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# 1. Strategy and Analysis

## CEO Statement GRI 1.1

### 1. Strategy and Analysis / CEO Statement GRI 1.1

Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.

Message from Stephen A. Roell, Chairman, President and Chief Executive Officer

Dear stakeholders,

We are pleased to provide our 2011 Global Reporting Initiative (GRI) Report. Our report focuses on our accomplishments over the past year as a result of our commitment to our vision of creating a more comfortable, safe and sustainable world.

2011 was a year of continued growth and success for Johnson Controls. We reached a significant milestone for financial performance, surpassing \$40 billion in revenue. We also achieved record earnings of \$1.7 billion. Notably, Johnson Controls has produced year-over-year revenue growth for 64 of the past 65 years, posted earnings gains in 20 of the past 21 years, and continued our track record of paying consecutive dividends since 1887.

In 2011, all three of our businesses—Automotive Experience, Building Efficiency and Power Solutions—grew at a double-digit rate, gained market share and outpaced their respective industry growth rates. Entering 2012, we have good momentum with a record \$5.1 billion backlog of new business for Building Efficiency, and a \$4.2 billion backlog of new business for Automotive Experience that will launch over the next three years.

Also in 2011, we continued our leadership position in sustainability, social responsibility and the environment. Corporate Responsibility magazine recognized Johnson Controls as #1 among the “100 Best Corporate Citizens” in the United States and Ethisphere magazine named Johnson Controls one of the “World’s Most Ethical Companies” for the fifth consecutive year. We are recognized on many of the prestigious social investor indices, including the Dow Jones Sustainability World and North America indices. Our engagement continues with non-governmental organizations and other experts to develop new approaches to improve our performance and stewardship while assisting our suppliers and customers to advance their positions.

We continue to implement energy-efficient and waste reduction practices within our own facilities globally, and partner with our suppliers to ensure that they are adopting sustainable practices. Our partnerships continued with many organizations focused on sustainability and reducing greenhouse gas emissions, including the Climate Action Reserve, the Business Roundtable Climate RESOLVE, The Global Environmental Management Initiative (GEMI), the Carbon Disclosure Project (CDP) Corporate Supply Chain Programme, Center for Climate and Energy Solutions (C2ES), The Climate Group, The Sustainability Consortium, United States Environmental Protection Agency’s Green Power Partnership and their Renewable Energy & Energy Efficiency Partnership and as signatories to the United Nations Global Compact’s Ten Principles and the “Caring for Climate Initiative” as well as the Copenhagen and Cancun Communiqués.

Over the past year, we have grown by 25,000 employees to 162,000 globally with the majority of that increase coming from organic growth. I am proud of all of our employees around the world for their commitment and focus on the values that drive and sustain our long-term economic, social and environmental success.

**Diversification Drives Sustainable, Profitable Growth:**

Johnson Controls’ ability to deliver sustainable, profitable growth is driven by our long-term strategies, ability to execute plans, and our diversification through three businesses that are market leaders in their respective industries. Each has demonstrated the ability to grow significantly faster than its industry growth rate.

Our customers range from original equipment manufacturers to aftermarket retailers in the automotive sector to public- and private-sector customers across multiple vertical markets in our Building Efficiency business. Our diversification has given us the ability to offset business and market challenges and successfully drive sustained growth.

We serve customers in more than 150 countries, with a strong presence in growth markets across Asia, the Middle East and Latin America. Our non-consolidated Automotive Experience joint ventures in China generate \$4 billion in revenue through the supply of automotive interior products for vehicles sold within the country. We also have aligned our footprint and production platforms with those of our customers. In the automotive industry, manufacturers increasingly are designing vehicles for consumers globally. To meet our customers’ needs, our Automotive Experience design centers and production facilities are positioned across multiple continents. Power Solutions operates 50 manufacturing, recycling and distribution facilities throughout the world to serve automakers and aftermarket retailers. Our Building Efficiency business serves over one million buildings, many of which operate facilities around the world.

**Financial Strength to Invest in Organic Growth:**

Our growth is supported by a strong balance sheet allowing us to make strategic investments in our businesses. This past year, we made record capital investments of \$1.3 billion to deliver long-term growth. Much of that investment was targeted in Power Solutions across three growth platforms: expansion and vertical integration, which includes recycling, in our traditional battery business; emerging markets such as China; and advanced battery technology capabilities and capacity.

We plan to invest \$1.7 billion in 2012, nearly three-quarters of which is targeted for growth and margin-expansion initiatives, such as increasing our capacity in emerging markets, supporting new business awarded to Automotive Experience, and deploying Absorbent Glass Mat (AGM) battery technology for Start-Stop vehicles in Power Solutions. We expect to sustain a high level of capital investment for the foreseeable future and make additional non-capital investments in innovation, engineering, and sales and service forces. Central to our growth is our focus on innovation and longstanding commitment to our customers. We will continue to seek out new ways to enhance and improve quality and develop innovative products and solutions that will help our customers succeed.

**Strategic Acquisitions with Strong Paybacks:**

In addition to capital investments to drive organic growth, we made \$1.4 billion in strategic acquisitions primarily across our automotive business in 2011.

Automotive Experience acquired German companies C. Rob. Hammerstein and Keiper/Recaro. Automotive will offer automakers a complete range of metal components and mechanisms. We also acquired Michel Thierry, a respected France-based supplier of fabrics and trim. These acquisitions have enhanced our technology capabilities and are expected to yield significant paybacks in 2012.

Power Solutions purchased Saft's share of our lithium-ion battery joint venture, reflecting our commitment to being a leader in the advanced battery space. The acquisition enables us to expand our capabilities across technology, systems, applications and business models.

Acquisitions will continue to be an important part of our overall business strategy, serving as platforms for driving future growth.

