absolute emissions by 55 percent by 2030 and achieve net zero emissions by 2040 **Downstream:** Reduce scope 3 emissions from use of sold products by 16 percent by 2030
Pollution	**Upstream:** Material procurement and associated emissions from transportation of goods **Direct:** Criteria air pollutants from facilities **Downstream:** Indoor air quality (IAQ) improvements from use of sold products	**Upstream:** Evaluation of supplier non-GHG air pollution, soil pollution and disturbances **Direct:** Evaluation of facility non-GHG air pollution, soil pollution and disturbances **Downstream:** Evaluation of Indoor Air Quality (IAQ) improvements from use of sold products	**Upstream:** Risk assessment of suppliers from EcoVadis evaluation or other supplier evaluation tool **Direct:** Risk and opportunity assessment analysis of facilities **Downstream:** Risk and opportunity assessment analysis of use of sold products	**Upstream:** Assessment of 50 percent of supplier spend by 2026 and 80 percent by 2028 through EcoVadis or other supplier assessment tool **Direct:** Design for sustainability **Direct:** Design for sustainability

Nature LEAP assessment

Dependency/Impact	Locate	Evaluate	Assess	Prepare
Waste	**Upstream:** Supplier assessments through EcoVadis or other supplier assessment tool **Direct:** Hazardous and non-hazardous waste generated at facilities **Downstream:** Product end-of-life management	**Upstream:** Evaluation of supplier waste management **Direct:** Evaluation of facility waste management **Downstream:** Evaluation of product packaging and end-of-life management	**Upstream:** Risk assessment of suppliers from EcoVadis evaluation or other supplier assessment tool **Direct:** Risk and opportunity assessment analysis of facilities **Downstream:** Risk and opportunity assessment analysis of use of sold products	**Upstream:** Assessment of 50 percent of supplier spend by 2026 and 80 percent by 2028 through EcoVadis or other supplier assessment tool **Direct:** 25 percent of manufacturing locations landfill-free by 2025 **Direct:** Design for sustainability
Water	**Upstream:** Supplier assessments through EcoVadis or other supplier evaluation tool **Direct:** Water withdrawals and discharges at facilities, with additional focus on risk in water-stressed locations (WSLs) **Downstream:** Customer water savings from use of sold products	**Upstream:** Evaluate supplier water practices through EcoVadis or other supplier assessment tool **Direct:** Evaluate progress towards water-stressed locations goals related to facility withdrawals and discharges **Downstream:** Evaluate customer water savings from use of sold products	**Upstream:** Risk assessment of suppliers from EcoVadis evaluation or other supplier assessment tool **Direct:** Risk and opportunity assessment analysis of facilities **Downstream:** Risk and opportunity assessment analysis of use of sold products	**Upstream:** Assessment of 50 percent of supplier spend by 2026 and 80 percent by 2028 through EcoVadis or other supplier evaluation tool **Direct:** Reduce water withdrawals by 10 percent at water-stressed locations by 2025 **Downstream:** Track and account for customer water savings

Nature LEAP assessment

Dependency/Impact	Locate	Evaluate	Assess	Prepare
Biodiversity and ecosystem use change	**Upstream:** Supplier assessments through EcoVadis or other supplier evaluation tool **Direct:** Facility siting and water table proximity	**Upstream:** Evaluate supplier biological alterations and land use through EcoVadis or other supplier evaluation tool **Direct:** Evaluate new facility siting procedures and water table proximity	**Upstream:** Risk assessment of suppliers from EcoVadis evaluation or other evaluation tool **Direct:** Risk and opportunity assessment analysis of facilities	**Upstream:** Assessment of 50 percent of supplier spend by 2026 and 80 percent by 2028 through EcoVadis or other supplier evaluation tool **Direct:** Demonstrate commitment to the Johnson Controls facility siting policy

Climate change

Our history of climate change mitigation and adaptation remains unparalleled.

In line with this, our nature-related goals further strengthen our fight against current and future climate change. See Greenhouse Gas Emissions for details on how we reduce our upstream, direct and downstream GHG emissions.

Pollution

We're happy to share our progress in significantly reducing our SOx and NOx emissions against our 2017 baseline.

Absolute — We reduced our SOx emissions by 32% and NOx emissions by 25%.

Intensity — We reduced our SOx emissions intensity by 35% and NOx emissions intensity by 28%.

We achieved these reductions while adding the emissions from our acquisition of 12 new manufacturing facilities to our current metrics and not our baseline year.

Air quality and air emissions

Johnson Controls delivers nature-positive contributions to the built environment by improving air quality and monitoring air quality changes.

According to the EPA, the average person spends about 90 percent of their time indoors, and indoor environments can be up to five times more polluted than outdoor environments.

As a result, we view optimal indoor air quality (IAQ) as a critical priority, particularly considering that the average person takes approximately 20,000 breaths per day, according to the American Lung Association. By delivering optimal IAQ, we can ensure that building occupants are healthy, productive and engaged.



The COVID-19 pandemic forced society, including building owners and occupants, to think differently about the relationship between IAQ and health.

Johnson Controls experts are at the leading edge of research, development, education and advocacy when it comes to this relationship. We're committed to leveraging our expertise to make a positive, lasting impact on the health of indoor environments, and we're following through on that commitment by taking action in our own buildings, as well as in our customers' buildings.

These actions have included:

- Certifying our global headquarters buildings in Glendale, Wisconsin, and Shanghai, China, to the WELL Health Safety Rating from the International WELL Building Institute (IWBI)
- Earning IWBI's WELL Enterprise Provider (EP) designation to better assist our customers on their healthy building journeys
- Helping develop and advocate for enhanced standards and codes that govern good IAQ, including the new ASHRAE Standard 241 Control of Infectious Aerosols, a groundbreaking standard released in July 2023 to help curb the spread of infectious diseases in buildings
- Implementing our IAQ solutions, including our portfolio of IAQ services for existing buildings and our IAQ monitoring, filtration and UV-C disinfection products, for dozens of customers globally as they invest in unlocking valuable outcomes for their businesses and their stakeholders
- Research that has led to peer-reviewed articles and white papers that are accelerating the base of knowledge on IAQ, including the financial justifications for IAQ investments and the key links between IAQ and decarbonization

Our vision for the future includes a built environment in which enhanced IAQ is standard operating procedure from construction through to service, retrofit and replacement, and in which the links between IAQ and decarbonization are realized.

Internally, we have reduced our NOx and SOx emissions significantly from our own operations. As against our baseline of 2017, we reduced our SOx emissions by 32 percent and NOx emissions by 25 percent. We achieved these reductions even though, starting with our 2022 metrics, we added the emissions from our acquisition of Silent Aire plus other new manufacturing facilities – adding the emissions for 12 new manufacturing facilities to our current metrics and not our baseline year.

According to Johnson Controls CEO George Oliver, ***"Organizations can cut costs, improve safety, raise productivity and achieve sustainability goals, all while building healthy environments that serve our populations for years to come".***

Learn more about Johnson Controls indoor air quality solutions.

Waste

Our focus on making positive contributions to the natural environment drives us to eliminate waste in our operations.

We assess our suppliers annually through EcoVadis or other supplier evaluation platforms to ensure that our upstream partners remain in lockstep with our waste priorities and we're pleased to be on the cutting edge of sourcing low and ultra-low carbon steel by ensuring that the recycling and reuse of scrap metals and in building our equipment with secondary materials.

When it comes to direct operations, our goal is that 25 percent of our manufacturing locations will be landfill-free by 2025, while at the downstream level, we ensure our products and packaging remain sustainable, readily recyclable and designed for the circular economy.

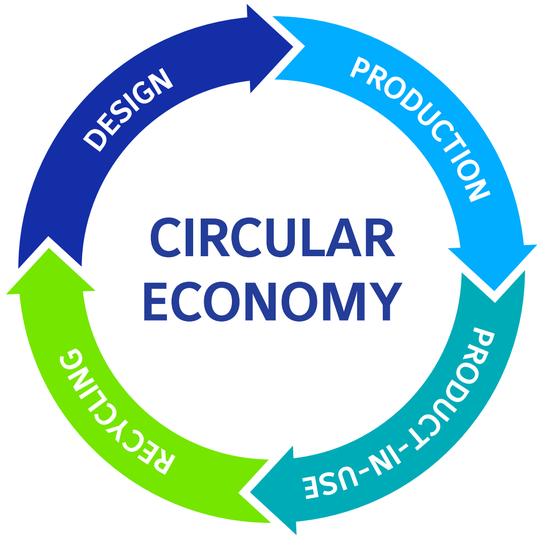


Circular economy

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We work to consistently implement circular economy practices, both internally and in our offerings to customers.

To drive and engage circular thinking, we include sustainability and circularity principles throughout our stage gate review process for innovation and new product development.

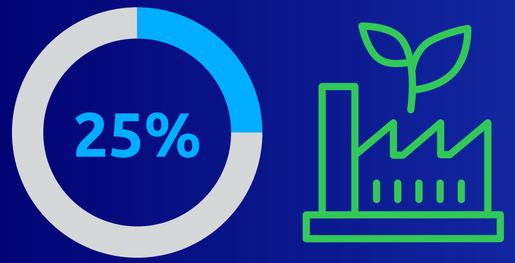


Key components to our circular economy strategy:

1. Design products and packaging for material reduction, select sustainable materials and reuse and recycle
2. Reduce waste within our operations
3. Eliminate single-use plastic in packaging

Reduction of waste within our operations

Metric: 25 percent of manufacturing locations landfill-free in 2025



We have achieved this metric two years early:

In 2023, 23 manufacturing locations, representing 25 percent of our total manufacturing locations, had a 100 percent diversion rate and were recognized as zero landfill. As a result, we have already met our 2025 goal of having 25 percent of our manufacturing locations landfill-free. To add to this, a further eight sites have since taken on the ambitious objective of becoming landfill-free, aiming to take our total to 31 landfill-free locations throughout the company.

The primary contributor to our waste is global manufacturing.

In 2023, our overall landfill diversion rate was 89 percent, with every location encouraged to increase the reuse and recycling of materials. While this landfill diversion rate excludes landfill and incineration with no energy recovery, it includes documented reuse, recycling, composting and incineration with energy recovery.

In addition to this, we also engage in a range of programs and activities to encourage zero landfill, as well as reducing, reusing, recycling and composting. 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 zero-landfill initiatives, including having our waste metrics audited and assured through third-party limited assurance
- Continuously finding ways to follow the waste hierarchy throughout the life cycle of our business by eliminating unnecessary materials, reusing and recycling, and using compostable materials in the cafeteria
- Promoting and encouraging recycling among our customers and supporting take-back programs and retrofit options

To be recognized as zero landfill, a site must demonstrate to the senior environmental health and safety (EHS) leadership team that its generated waste is either recycled, reused or converted to energy. Each landfill-free 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 of the employees at each site. Their support has helped to ensure we have a positive impact on the world in which we live by reducing the amount of waste being placed in the ground.

The facilities that have achieved the impressive milestone of zero landfill so far are:

1. FSP Frome, UK (July 2015)
2. FSP Luneburg, Germany (September 2015)
3. BMS Rajecko, Czech Republic (September 2015)
4. BMS Sungnam, Korea (February 2016)
5. Distribution Echt, Netherlands (March 2016)
6. Distribution Enschede, Netherlands (March 2016)
7. FSP Port Arthur, Texas (April 2016)
8. FSP Stockport, UK (September 2016)
9. FSP Lammhult, Sweden (September 2016)
10. BMS Toronto, Canada (March 2017)
11. FSP Neuruppin, Germany (January 2018)
12. Distribution Letchworth, UK (May 2018)
13. BMS Corropoli, Italy (June 2018)
14. JCH Barcelona, Spain (June 2018)
15. IR Nantes, France (July 2018)
16. SP Great Yarmouth, UK (August 2018)
17. IR Holme, Denmark (August 2018)
18. JCH Shimizu Works, Japan (May 2019)
19. JCH Taoyuan Works, Taiwan (July 2020)
20. FSP Lubbock, Texas (August 2020)
21. IREF Finland, Finland (November 2020)
22. JCH Guangzhou, China (April 2021)
23. JCH Guangzhou Works, China (April 2021)
24. APAC Singapore, Singapore (July 2021)
25. EMEALA Sunbury-On-Thames, UK (October 2021)
26. Distribution Singapore, Singapore (April 2022)
27. JCH Kadi, India (April 2022)
28. JCH Tochigi, Japan (May 2022)
29. EMEALA Gateshead, UK (July 2022)
30. JCH Sao Jose, Brazil (December 2022)
31. AHU East York, Pennsylvania (September 2023)

Sustainable packaging design

At Johnson Controls, we aspire to sustainably package our products without compromising on quality.

To this end, we're committed to increasing the recycled content in all paper-based packaging used, while also reducing our overall packaging material use, including the elimination of single-use plastics in the manufacturing and shipping of our products.

How we achieve our sustainable packaging objectives:

Remove	Eliminate or reduce non-essential packaging materials and components
Replace	Replace unsustainable packaging with more sustainable alternatives
Reuse	Implement returnable packaging solutions or repurpose single-use packaging
Recycle	Prioritize packaging material that is biodegradable or recyclable by our end users
Reclaim	Source packaging materials that contain reclaimed, recycled or reused content

Below are three examples that demonstrate our commitment to reducing our overall packaging material use, while eliminating the use of single-use plastics.

Example 1

We replaced the single-use expanded polystyrene (EPS) plastic insert used to cushion our product with a more sustainable, paper-based honeycomb insert, eliminating 18,186 pounds of single-use plastic annually.

Single use plastic design



Paper-based design



Example 2

We implemented returnable containers, replacing the single-use wood crates used to ship products between our factories. This project reduced the number of trailers used to ship products by an estimated 400 trailers per year, leading to a 30MT reduction in CO_2 emissions, while eliminating an estimated 41,000 pounds of wood material from landfill disposal.