**Growth Outlook for 2012 and Beyond:**

Looking at the macro-economic environment as we enter 2012, we see uncertainty regarding the pace of the global recovery. Although automotive production in Europe is expected to be level to down slightly year-over-year, North American production is forecast to grow at a high single-digit rate. We continue to see growth opportunities in emerging markets, especially China. The adoption of AGM battery technology for Start-Stop vehicles represents a significant opportunity for us, with strong demand in Europe and emerging demand in the United States and China. The building markets in Europe and North America are expected to remain challenged.

Overall, we are forecasting modestly higher global automotive production levels, growth in emerging geographic markets and market share gains for each of our businesses. With strong momentum and backlogs in our automotive and buildings businesses and the underlying strength of the battery market, we expect each of our businesses to deliver sales and earnings improvements in 2012. Operational improvements are also expected to drive margin gains across the company. We are confident we will achieve another record year in 2012.

Longer term, our objective is to grow profitably faster than our underlying industries with year-over-year earnings growth of 10 percent to 15 percent. Our diversification, financial strength, and commitment to our customers position us for sustainable growth well into this decade.

We appreciate the trust that you place in us as our valued stakeholders.

Sincerely,

Stephen A. Roell

Chairman, President and Chief Executive Officer

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**Supporting Documentation:**

Accenture sustainability report featuring JCI	Page #: all <a href="#">View</a>
2010 GRI JCI best practices article Triple Pundit	Page #: all <a href="#">View</a>
2011 BRT sustainability report	Page #: all <a href="#">View</a>
2011 10K Report	Page #: all <a href="#">View</a>
2011 Business & Sustainability Report	Page #: all <a href="#">View</a>

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**Additional Comments**

A high level overview of our sustainability efforts is provided in our 2011 Business and Sustainability Report posted on our public web site: [www.johnsoncontrols.com/sustainability](http://www.johnsoncontrols.com/sustainability). Please see link to the online report in the Supporting References section above.

# Key Impacts, Risks, Opportunities GRI 1.2

## 1. Strategy and Analysis / Key Impacts, Risks, Opportunities GRI 1.2

Description of key impacts, risks, and opportunities.

### SECTION ONE - KEY IMPACTS ON SUSTAINABILITY:

Sustainability is a companywide objective, and each business unit integrates it into its strategy and drives aspects of good citizenship for the company.

Through the products we make, and the services and solutions we deliver help make our customers' businesses and operations more sustainable. The products we make and the services we deliver help customers save energy, reduce pollution, minimize waste and recycle more. Our three businesses:

#### BUILDING EFFICIENCY

Johnson Controls is a leading provider of equipment, controls and services for heating, ventilating, air-conditioning, refrigeration and security systems for buildings. Operating from 500 branch offices in 150 countries, we deliver products, services and solutions that increase energy efficiency and lower operating costs for more than one million customers. We manage 1.5 billion square feet of corporate real estate for many of the world's largest companies.

#### AUTOMOTIVE EXPERIENCE

Johnson Controls is a global leader in automotive seating, overhead systems, door and instrument panels, and interior electronics. We support all major automakers in the differentiation of their vehicles through our products, technologies and advanced manufacturing capabilities. We work with our customers to make the vehicles of today and tomorrow more energy-efficient and sustainable by providing seating and interiors that reduce overall vehicle weight and increase content from natural, renewable materials.

#### POWER SOLUTIONS

Johnson Controls is the global leader in lead-acid automotive batteries and advanced batteries for hybrid and electric vehicles. Our manufacturing facilities supply more than one-third of the world's lead-acid batteries to major automakers and aftermarket retailers. Our former Johnson Controls-Saft joint venture was the first company in the world to manufacture lithium-ion batteries for mass-produced hybrid vehicles. Our facility in Holland, Michigan, is the first U.S. manufacturing facility for lithium-ion cells and complete hybrid battery systems. Internally, we educate employees to become better guardians of the environment on the job as well as in their communities. We continue to focus on our own operations, looking for ways to produce products in more earth-friendly ways and to make our factories and offices environmentally benign.

#### CHALLENGES AND OPPORTUNITIES:

Our growth is supported by a strong balance sheet allowing us to make strategic investments in our businesses. This past year, we made record capital investments of \$1.3 billion to deliver long-term growth. Much of that investment was targeted in Power Solutions across three growth platforms: expansion and vertical integration, which includes recycling, in our traditional battery business; emerging markets such as China; and advanced battery technology capabilities and capacity.

We plan to invest even more in 2012, nearly three-quarters of which is targeted for growth and margin-expansion initiatives, such as increasing our capacity in emerging markets, supporting new business awarded to Automotive Experience, and deploying Absorbent Glass Mat (AGM) battery technology for Start-Stop vehicles in Power Solutions. We expect to sustain a high level of capital investment for the foreseeable future and make additional non-capital investments in innovation, engineering, and sales and service forces.

Looking at the macro-economic environment as we enter 2012, we see uncertainty regarding the pace of the global recovery. Although automotive production in Europe is expected to be level to down slightly year-over-year, North American production is forecast to grow at a high single-digit rate. We continue to see growth opportunities in emerging markets, especially China though their growth rates are moderating somewhat. The adoption of AGM battery technology for Start-Stop vehicles represents a significant opportunity for us, with strong demand in Europe and emerging demand in the United States and China. The building and construction markets in Europe and North America are expected to remain challenged for several more years.

Overall, we are forecasting modestly higher global automotive production levels, growth in emerging geographic markets and market share gains for each of our businesses. With strong momentum and backlogs in our automotive and buildings businesses and the underlying strength of the battery market, we expect each of our businesses to deliver sales and earnings improvements in 2012. Operational improvements are also expected to drive margin gains across the company. We are confident we will achieve another record year in 2012.