Wood crate



Returnable container



Example 3

We reduced the amount of single-use plastic needed to stretch-wrap and ship products to our customers by optimizing the stretch-film material and wrap pattern. This project reduced the the amount of single-use plastic used annually by an estimated 55 percent, or 14,163 pounds.

Stretch film reduction



Old material weight = 1.32 lbs. | New material weight = 0.59 lbs.

Optimized stretch wrap pattern



Before | After

Employee engagement to reduce single-use plastics

Our site in Nottingham, UK, sends a single-use plastics survey to employees annually, in addition to communications on reducing/eliminating single-use plastic, complete with suggestions for alternatives. This has led to the purchasing of better stationary items, including envelopes with no plastic windows and recycled paper, along with plastic plates and cutlery with reusable crockery for kitchens and conference rooms.

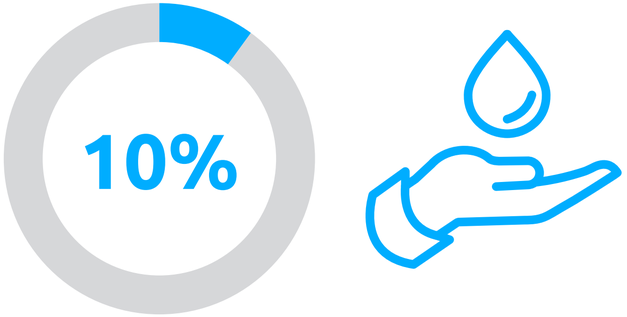


Water

Conservation and wastewater management

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Metric: Reduce water use by 10 percent at water-stressed locations in 2025 from our 2017 baseline.



We have achieved this metric two years early:

We've already surpassed our 2025 metric of reducing water by 10 percent at our water-stressed facilities. In fact, we've achieved an 18.4 percent reduction since 2017.

In 2021, we updated our water-stressed locations in alignment with WRI Aqueduct 3.0. As a result, in 2023, we determined that we had 22 manufacturing and R&D facilities in water-stressed locations, driving us to continue our focused effort on water reduction.

With that in mind, our manufacturing facility in Taoyuan implemented an innovative process for water reuse and recycling. The team installed a water storage tank so that water that previously ran through the typical rainwater downpipe and fully discharged from the facility can now be fully recycled and used for toilets and for watering flowers. Similar learnings have since been applied to facilities in China, India and Mexico to drive durable water conservation improvements.

Spotlight: Kadi, India

In Kadi, India, we have a water recycling and reuse project that is expected to deliver a 25 percent water withdrawal saving compared to our 2017 baseline in a water-stressed location. Through the Reuse of (excess) Treated Effluent in Washroom for Flushing and Rainwater – Rooftop Collection & Recycling project, we'll deliver durable water recycling, reuse and conservation. This project was completed in February 2024 and we now plan to apply its learnings to other water-stressed locations.

Spotlight: Mexico

In Mexico, many water kaizens were performed during our fiscal year as part of our environmental initiatives in our manufacturing plants. For example, at one site, our restroom water is recycled gray water from an industrial park that helps to maintain the circularity of water. One of the most important achievements, however, occurred at our Cienega site, where our EHS and maintenance teams led a project to install water-saving equipment, such as new plumbing and more efficient toilets. As a result of this, we've reduced approximately 38 percent of our 2023 average water withdrawals in cubic meters/earned hours.

We measure consumption from facilities in our operational control of our manufacturing and office buildings, as well as detecting and repairing water leaks, recalibrating flow meters and deploying water-saving technologies. Since 2018, we've implemented projects globally to reduce water consumption and promote recycling and reuse processes, further enhancing circular processes throughout our global network of facilities. To complement this, our recycling processes also enable the proper discharge of water through wastewater treatment processes to prevent discharge to the natural, freshwater environment.

Our team facilitates a focused, global effort to reduce water consumption at our updated list of water-stressed locations worldwide. As such, our global program for water reduction, reuse and recycling propagates the 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.

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

Spotlight: Wuxi, China

In Wuxi, China, we've delivered significant water savings, estimated at 1200 cubic meters per year, by changing the way we interact with water. This facility produces many large products and employs approximately 1,000 people. Every year, we complete new water-saving projects, including fixing underground water leakage, installing water meters in each workshop and the water-free testing of larger chillers. We also recycle water from rain and steam condensate.

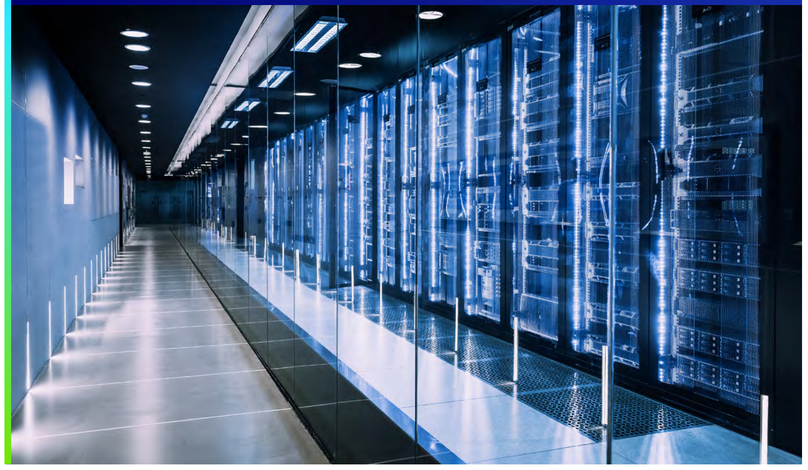
Our solutions in action

Data center cooling solutions

Spotlight: Silent-Aire

Through Silent-Aire's next-generation direct evaporative cooling (DEC) solutions, we've delivered water reductions of 30 percent for our data center customers. This is due to advanced technologies, including microporous fiber membranes, that help to eliminate water droplets present in other manufacturers' DEC solutions, improving energy efficiency in the process.

Having launched two projects in 2023, we now plan to increase production while continuing to offer substantial energy and water savings to one of the fastest-growing industry segments in the world.



AquaMist ULF (Ultra Low Flow): low-pressure water mist technology

Water mist is a fire suppression technology that combines effective fire suppression with the sustainability solutions that building and industrial plant owners desire.

Water is one of nature's most precious resources and, while its conservation is crucial, it has proven an enduring tool in combating fires. It has the benefit of being both an environmentally-friendly suppressant and a renewable resource. As a global leader in fire protection, Johnson Controls offers a wide portfolio of trusted technologies that help customers meet their fire protection needs, while achieving their broader mission. Water mist technology, in the form of AquaMist ULF (Ultra Low Flow), is a key piece of this offering.

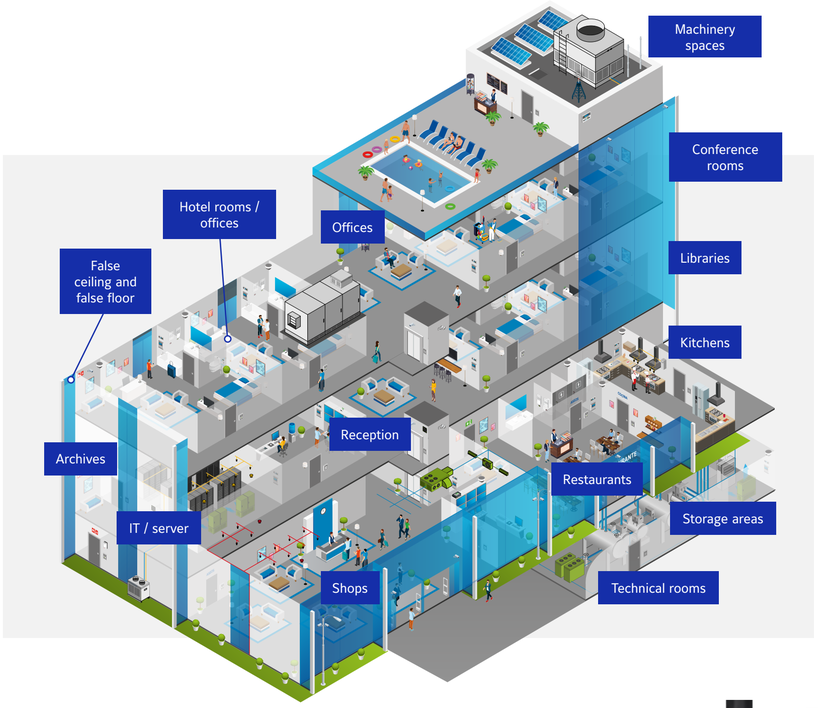
One of the most compelling advantages of AquaMist ULF is its remarkable water efficiency. As a low-pressure water mist system, it offers significant sustainability benefits, including the reduction of water usage during fires. In fact, it uses up to 80 percent less water than traditional fire sprinkler systems. As a result, AquaMist ULF is particularly appealing for areas facing water scarcity, such as desert climates and those prone to drought conditions. In this way, AquaMist ULF can help building owners meet their sustainability goals and minimize strain on local water resources.

However, the sustainability benefits of this system extend beyond just water savings. With smaller pipes and equipment than a traditional sprinkler system, AquaMist ULF also has reduced material usage, which can lead to lower levels of CO_2 emissions associated with manufacturing and transportation. Similarly, as a low-pressure solution, this system has smaller equipment and electrical requirements than high-pressure water mist alternatives. Using AquaMist ULF, property owners can minimize their carbon footprint, while promoting sustainable supply chain practices.

Johnson Controls traces its fire suppression history to the invention of the modern fire sprinkler. As such, AquaMist ULF was built on decades of industry leadership and expertise, leading to an efficient solution that's well suited to a wide range of applications, including data centers, hospitals, heritage buildings, industrial fryers, machinery spaces/equipment and more. With its low-pressure technology, it helps building owners achieve their water conservation goals without compromising on effective fire suppression.

To learn more about the benefits of AquaMist ULF, watch our video here.

AquaMist ULF low-pressure water mist system protects your whole building





Wastewater efforts

Acknowledging the major energy and GHG footprint associated with water pumping and treatment, we've delivered 22 projects in wastewater management, delivering over $4 million in wastewater savings to customers in the process.

Though wastewater treatment has a considerable energy cost, our team has executed projects that reduce the consumption of energy from the grid, while also producing renewable energy.

22 projects in wastewater management

$4 million in wastewater savings

Spotlight:

Our water conservation upgrades helped us deliver over 290 million gallons of water and sewer savings during a large construction project. In partnership with the construction firm, we installed high-efficiency water fixtures to over 16,000 homes, dramatically reducing water withdrawals. On top of this, the project also featured heating and cooling equipment upgrades, saving over 36,000 metric tons of carbon dioxide. In the end, the full breadth of home upgrades resulted in significant reductions in carbon dioxide (CO_2), nitrogen oxide (NOx), sulfur dioxide (SO_2) and other environmentally-harmful emissions.

Saving over **36,000** metric tons of carbon dioxide

Water conservation with local and state governments

Through our work with local and state governments, we aim to address the issues of water scarcity, aging water infrastructure and clean water and sanitation. To this end, we have delivered 60 projects in water metering and leak detection, providing over $8 million in water savings as a result.

Over **$8 million** in water savings

60 projects in water metering and leak detection

Spotlight:

In Toledo, Ohio, 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.

126,000 mechanical water meters upgraded

Biodiversity

304

We're committed to managing our nature-related risk and are continuously increasing our understanding of nature-related risks and opportunities and mitigating our impact on nature and nature's impact on our business through management of the key areas and transparent disclosure.

As such, we take active measures to ensure our impact on biodiversity and ecosystem use is minimized. Through the use of the WRI Aqueduct tool and consultation with resources like the IUCN Red List, we take precautions in locations where biodiversity and ecosystem use impacts could occur.



Johnson Controls is committed to delivering smart, healthy and sustainable buildings.

As part of our efforts to fulfill this commitment, we review facility siting to fully understand the climate, land-use change, biodiversity and nature implications associated with development. To that end, we prioritize retrofit opportunities and minimize greenfield development opportunities whenever possible. In fact, site-selection management begins with optimizing current locations to mitigate greenfield development to the greatest extent practicable.

We follow a three-point plan to minimize the impact of development and to ensure that development mitigates emissions and impact on nature. In priority order, this includes:

1. Finding development opportunities that retrofit and transform existing floorspace
2. Finding development opportunities that add floorspace to existing sites
3. Finding development opportunities that add floorspace to new sites best suited to minimizing the emissions and nature impacts of that development

Supplier sustainability and supplier diversity

Sustainable supply chain

We expect suppliers to behave ethically and to maintain open and honest communication.

Johnson Controls expects 100% of our suppliers to abide by the principles outlined in Values First: The Johnson Controls Code of Ethics, which covers issues such as labor, human rights and the environment. In line with this, 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 expectations.

In 2023, we expanded our Supplier Sustainability Program to include EcoVadis, a globally-recognized environmental, social and governance (ESG) assessment ratings agency, in order to evaluate our supply chain. Currently, 38 percent of our enterprise spend, accounting for over 1600 suppliers has been assessed in detail across each of these dimensions. Our target is to have detailed third-party assessments of 50 percent of our supplier spend by the end of 2026 and 80 percent by the end of 2028. Our supplier scorecards weight sustainability equal to cost, quality and delivery in supplier performance evaluations.