Longer term, our objective is to grow profitably faster than our underlying industries with year-over-year earnings growth of 10 percent to 15 percent. Our diversification, financial strength, and commitment to our customers position us for sustainable growth well into this decade.

#### ENERGY-EFFICIENT AND SUSTAINABLE BUILDINGS

New climate change legislation, increasing energy prices and power generation constraints are driving companies across the globe to address the energy efficiency and sustainability of their operations. With approximately 40 percent of the world's energy consumed by buildings, there is a substantial opportunity for improved energy efficiency and GHG emissions abatement. Johnson Controls is the global leader in energy-efficient retrofits, green building technologies, and integration of renewable energy sources into buildings.

Performance Contracting Success in Public and Private Sector

Building Efficiency has implemented, or is working on, more than 2,500 performance contracting projects with guaranteed savings of \$7.5 billion. These projects have resulted in the reduction of more than 16 million metric tons of carbon dioxide or "greenhouse gas" emissions since 2000—roughly the same level of emissions generated from the energy use of 1.3 million U.S. homes in one year.

Making Building Efficiency Easier, More Accessible to a Broader Market:

In October 2011, Building Efficiency introduced its innovative Panoptix™ solution, a new

approach to building efficiency that makes it easier and more affordable for owners and operators of any size facility to achieve better building performance.

As a next-generation building performance and energy management platform, Panoptix helps facility operators collect and manage data from various building systems and other data sources, and provides cloud-hosted building efficiency applications that work with any building management system, including Metasys® by Johnson Controls.

Our Global Workplace Solutions business is a leading provider of facility, commercial real estate and energy management for many of the world's largest companies. Customers in more than 75 countries have experienced more than \$3 billion in savings over the past 10 years.

As health care organizations seek additional ways to optimize efficiencies while enhancing patient care, Building Efficiency has developed a new way to reduce energy consumption in surgical environments. Johnson Controls Healthcare Environment Optimization™ integrates a hospital's building automation system with surgery schedules to optimize air exchange rates and reduce annual energy costs. We create comfortable patient environments in more than 40 percent of hospitals in North America.

Investing in Future Growth - During the year, Building Efficiency acquired EnergyConnect Group, a leading provider of smart grid demand response services and technologies. The acquisition enables Johnson Controls to help building owners and operators manage how much energy their buildings consume and when the energy is consumed—a critical feature of connecting smart buildings to the smart grid. EnergyConnect's demand response technology and service platform provides customers real time energy information and access to energy markets, enabling them to manage energy usage.

FINANCIAL SUPPORT - Since the 1980s, Johnson Controls has partnered with and helped organizations in the United States arrange financing solutions called "performance contracts." These performance contracts guarantee energy savings to cover the capital and operational costs of a project.

AUTOMOTIVE -Technology and innovation are increasingly important in differentiating our products from competitors' and driving profitable growth for our business. We have increased the breadth of our technology competencies through acquisitions and the expansion of our global Technology and Advanced Development Group, which has developed a number of innovative products and concepts.

In September 2011, Automotive Experience introduced a modular front seat structure, believed to be the lowest-weight structure of its kind on the market. Lightweight seats help improve vehicle fuel consumption and reduce CO2 emissions. The seat structure represents our first product under the combined expertise of Johnson Controls, CRH and Keiper. More than 30 versions of the product will be made for the European Daimler AG vehicle platform.

Our Automotive Experience team also has created an Open Innovation website to allow outside inventors to more easily share their technology ideas with us. We believe that by partnering with external technology providers, we can accelerate product development and innovation.

Staying Connected While Driving Safely - We are working to create an in-vehicle connectivity solution that allows consumers to intuitively connect to their information and entertainment preferences with a safe driving environment. In 2011 we unveiled our Connected Center Stack, which helps consumers connect their electronic products and applications to their vehicle. The product features: natural language speech recognition; hands-free phone usage, including voice dialing, phone book downloads, phone book image transfer and text/e-mail messaging using text to speech; music playback for MP3 players, flash devices or mobile phones; and access to popular phone applications. It also provides connectivity to Johnson Controls-developed phone applications, enabling consumers to access vehicle information and update vehicle software.

BATTERY TECHNOLOGY AND INNOVATION- In 2011, we continued to deploy our patented PowerFrame® grid technology across our lead-acid battery plants globally. The optimized grid design and sturdy outer frame deliver significantly improved performance and reliability and extend the battery's life cycle. The PowerFrame manufacturing process utilizes 20 percent less energy, emits 20 percent fewer greenhouse gases and is virtually waste-free because all excess stamping materials are recycled.

Power Solutions continued to expand in China in 2011, launching operation of our new Changxing plant with an annual capacity of 8 million batteries. The business also began construction of our Chongqing plant, which will have capacity to manufacture 6 million units annually. We plan to make investments of more than \$1 billion in China by 2016. To support our growth in the United States, we built a new distribution center in Delaware with an initial annual capacity of 8.5 million units.

#### Start-Stop Vehicle Batteries

Start-Stop –We are the world's leading supplier of batteries for Start-Stop vehicles, producing more than 3.2 million units per year. Start-Stop is a technology applied to a standard gasoline powered vehicle that automatically shuts the engine off during idle and restarts when the driver engages the clutch or releases the brake pedal, reducing fuel use and emissions by 5 percent to 12 percent.

Market demand for Start-Stop batteries is growing rapidly. This fuel-saving technology has been successful in the European market and will be introduced in the United States in 2012. We anticipate the market for Start-Stop vehicles will grow to 35 million globally by 2015. To support this rapid growth, we are investing \$520 million worldwide over the next four years in additional production capacity: \$280 million in Europe, \$140 million in the United States, and \$100 million in China.