Global supplier scorecard harmonized metrics (100 points)

Quality

- Year-over-year improvement (7)
- Reject rate (7)
- Responsiveness (7)

Cost

- NetsSavings (7)
- Payment terms (7)
- Engagement platforms (7)

Supplier resilience

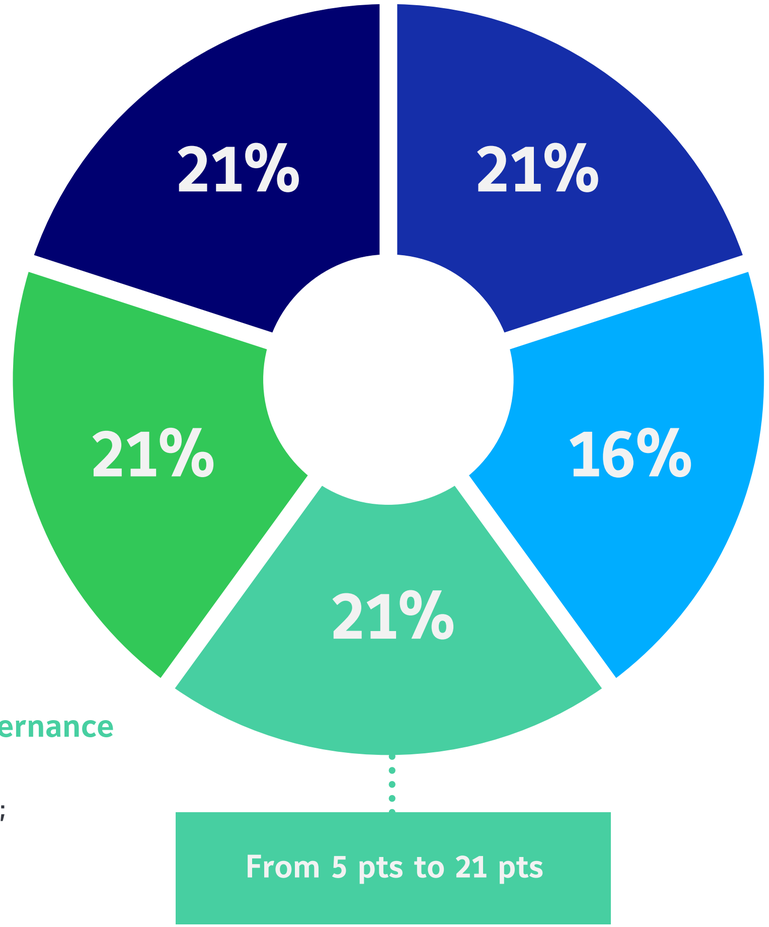
- Financial assessment (6)
- Supplier profile (4)

Delivery

- To promise date (10)
- To request date (6)
- Number of delivery disruptions (5)

Environmental, Social & Governance

- Supplier diversity (3)
- Environment; Human rights; ethics; Sustainable procurement (18)



Through our EcoVadis program, we assess our suppliers and create transparency on four key pillars: environment, labor and human rights, ethics and sustainable procurement. To complement this, we use artificial intelligence to collect data from the public domain and evaluate its relevance to our business relationships. When an issue arises, we proactively work with the supplier to develop corrective actions.

Our sourcing board reviews the supplier scorecard and specific sustainability ratings. Supplier evaluations are reviewed by category managers. Suppliers identified as high-risk require an improvement plan. Where the supplier has scored poorly, we expect all issues will be immediately resolved by the supplier or that the category manager will raise the issue to the procurement leadership lead for immediate risk mitigation. If the supplier doesn't remedy the issues, it can result in termination of the business relationship.

We also rely on local, state and federal agencies to monitor suppliers' compliance with environmental and labor laws. We often have direct discussions with regulatory agencies to review a supplier's compliance record and we even perform site audits of selected suppliers to ensure that the proper environmental and social processes are documented, implemented and remain effective.

Further supplier oversight may also be prompted by negative reports regarding the environmental and social conditions of a supplier's facility or process. Along these same lines, the falsification of data is taken very seriously and appropriate follow-up actions are taken whenever data is suspect, potentially resulting in the termination of the contract.

To date, no significant social or environmental performance issues have been identified with any of our suppliers. Current data indicates that no supplier has refused to abide with the essence of our Code of Ethics, nor has any supplier been terminated because of social or environmental performance issues. Since 2018, we have completed 2,111 Supplier Assessments. During the COVID-19 pandemic wherein travel restrictions prevented on-site visits, our assessments were conducted virtually by way of desktop audits. These assessments resulted in 15,828 corrective action items where the supplier had to make required changes to their systems and processes in order to remain within the Johnson Controls extended supply chain network.

See our supplier portal for more information.

Supplier diversity

Supplier diversity is a set of commercial and purchasing processes that incorporate diverse-owned businesses as elements of our product and service offerings.

Johnson Controls and its customers define diverse suppliers as companies that are certified as owned, operated and controlled by minorities, women, members of the LGBTQIA+ community, veterans, people with disabilities and members of indigenous communities, as well as those designated by government agencies as small or disadvantaged businesses.

Our diverse business enterprise initiative is directed by senior management and is integrated into our corporate strategy. However, we understand that supplier diversity is a team effort and requires the support of each office, facility and account. As such, goal achievements and progress are reviewed and communicated throughout the organization on a monthly basis.

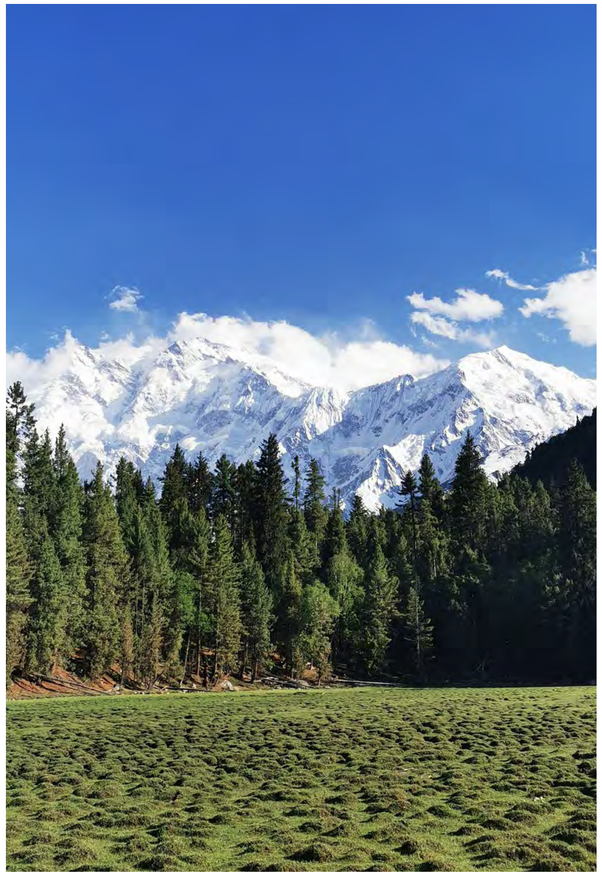
We have a commitment to increasing diverse supplier spend at a rate exceeding revenue growth. To support the goal of increasing our spend with certified diverse business enterprises, we launched an initiative focused on underserved markets, through which we provide training and tools to our suppliers to help them increase capacity and win more of our business.

During 2023, we increased our spend on certified diverse business enterprises to $598 million.

This represented a 41 percent increase compared to 2022, far exceeding our commitment to grow our spend with certified diverse business enterprises at a rate higher than revenue growth.