Johnson Controls is the leading supplier of Start-Stop batteries in Europe through our VARTA brand. We are expanding capacity at our plants in Hannover and Zwickau, Germany to produce more than 11 million Start-Stop batteries annually. We are adding 6.8 million units of capacity in the United States through conversion and expansion of a plant near Toledo, Ohio that will begin production in 2012. Power Solutions also has announced plans to build a Start-Stop battery plant in China that is expected to begin production in 2013.

#### OUR APPROACH TO PRIORITIZING CHALLENGES AND OPPORTUNITIES:

Our overall approach is to anticipate consumer needs, and then integrate technologies, products and services to make their lives better and easier. We feel strongly that being seen as a global industry leader in sustainability is paramount for driving innovation and gaining strategic advantage. From our humble beginning over a century ago, we have understood that it takes more to ensure continued growth than simply watching quarterly profits. Although the term sustainability is relatively new we have always felt that good environmental stewardship and social responsibility all



are integrated with economic prosperity. For example, designing our products and services to be more sustainable:

- decreases risks associated with negative environmental and social impact, etc.
- improves the economic bottom line by reducing operating costs and optimizing life-cycle economic performance, increasing building valuation, improving employee performance, etc., and
- helps meet stakeholder expectations which helps retain employees and customers and provides a competitive marketing advantage

In past years, we modified our Vision and Values statement to highlight “Sustainability” as a companywide objective to ensure each business unit integrates it into its strategy and drives all aspects of sustainability into every corner of the enterprise. Our overarching sustainability policy resides within our Vision and Values and our 10 year marker which provides guidance on company operations. Our Vision and Values are supported by our Ethics Policy, Human Rights Policy and Climate Change Policy, which are intended to ensure compliance with financial, environmental and social regulations as well as commonly accepted social and environmental principles and practices expected by stakeholders of any global company desiring a sustainable future. This means that no matter what innovation, cost saving measure or whatever idea is considered, no matter how potentially profitable, it first and foremost must be achievable and still be compliant with our core values and compliant with host country regulations, and applicable global standards (e.g., is consistent with applicable ILO Conventions, Universal Declaration of Human Rights and Ten Principles of the United Nations Global Compact.)

In addition, we continue to openly participate in organizations that add value to our business or help support our approach towards sustainability. For example, in addition to joining the Carbon Disclosure Project (CDP) Corporate Supply Chain Programme, we also joined the Business Roundtable’s S.E.E. (Social, Environmental and Economic) Change Initiative that allows us to share best practices with many other leaders in the sustainability area. In addition, we joined the Pew Center’s Business Environmental Leadership Council (BELC), to help companies, policymakers and investors understand how to successfully manage risks and capture new business opportunities as changes in public policy and customer preferences dramatically transform markets worldwide. This group is united in the belief that voluntary action alone will not be enough to address the climate challenge and as a member accept the following guiding principles:

1. We accept the scientific consensus that climate change is occurring and that the impacts are already being felt. Delaying action will increase both the risks and the costs.
2. Businesses can and should incorporate responses to climate change into their core corporate strategies by taking concrete steps in the U.S. and abroad to establish and meet greenhouse gas (GHG) emission reduction targets, and/or invest in low and zero GHG products, practices and technologies.
3. The United States should significantly reduce its GHG emissions through economy-wide, mandatory approaches, which may vary by economic sector and include a flexible, market-based cap-and-trade program. Complementary policies may also be necessary for sectors such as buildings, electricity generation, forestry, agriculture, and transportation that will help drive innovation and ease the transition to a low-carbon economy.
4. Climate change is a global challenge that ultimately requires a global solution. A post-2012 international climate framework must establish fair, effective, and binding commitments for all developed and major developing economies, including absolute economy-wide GHG emission reduction targets for developed countries.

#### KEY CONCLUSIONS ABOUT PROGRESS:

Overall, our progress to date has been consistent with our desire to be a leader in sustainability as demonstrated by our green products and services and listing on many more social investment indices. However, maintaining that position will be a challenge, especially in the area of reducing greenhouse gases and finding new and innovative ways to reduce our carbon footprint and those of our customers. Our management team has put much emphasis on establishing sustainability leaders within each business unit to help the business stay on track to meet our aggressive sustainability goals. We feel with the renewed emphasis placed on sustainability, there will be more availability of resources to track and improve our environmental impact of our facilities and communities in which we operate.

#### MAIN PROCESSES IN PLACE TO ADDRESS PERFORMANCE:

**ETHICS and HUMAN RIGHTS** - Internal policies are in place to provide guidance regarding human rights, governance, environmental stewardship, and nearly all other aspects of our company that we are likely to encounter. We annually review many of these policies to ensure relevance as the company grows and confronts new business issues in the geographies where we operate. An anonymous ethics hotline is available to anyone both inside and outside the company who suspects unethical behavior. The hotline is available 24 hours a day in all major languages and is operated by an independent third-party vendor. Through the ethics hotline monitoring system, we capture all information to help us investigate, audit and implement improvement actions.

**ENVIRONMENTAL** - We focus on our own environmental performance with the same discipline that we apply to working with our customers. We continue to review our operations and supply chain to identify continuous improvement opportunities to make products in more earth-friendly ways. Recently, our senior management created two councils to investigate and make recommendations to improve the company’s overall focus on sustainability:

**GLOBAL PURCHASING COUNCIL (GPC)** - focuses on promoting sustainability within the supply chain. We work with more than 300,000 direct and indirect suppliers throughout the world, and expect them to conduct their operations in a socially and environmentally sustainable manner. Over the last year, the GPC has developed environmental requirements that state all suppliers must comply with applicable laws and regulations, as well as our social and environmental standards. We use a variety of tools to assess suppliers including background checks, self-assessment surveys, site visits and audits. We have an enterprise-wide supply chain standard that provides guidance to our procurement teams on the environmental and social performance of suppliers. This includes details on labor, discrimination, freedom of association, health and safety, the environment, management systems and ethics. The standard was developed in partnership with key customers, socially responsible investment funds and non-government organizations. The council participates as an active member in Carbon Disclosure Project’s Corporate Supply Chain Program, which is comprised of more than 31 multinational companies dedicated to managing and reducing GHG emissions within their supply chain. Over the last year, we have increased our requests to suppliers to report their GHG emissions and reduction strategies.