To achieve this, we identified diverse suppliers and fully integrated them into our existing procurement processes, including category strategies, sourcing board events and supplier development activities.

At Johnson Controls, we're committed to providing safe, ethical and sustainable products and services. We strive to partner with suppliers that have values and ethics equal or equivalent to our own, allowing us to achieve outstanding performance that meets or exceeds our customers' increasing expectations.

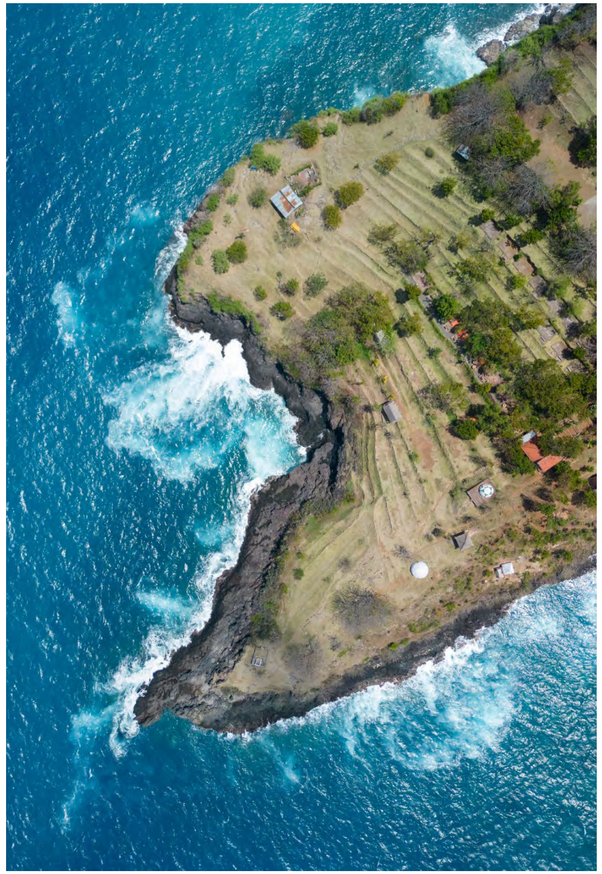





Johnson
Controls








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How we work

Governance

We aim to demonstrate our commitment from the top and to integrate sustainability into company goals and decision-making.



Governance principle:

Link sustainability and diversity goals to executive compensation to drive accountability

Progress:

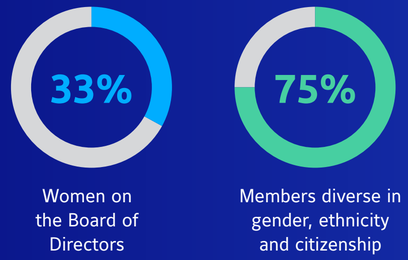
Sustainability and diversity performance goals are required for the top leaders of our company, including our CEO and executive team. These goals are included as part of the individual performance modifier of +10 percent to -25 percent, which is used to adjust the annual incentive award through a judgment-based assessment of how performance was delivered, taking into account our culture and values, as well as any exceptional circumstances during the year. To complement this, more than 21,000 employees also tied their annual goals to sustainability and diversity in 2023 (see Executive Compensation).

Governance principle:

Ensure board diversity in gender, ethnicity, citizenship and skills

Progress:

Women account for 33 percent of our Board of Directors, while 75 percent of members are diverse in gender, ethnicity and citizenship (see Company Leadership).



Governance principle:

Drive sustainability oversight by the Board of Directors

Progress:

The board reviews and discusses environmental, social and governance (ESG) goals and achievements, as well as matters important to our strategy, including reviewing our sustainability strategy and performance annually at a minimum. The 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).

Governance principle:

Align reporting with recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and International Sustainability Standards Board (ISSB)

Progress:

We disclose our climate-related financial risks consistent with guidance from the Task Force on Climate-related Financial Disclosures. We report them in our TCFD Report and in the CDP Climate Change Disclosure, and have even been named to the CDP A List for our disclosure and transparency. In 2022, we updated our climate-related risk and opportunity scenario analysis consistent with TCFD guidance. 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 also 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).

Overall, Johnson Controls uses a principle of transparency in its reporting: we do what we say we'll do and are transparent about where we can improve. We report in alignment with GRI Standards, report to ISSB topic disclosures as a SASB Reporter, now part of IFRS, and provide voluntary and mandatory ESG reports for our customers, investors and jurisdictions globally.

Company leadership

2-9 | 2-17 | 2-24 | 3-1

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 and governance structure, as well as our Board of Directors and its committees, are also publicly available in our 2024 proxy statement, our annual report on form 10-K and on 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. In line with this, we're also committed to recruiting and retaining directors and officers of proven leadership ability and personal integrity.



Responsibility for economic, environmental and social topics

2-12 | 2-13 | 2-14

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, while 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, while providing advisory support to management. Its vision and values incorporate our company vision of a safe, comfortable and sustainable world, as well as our company values of being integrity-first, purpose-led, customer-driven, future-focused and 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 for processes established to identify and manage the company's impacts on the economy, environment and people. This includes 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 to 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.

In line with this, the board reviews and discusses ESG goals and achievements, as well as matters important to our strategy, such as reviewing our sustainability strategy and performance at least annually. The Governance and Sustainability Committee of our Board of Directors has been delegated primary oversight for 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, provides oversight for 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, though our full Board of Directors is also briefed on these matters periodically during the year. This includes diversity, equity and inclusion, as well as our overall employee experience. The committee is regularly briefed on our initiatives to foster, develop and maintain a high-performance culture. With this in mind, it reviews the results of management's initiatives to engage with employees in order to understand how the company's policies and practices impact the workforce and the overall employee experience. The committee provides advice and feedback to management based on the results of these efforts to help guide management's strategy to improve the employee experience and to drive a high-performance culture.

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 environmental and societal 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 also responsible for the impact our business has on the environment and local society, while the EC further delegates relevant authority for economic, environmental and social topics, including all the material aspects discussed in this sustainability report, to the Environmental, Social and Governance Leadership Committee (ESG LC) (see Sustainability Governance).

Shareholder engagement

Our outreach efforts are generally led by management representing a wide variety of functions, including corporate governance, sustainability, human resources and investor relations. The feedback we receive through biannual engagement efforts is an important factor in discussions regarding our governance and business practices. 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 of 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, which assesses an individual's contributions and actions towards our business and operational improvements, as well as our progress in sustainability and diversity.

Sustainability and diversity goals are factored into the individual contribution modifier of +10 percent to -25 percent to assess individual contributions to our performance.

This includes:

Climate: Progress toward our emissions-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 an enhanced employee experience that engages and attracts people who want to make a difference.

In addition to this, our CEO reports to our Board of Directors on ESG progress on a quarterly basis. With this, a quarterly CEO scorecard is prepared with performance against annual ESG and other business targets, which is then 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.

For 2024, more than 21,000 employees have tied their annual goals to sustainability, diversity or both, an increase in just one year of more than 5,000 employees who are committing to furthering sustainability and diversity at Johnson Controls.