**GLOBAL ENVIRONMENTAL SUSTAINABILITY COUNCIL (GESC)** - We continue to find new ways to put structure around our sustainability focus. In 2009, we launched a Global Environmental Sustainability Council (GESC) to lead our efforts to reduce our environmental footprint, gain competitive advantage through environmentally responsible products and services, and improve the eco-efficiency of the supply chain. The GESC includes executives from all three business units, as well as representatives from legal; public affairs; and health, safety and environment. Its first initiative has been to introduce a new enterprise-wide environmental sustainability scorecard and metric tracking process. The council has updated the company’s environmental metrics and modernized the way the data is collected globally. We are also implementing improved Design for Sustainability (DfS) procedures and practices to further reduce costs and our environmental footprint. These DfS practices are part of our overall Life-cycle management (LCM) effort to fully exam our product’s environmental and economic effects throughout its lifetime, including new material extraction, transportation, manufacturing, use, recycling and disposal, such as:

- Establishing waste, energy GHG, water and quality targets as discussed in the next section goals.

- Developing recyclable post-industrial and post-consumer materials through relationships with manufacturers and material converters.
- Integrating recycled materials into our product lines.
- Helping our customers and suppliers recycle, reclaim and integrate.

Further, Johnson Controls is committed to responsible land use that promotes biodiversity and nature conservation. When we acquire businesses that own sites with existing environmental issues, we are aggressive in restoring them to productive uses. Our efforts always comply with regulatory requirements. Our land acquisitions are rather rare, but when such acquisitions are proposed, our environmental and legal experts evaluate the community, environmental and other issues that may arise and make every attempt to ensure minimal impact.

## SECTION TWO - IMPACT OF SUSTAINABILITY TRENDS, RISKS, and OPPORTUNITIES:

### RISKS and OPPORTUNITIES:

#### ECONOMIC -

Economic risks are detailed in our 10-K report.

#### ENVIRONMENTAL -

Johnson Controls global operations have expended substantial resources, both financial and managerial, to comply with applicable Environmental and Worker Safety Laws with the ultimate goal of protecting the environment and our workers. It is our sincere belief that we comply with all such laws and have appropriate processes in place to foster and ensure compliance. Historically, the citations and related penalties imposed on the Company have been immaterial.

#### CLIMATE CHANGE RISKS and OPPORTUNITIES:

We and our stakeholders are becoming increasingly aware of the potential risks posed by global warming. These risks have been identified and discussed by many non-government organizations and include:

- Operational risk (disruption of company operations);
- Insurance risk (increased premiums and/or un-insurability);
- Regulatory risk (regulation of greenhouse gas emissions and ensuing compliance costs);
- Shareholder risk (shareholder activism and disruption);
- Litigation risk (costs resulting from “climate litigation”);
- Capital risk (inability to raise capital);
- Competitive risk (loss of economic opportunity) and
- Reputational risk.

At Johnson Controls, we acknowledge the scientific consensus that the earth is warming and that it is at least partially caused by the actions of man. We believe that significant action is needed in the short-term to mitigate the causes and begin adapting to the negative risks and actual impacts of global warming. We believe the highest priority actions should be improving energy efficiency in buildings and vehicles which represent the fastest, cleanest and most cost-effective way to reduce greenhouse gas emissions.

We believe that a comprehensive global climate policy is needed backed by strong national policies, goals and actions. We believe that the price of energy should reflect the environmental costs of consumption allowing market economics to lead the shift to cleaner alternatives and new technologies. We support a variety of market-based approaches to regulating carbon emissions that assure the integrity of the reductions and are efficient in their implementation.

We also believe that a complementary set of energy policies are needed to overcome market barriers to energy efficiency, accelerate emission reductions and reduce the overall cost of compliance to businesses and consumers. These policies include updated building codes, building performance labeling, financial incentives for energy efficiency retrofits and a national energy efficiency resource standard. In the vehicle sector, incentives are also required to build an effective supply-chain for large-scale manufacturing of next-generation advanced technology batteries and electric drive vehicles.

We believe that timely adoption of comprehensive energy and climate legislation will reduce economic and regulatory uncertainty and allow companies to better manage both risks and opportunities related to climate change. These uncertainties include emission reduction requirements, energy price volatility, energy-intensive materials pricing, carbon offset monetization opportunities and the impact of building efficiency codes, standards and incentives. Uncertainties related to the impact of climate change would also be reduced including the future cost of adaptation, availability of resources and the potential for climate-related business disruption.

Increased certainty in energy and climate policy will stimulate additional demand for energy efficient buildings, vehicles, products and services which, in turn, will require the training, education and employment of a greatly expanded workforce. Businesses and institutions will improve the efficiency of their facilities and fleets, their internal operations and their supply chains yielding both economic and environmental benefits. It will also stimulate greater investment in clean energy research and development providing competitive benefits for participating businesses on a global basis.

We recognize that risks such as coastal flooding, weather pattern irregularities, food and water shortages, disease outbreaks could impact our company as well as our customers and suppliers. Although the full repercussions of global warming have yet to be fully identified, Johnson Controls remains committed to staying informed to allow for adequate risk mitigation planning. As a global leader in providing energy efficiency products and services, however, we foresee more demand for our products and services as our customers more fully recognize that energy efficiency is the most cost effective way to reduce GHG emissions. In any case, because of our products and services, we currently see and are experiencing many new opportunities as consumer attitudes and demand continue to focus on energy efficiency, more fuel efficient, hybrids and other technologies to reduce greenhouse gas emissions.

#### SUPPLY CHAIN RISK:

As a large company, we have thousands of suppliers located throughout the world. Like many other companies, we have become aware of the potential risks with some suppliers. As a result, Johnson Controls evaluates the potential social and environmental risks associated with our supply chain. Currently, we are conducting surveys with some suppliers, implementing contract modifications, and enhancing supplier oversight to ensure we use the best suppliers that pose the least amount of risk. We share many of these processes with non-government organizations (NGOs) to make our processes more effective and transparent.

Overall, we continue to seek ways to minimize risks through initiatives that often involve stakeholder engagement or consultation with outside expertise. Our approach is to turn risks into opportunities much like we are doing with climate change.

#### PRIORITIZATION OF KEY SUSTAINABILITY TOPICS AS RISKS AND OPPORTUNITIES:

#### Strategy, Sustainability and Risk Assessment at Johnson Controls:

Our strategic planning process fully engages the entire corporation, is a dynamic year-round process, links closely with our financial planning process and is based on our core values. Strategic initiatives are vetted in a gated process of: opportunity assessment, strategy development, business case development, action plans with metrics, and implementation. The risks associated with each opportunity are reviewed in the context of the company's current Risk Appetite Statements. Key sustainability initiatives are assessed and prioritized using this rigorous process. Corporate and business unit strategic plan development includes a robust annual enterprise risk assessment, management and mitigation process (ERM), which seeks to identify and manage the top risks that Johnson Controls and each of its businesses face in a constantly changing world. The process starts with an update of the current risk universe (105 in total) in six key risk areas: external, strategic, operational, financial, human resources, and legal and compliance. Sustainability themes are captured in many related risks like "Tone at the Top", Business Continuity, Corporate Monitoring, Social Responsibility, and Compliance Risk. Each business unit and the corporate leadership team choose the top 50 risks most applicable to their current business. Those risks are then mapped using our automated web-based "Navigator" tool that evaluates each risk in four dimensions: severity, likelihood, current organizational effectiveness at dealing with that risk, and the velocity of the risk. The tool provides broad access and fast results compilation which has allowed us to increase participation in the program every year since its inception. The system consolidates the input and creates a risk heat map of those high velocity risks with the highest likelihood of occurring, the largest impact on the company, and the lowest level of current effectiveness at dealing with that risk. The output from the process serves as a critical input for the business unit strategic plans and each business builds specific management and mitigation plans into the fabric of their strategic initiatives. In 2010, the company formed an executive level Risk Committee (CEO, CFO, SVP HR, General Counsel, VP Strategy, and a GLC (Global Leadership Council) member from each of the businesses. The Risk Committee assists the company's senior leadership and Board of Directors in fulfilling their responsibilities for oversight of the company's Enterprise Risk Management program. Key responsibilities include: ERM program management; review of risk mapping data including top risk management and mitigation plans; creation and update of the company's risk appetite; annual review of potential high risk areas; identification of emerging risks and threats both discrete and those created by aggregated or cascading risks; and regular reporting of ERM issues to the Board of Directors. The Committee has brought increased attention to the area of Enterprise Risk Management and effectively redirected focus and resources throughout the year to address the most current risks facing the company.

#### Business opportunity areas prioritized:

Key areas of our business that have already been prioritized due to their effectiveness in achieving energy and cost savings for buildings and cars around the world include:

- Our global Building Efficiency Solutions business will continue to help customer reduce energy and make their buildings more sustainable.
- Leverage current opportunities in Federal and global stimulus funding, we have teams in the US, Europe and Asia working with government officials at the federal and local levels to assist them in identifying and executing projects that offer the best combination of energy efficiency benefit and financial payback. This includes expanding our performance contracting business which helps customers pay for energy efficiency and water conservation projects that they could not afford otherwise.
- Our Power Solutions business is developing advanced battery technologies involving lithium-ion for hybrid-electric vehicles (HEVs) that will provide higher power and lower weight for HEV's in the next decade.
- Our Automotive Experience business has focused on the light-weighting of vehicles to make them more fuel efficient as well as the introduction of innovative eco-friendly materials such as soy fiber for automotive interiors.

Overall, Johnson Controls anticipates more demand for our products and services as more customers understand the value of energy efficiency and its importance for reducing GHG emissions.

#### TARGETS, PERFORMANCE AGAINST TARGETS, AND LESSONS-LEARNED FOR THE CURRENT REPORTING PERIOD:

Targets are based on our key sustainability strategies:

##### ECONOMIC PROSPERITY:

1. Ensure the ongoing financial viability of the business through strategic investments and management of risk.

Johnson Controls achieved record financial results in fiscal 2011 as revenue increased 19 percent to \$40.8 billion and net income increased 22 percent to \$1.7 billion. Our three global businesses—Automotive Experience, Building Efficiency and Power Solutions—grew at a double-digit rate and segment income increased 23 percent. We continue to invest in the long-term growth of our business, making \$2.7 billion in acquisitions and capital investments during the year.

2. Hold ourselves accountable to the highest standards of corporate and personal integrity and ethics.

Progress and Performance: Overall, our Vision and Values and policies provide guidance regarding acceptable and appropriate practices for our employees. An anonymous ethics hotline is available to anyone both inside and outside the company who suspects unethical behavior. The hotline is available 24 hours a day in all major languages and is operated by an independent third-party vendor. We also conduct annual employee survey to better understand how we are doing and how we might improve.