Enterprise risk management

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

We incorporate sustainability into our enterprise risk management (ERM) process and 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 11-26 of our fiscal year 2023 Form 10-K.

With this in mind, 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. As part of this, 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 29 of our 2024 proxy statement.



Due to the importance of climate-related issues, we also engage in a focused risks and opportunities process specific to climate-related risks and opportunities, which is aligned with our overall ERM framework. We do this every other year. In the interim years, risks identified through this process are reviewed and updated as appropriate.

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

- **Our Board of Directors has a risk oversight role consistent with our governance structure**
- **Management has day-to-day responsibility for assessing and managing 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 of these committees 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 Ethics and Compliance Officer and other members of senior management report on our top enterprise risks, as well as the steps management has taken or will take to mitigate these risks.

In addition to this, 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. It also reviews the risks associated with our financial forecasts, business plan and operations, which are identified and managed through our ERM process.

Our ERM process provides a common framework and terminology to ensure consistency in identifying, reporting, analyzing and managing key risks. It's also linked to the strategic planning process, compliance and internal audits, 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. To add to this, 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**

To complement this process, we also have key teams in place to oversee and advise on our sustainability risks and opportunities, including our Executive Committee, Executive Leadership Team, the ESG Leadership Committee and specialized committees and management groups. The results of enterprise risk management activity are presented to the board at least annually.

Ethics and integrity

2-16 | 2-23 | 2-24 | 2-25 | 2-26 | 2-27 | 3-3 | 205-2 | 205-3 410-1
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We're proud to have been named one of the World's Most Ethical Companies® for the 17th time in 2024, joining just 11 companies worldwide who have received this honor 17 times.

Our company's ongoing success stems from our deeply engrained culture of integrity, guided by our Code of Ethics and the principles in our Human Rights and Sustainability policy. In fact, integrity is at the center of everything we do. Acting with integrity allows us to meet the high expectations of our customers, partners and communities, giving us a competitive advantage in the process.

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



Code of Ethics

Our Code of Ethics applies to everyone at Johnson Controls, including the Board of Directors, company officers, employees, agents and contract workers. It's available in 33 languages and provides specific guidance on the behaviors that drive a global culture of ethics and integrity, updated periodically to reflect changes in laws, regulations and company policies. Compliance with our Code of Ethics and our Anti-Corruption Policy is a condition of employment.

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

- All new employees are required to attend training on our Code of Ethics and attest that they have read, understood and will comply with it 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 regularly addressed by our managers in employee meetings
- The Code of Ethics is reinforced and referenced via tone-at-the-top communications and messaging to employees throughout the year (employee portal, in-person meetings, web casts, emails to employees, etc.)

Training

205-2 | 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, covering specific ethics and compliance topics such as anti-corruption, conflicts of interest, fair competition and privacy. Twice per year, all managers in the company also conduct Values in Action sessions, which are scenario-based ethics discussions with their teams. In fiscal year 2023, we achieved 96 percent completion of these trainings.

Furthermore, as part of our Third-Party Program approval process, we require all high-risk business partners to complete mandatory anti-corruption training prior to their engagement with Johnson Controls.



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 of the board on significant investigations, integrity helpline metrics, compliance training and communication, and program highlights. The Audit Committee also has oversight responsibility for the contents of the Code of Ethics.



Integrity helpline

2-16 | 2-25 | 2-26 | 205-3

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

With that in mind, a 24-hour integrity helpline managed by our Ethics and Compliance team is available to anyone who wishes to raise an ethics or compliance concern with the company. Available in 47 languages, the integrity helpline is operated by an independent third-party vendor and allows callers to log concerns anonymously.

Employees, suppliers, customers and third parties can raise concerns by phone or through the web-based integrity helpline portal. Concerns raised via the integrity helpline are triaged and routed to the appropriate function for review and investigation. Statistics are produced regularly and are reviewed by senior executives and the Audit Committee of the Board of Directors.

However, 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, while they're also encouraged to reach out to their human resources representative, legal department, compliance team or integrity champions with any questions or concerns. Alternatively, employees can 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.

We strictly prohibit retaliation against anyone for reporting concerns or co-operating with a company investigation.

In fiscal year 2023, 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.

Operations assessed for risks related to corruption

205-1 | 412-1

Our global risk assessment framework includes 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.

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.

In fiscal year 2023, more than

1,400

Johnson Controls business partners

in over 100 countries

were screened by a team of dedicated due diligence specialists and approved for business through this program.

To complement this, our annual ERM process specifically covers bribery and corruption risks, with progress reported to the Board of Directors on an annual basis.

Fair competition

206-1

Our policies and practices support a free and competitive marketplace, with key elements of our fair competition program including 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 Law Guidelines use real-life scenarios to help employees understand fair competition risks and to make the right decisions

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

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

Spotlight

As part of our fair competition program, we recently launched a just-in-time communications process to mitigate the fair competition risks associated with trade shows and similar events where our employees may interact with competitors.

Two or three days before an employee is scheduled to attend such an event, they receive a brief email from the Ethics and Compliance team. The email is translated into the employee's local language and provides quick, plain-language guidance about what employees may and may not discuss with competitors. By delivering these reminders right before the event in question, we help keep the rules top of mind for employees when they need them most.

Our employees

Talent management

At Johnson Controls, we support the continued development of our employees and have embedded this focus throughout our performance and talent processes. We encourage our employees to own their careers by giving them the forum to discuss their career aspirations, as well as the support to pursue them.

Our career development processes include career profiles, manager discussions and individual development planning, all of which inform the annual organization talent review and succession planning process. Each quarter, leaders focus specifically on the development of employees who report to them.



Strategic talent reviews and succession planning occur annually across our business areas globally. In these meetings, senior leaders discuss key talent management topics, including the review of critical roles, top talent, strategic talent moves and their talent management focus for the coming year. As part of this process, talent assessments and individual development plans are used to drive the development of high-potential employees, identifying individual key strengths and areas for improvement, as well as events and experiences needed for further development.

In 2021, we launched an Enterprise Leadership Competency model to define a consistent set of capabilities and behaviors across the organization, from individual contributor to senior executive. This model has been embedded into our talent processes, including recruiting, performance management, learning and development, career development and succession planning. Leveraging this model allows us to provide common information to employees on our expectations for successful performance in all roles and across all levels of the organization, enabling employees to obtain feedback on their strengths and development areas as it pertains to both their current roles and the roles to which they aspire. Employees can also initiate a 360-feedback survey, aligned to our Enterprise Leadership Competency model, to obtain feedback from their manager, peers, direct reports (if applicable) and other business stakeholders.







Employee development, training and education

2-7 | 401 | 404 | 404-2

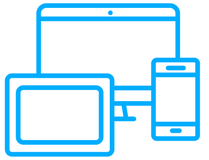
At Johnson Controls, we support the ongoing development of our people and continue to provide opportunities for our employees to grow their careers.

Our goal is to meet learners where they are, embedding learning in the workflow, with a focus on the skills employees need to succeed in their current and next roles. This focus is particularly important given that approximately 41 percent of our management positions are filled internally.