As a member of the United Nations Global Compact we are committed to its Ten Principles, which address human rights, labor, the environment and anti-corruption. More information about each is reported in our Communications of Progress report that we update annually for posting on our public web site and that for the UN Global Compact.

##### ENVIRONMENTAL STEWARDSHIP:

3. Achieve competitive advantage from environmentally responsible products and services.

Progress and Performance: We continued to promote our global leadership position in improving energy efficiency and waste management in customers' facilities. This involves integrating technologies, products and services by anticipating changing needs and developing practical solutions to improve the places where people spend most of their time – their homes, workplaces and vehicles. We have helped our customers save energy resulting in lower operational costs and less greenhouse gas emissions. For example, we invested more resources into finding solutions for reducing greenhouse gas emissions (GHG) globally. We are a signatory of the Caring for Climate: The Business Platform, a global effort by the UN Global Compact and World Business Council for Sustainable Development, and participated in the UN Global Compact Leaders Summits to demonstrate support for global measures that address climate change. Through our work with the U.S. Conference of Mayors and the National Association of Counties, we have taken a leadership position in helping many state and local governments find cost-effective solutions for reducing GHGs. We see a bright future for our business as we expand our offerings to more customers globally.

4. Reduce our global environmental foot print.

Progress and Performance: Examples on several initiatives that reduce our global foot print follow:

- Battery Recycling - Johnson Controls continues to lead efforts to ensure that lead-acid automotive batteries remain the most recycled consumer

product in the U.S.. We led development of a reverse distribution collection infrastructure and worked with other industries, retailers and consumers to promote battery recycling. Today, the recycling rate of automotive battery lead exceeds 97 percent, far higher than for any other recyclable commodity including newspapers (45 percent), aluminum beverage cans (55 percent), glass bottles (26 percent) and tires (26 percent). Recognizing the benefits, 48 states require lead-acid batteries to be recycled through a take-back program. Refinements in the process allow for plastic battery cases to be recycled. As a result, lead-acid batteries now have a closed-loop life cycle. In the United States, the typical new Johnson Controls battery contains 70 to 80 percent recycled lead and plastic. When a spent battery is collected, it is sent to a permitted recycler where, under strict environmental regulations, the lead and plastic are reclaimed and sent to a new-battery manufacturer. The recycling cycle goes on indefinitely, which means the battery materials in a given car, truck, boat or motorcycle have been recycled many times – and will continue to be recycled. Scrap lead from production floors and lead particles captured in environmental control equipment are also collected and returned to manufacturers for use in new batteries and other products, such as X-ray shielding. In 2008, we launched our Ecosteps battery recycling program in Europe and we continue to work with governments around the globe to embrace U.S. style automotive battery recycling programs.

- More efficient buildings – our automotive seating and door panel plant in West Point, Georgia, uses 50 percent of its energy from renewable sources including hydro, biomass, solar and wind. Compared to traditional energy, these green energy sources will save the emission of nearly 7,500 metric tons of carbon dioxide over the next six years—the equivalent of planting nearly 200,000 trees.

- We are using our own information technology, including the Energy and Emissions Management System, to record, track, forecast and report energy use and GHG emissions across our global operations. At our Corporate and Power Solutions headquarters campus in Milwaukee, we are using our new Gridlogix En-Net and Sustainability Manager™ to integrate solar energy generation subsystems with our Metasys® building management system to provide real-time monitoring, metering and control.

- Our Energy Hunt program is being implemented across participating manufacturing facilities. This employee training and continuous improvement program drives culture change towards more efficient energy use and waste elimination.
- Building a sustainable campus: The Johnson Controls Corporate and Power Solutions headquarters campus in Milwaukee was renovated and is world's first multi-building Leadership in Energy and Environmental Design (LEED) platinum-certified campus. LEED is the Green Building Council rating system for sustainability; platinum is its highest certification level.

The 33-acre site is home to almost 900 employees, and showcases the energy-efficient and sustainable building products and services that we provide to customers worldwide, including:

- Roof-mounted solar thermal panels producing hot water for the majority of the campus
- 1,452 ground-mounted solar photovoltaic panels generating up to 250 kilowatts of electricity, and reducing greenhouse gas emissions by 1.1 million pounds a year
- Geothermal heat pumps connected to 272 underground wells providing both heating and cooling water supply-reducing winter heating and summer chiller operating costs by at least 20 percent
- 30,000-gallon cistern capturing rainwater for use in restroom systems, reducing water consumption by 77 percent
- Participation by women- and minority-owned contractors and suppliers at more than 20 percent
- Locally harvested and manufactured materials account for more than 25 percent of construction and renovation materials
- Less Waste to Landfills – We have numerous efforts in place to reduce the amount and types of waste going to landfills, such as ensuring efficient use of materials as well as finding ways to recycle more. We also have experts under contract to help us find ways to reduce waste and increase recycling.
- Less Air and Greenhouse Gas Emissions - We make every effort to reduce air emissions and continue to be successful in this largely as a result of our drive to reduce energy and through the elimination of ozone-depleting substances from cleaning and degreasing processes. HVAC service technicians offer preventive maintenance and predictive diagnostics to prevent the release of ODS while working on equipment containing refrigerants at customer facilities.
- Regulatory Compliance - All Johnson Controls manufacturing facilities are required to be third party certified to ISO 14001. Such certification ensures we have systems in place to stay compliant with most applicable environmental regulations.