In fiscal year 2023, we offered a robust curriculum of over 197,000 activities, consisting of videos, courses, e-learning, documentation, articles and books, including over 4,000 active (in-person or virtual) learning courses. During this time, over 1.36 million learning activities were completed by approximately 85,510 employees, or 86 percent of our total workforce. Total learning hours consumed by employees amounted to 1.32 million hours, an average of almost 15 hours per employee, including time invested in formal learning and standard time invested in self-paced reading or video consumption.

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, which we 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.

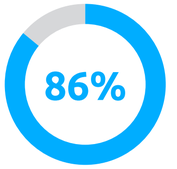
To complement this, all managers were accountable for introducing and teaching an area of our strategy to their teams each month in 2023. Through our Strategic Clarity Conversations initiative, they provided a leader-led discussion to drive clarity around our strategy and shared purpose across the enterprise.



Total learning hours consumed

1.32 million

avg. 15 hours per employee



of our total workforce

85,510

employees completed learning activities

197,000

activities in fiscal year 2023 including over

4000

virtual or in-person learning courses

1.36 million

learning activities completed in fiscal year 2023

Furthermore, our rotation programs in finance, and sales and marketing, coupled with our other early career sales engineering programs, continued to grow in fiscal year 2023, while our learning and development teams have won awards for their high-quality learning programs in each of the last five years.

Leadership development

We believe in developing our employees at all levels, with a focus on preparing them for leadership roles. Our portfolio of employee development programs is designed with this in mind, while also covering topics for those transitioning to new roles or those needing 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. Since its launch in 2004, 13 classes have completed this program.

- **Johnson Controls Leadership Edge (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 skills in business strategy, financial acumen, customer centricity, digital capabilities and people leadership. This program began in 2007 and now engages 150 managers from around the world each year.

- **Rocket Leadership Development (RLDP)**
  This is an intensive development and acceleration program for managers of individual contributors who've 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 developing their business acumen and people leadership. Originally delivered in Asia, this program was expanded to all regions in 2021 and now engages 150 managers from around the world each year.

- **Emerging Leaders**
  This program is designed to accelerate the role transition of an individual contributor to a frontline manager by arming them with the knowledge, skills and tools needed to effectively handle the challenges they will face early in their career as a leader. This program annually engages 150 managers from around the world.

- **Women in Leadership**
  This development program explores the unique issues that women leaders face, while enhancing the leadership skills of participants to empower them to achieve their full professional potential. This program annually engages over 500 women from around the world.

- **Leadership Fundamentals 1**
  This foundational leadership program equips newly promoted first-time managers with the leadership and management skills needed to effectively build and lead a high-performing team.

- **Leadership Fundamentals 2**
  This leadership program equips newly promoted managers of managers with the leadership and management skills needed to effectively build and lead multiple teams with varying scope and increased complexity and scale.

- **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: 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 developing the talent and capabilities of our commercial and commercial support organizations across all roles and tenures.

Our new-hire commercial training programs across multiple levels and domains are best-in-class, with the right mix of knowledge, skill-building and on-the-job application.

To add to this, we continue to actively seek input from our tenured employees on their development and upskilling needs, including building their toolset to enable them to own and drive their career.



Our commercial training programs include:

BEST Internship

This development program is designed to recruit and hire college engineering students in their junior year by offering a summer internship position. Interns are then 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

This six-month development program for new graduates in either HVAC or Fire focuses on organizational knowledge, product knowledge and sales skills. It includes in-person classroom learning, simulations and an assignment-based experiential learning experience in the local branch.

SalesBuilder programs

SalesBuilder is a development program for new and experienced salespeople. It aims to provide learning, experiences, connections and know-how for participants to apply their knowledge of the business to Johnson Controls buildings product offerings, sales processes and customer solutions. The SalesBuilder program is a 13-week journey with three learning levels: foundational, consultative and specialist level. The majority of the program is mandatory, though some elements are elective at the specialist level. The entire program is based on real-life learning and application, and is blended in its approach. There are three different programs offered under this umbrella based on different lines of business:

- SalesBuilder Security
- SalesBuilder Fire
- SalesBuilder HVAC

Building Sales Leaders (BSL)

This is a six-week new sales manager onboarding program (development program) that focuses on leadership fundamentals to help new sales managers drive results, lead their teams, plan for growth and develop themselves. Weekly themes include support and resources, building and developing your team, sales leadership strategy, coaching your people and sales performance management. Topics include, but aren't limited to, one-on-ones, pipeline inspection, coaching to account management, coaching to sales process, business strategy and GTM view and sales incentives and quota.

Sales Management Code

This development program for sales managers 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 aren't 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, as well as for the future of Johnson Controls.

These opportunities include:

Building Sales Leaders Boosters

BSL Boosters are ongoing, quarterly development opportunities for sales leaders. The goal is to enable increased sales productivity from our sales teams by improving coaching effectiveness from our sales leaders. BSL Boosters train managers on improving team cadences, coaching structure, day-to-day performance management and overall team development. They target continuous development of our sales leaders on a quarterly basis, with the aim of maintaining sales management standards and excellence.

Sales Competency Model and Development Assessment

Our Sales Competency Model was launched for all sellers across all channels around the globe. At the start of the year, sellers received the opportunity to take the Sales Competency Development Assessment, which allows for informed discussions on gaps against desired competencies and behaviors. This assessment helps guide Individual Development Plan (IDP) discussions between sellers and managers on areas of focus and development throughout the year.

Competency-Based Upskilling for Sellers

The Competency-Based Upskilling for Sellers program is the starting point for all sellers to accelerate their development and growth. The purpose of this program is to allow sellers to continue to invest in themselves across 22 key behaviors and skills related to 11 competencies. Some of these skills include, but aren't limited to, building partnerships, influencing with impact, knowing your competition, and products and solutions knowledge. This program has been translated into seven languages and is globally available to all our sellers across all channels.

Sales Manager Impact

The Sales Manager Impact program is aimed at supporting sales managers as they focus on specific leadership categories to improve their leadership behavior. Aligned with YourVoice, our employee listening program, our sales managers can identify their gaps and own their development. On a quarterly basis, they receive their YourVoice results and identify gaps in their leadership. They can then enroll in this program to grow the identified skillsets. Some of the topics include, but aren't limited to, providing clear goals, leading and embracing differences and creating an open and trusting environment.

Own Your Career

Supporting the individual effort of transformation, this is a blended learning program supported by HR partners and people managers. It creates a career ownership mindset among employees and 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 how to gain support from managers.

OpenBlue Advocate Program

This is a foundational program for anyone seeking to develop an understanding of the current digital age and the role OpenBlue digital solutions has to play. After completing the program, learners will be able to speak confidently about the value of OpenBlue solutions in the current digital age, the technologies that enable Johnson Controls OpenBlue solutions and how OpenBlue digital solution projects are implemented.

Winning Mindset

This is 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. Another key aim of this program is developing an understanding of agency among the engineers to make a difference through training and discussions on partnership, accountability, outcome focus and confidence.