5. Work with our suppliers to improve the eco-efficiency of the supply chain.

Progress and Performance: Much of what we've learned internally we have shared with our customers to help them reduce their environmental footprint. We hold our suppliers to a Social and Environmental Performance Standard and have begun to ask many to begin reporting their greenhouse gas emissions. In 2008, we joined the Carbon Disclosure Project (CDP) Corporate Supply Chain Programme. This helps companies to extend their carbon disclosure to include related activities (reported under Scope 3 of the GHG Protocol) and to understand the risks and opportunities related to climate change within the supply chain. The CDP Corporate Supply Chain questionnaire explores the allocation of supplier emissions to business units or product groups. Extending disclosure into the supply chain will massively accelerate the corporate response to climate change.

#### SOCIAL RESPONSIBILITY:

6. Increase minority business development and supplier diversity.

Progress and Performance: With more than 420 diverse suppliers representing more than 50 product and service categories, and more than \$1 billion in purchases from diverse firms, Johnson Controls was named Corporation of the Year in 2008 by the National Minority Supplier Development Council (NMSDC). It was the second such honor for the company, whose diversity business initiative is directed by a corporate-level vice president reporting to the chairman and CEO. The supplier diversity team is led by a director of diversity business development. The initiative is integrated with corporate business strategies. The diversity vendor process accepts certified minority and woman-owned and historically underutilized businesses. Johnson Controls continues to be one a member of the Billion Dollar Roundtable, a group of companies that spend \$1 billion or more each year with certified women- and minority- owned suppliers.

7. Strive to attain a high performance work environment that is free of work place diseases and that is physically and emotionally safe.

Progress and Performance: We provide employees with safe, healthful places to work. Lost-time injuries at our U.S. facilities have decreased dramatically over the last decade and are far below national averages for our industries. We set the same high standards for safety and for our environmental performance at all our locations around the world. Johnson Controls offers medical services to employees at facilities in countries including Mexico and South Africa, where access to health care may be limited. Often, services are also delivered to immediate family members, and include medical care for various indigenous diseases. In South Africa, jointly with the Automotive Industry Development Centre, we operate a workplace program to help fight the HIV/AIDS pandemic. Goals include reducing infection rates through employee education, and creating an environment of openness, disclosure and acceptance. In Mexico, our medical department provides employees and their families with services not provided by local clinics. We sponsor educational programs about prevention and treatment of both common and serious diseases. As needed, plant doctors make "house calls" to employee family residences.

8. Recognize and respect the human rights of our employees and community stakeholders.

Progress and Performance: Our community relations efforts create and nurture partnerships through the Johnson Controls Foundation, sponsorships and employee volunteer engagement and support. It's what we do at our major U.S. headquarters' locations as well as in hundreds of smaller communities around the world where Johnson Controls has a presence. Our Ethics policy and our Human Rights & Sustainability policy reinforce the behaviors we expect from our managers and employees.

9. Promote fair selection, development, engagement and recognition of our people to ensure a diverse, inclusive and sustainable workforce.

Progress and Performance: - For Johnson Controls, diversity is a requirement for doing business right. We provide customers with products and services reflecting the preferences of a diverse global marketplace. This requires a workforce with the thoughts, ideas and experiences needed to serve all markets. Johnson Controls is committed to attracting, developing and training the best talent in the world. Recognizing that excellence comes in many forms and from every region, we foster a culture that promotes excellent performance, teamwork, inclusion, leadership and growth. To accomplish our business growth objectives, our employees must be involved and engaged as individuals and as team members. Our employee and leader diversity mirrors our global markets and population. We do that by hiring and working with smart, talented people who can bring us diverse perspectives and capabilities. We work to eliminate discrimination and harassment in all its forms, and we are committed to providing equal opportunity in all of our employment practices. By valuing diversity, all our employees can fully realize their potential

10. Invest in the communities we serve through employee volunteerism and targeted philanthropic giving.

Progress and Performance: Through our products, services, operations and community involvement, we promote the efficient use of resources to benefit all people and the world. In the last decade, the Johnson Controls Foundation has given millions to support charitable organizations in the areas of the arts, education and social services. In all regions of the world, we foster community involvement by our employees through our Blue Sky Involve employee volunteer program, demonstrating our social conscience to improve the communities in which we live, work and operate. We continue to expand our successful Conservation Leadership Corps (CLC) initiative beyond the United States, in countries where we have major centers of operations and employees-China, Mexico, the United Kingdom, Germany, Slovakia and Czech Republic. CLC participants restore and maintain natural areas and parklands, and engage in an environmental education curriculum, as well as valuable job readiness training to prepare them for their futures. Globally, the student participants volunteer their time on environmental projects that include urban farming, environmental education on reducing one's own carbon footprint, renovating youth centers, planting gardens at trees at local schools, and creating outdoor spaces to be used by the community.

#### TARGETS FOR THE NEXT REPORTING PERIOD AND MID-TERM OBJECTIVES AND GOALS (i.e., 3-5 YEARS) RELATED TO KEY RISKS AND OPPORTUNITIES:

Targets for mid-term/long-term objectives and goals:

Our Ten Year Marker broadly defines our approach and focus for the next ten years. Specifically, it addresses the following:

**INTEGRITY** - We will behave with unquestioned integrity and in accordance with our ethics policy. The strength of personal relationships across businesses and functions will allow us to win. We will treat each other with dignity and respect. We will be stewards of our culture. Our workplaces will be physically and emotionally safe.

**GLOBAL GROWTH** - We will be recognized as a global growth company. We will thrive in the global economy because we act with speed and discipline, and we will seize opportunity. We will take share from our competitors.

**EMPLOYEE ENGAGEMENT AND LEADER DEVELOPMENT** - As we grow so will our people. We will build a culture of global employee and leader development that will be a benchmark. Our employees will be involved and engaged as individuals and as team members. Our employee and leader diversity will mirror our global markets and population.

**CUSTOMER SATISFACTION** - We will be known for customer satisfaction. Our leaders will be customer advocates and have strong market and customer knowledge. We will define our success by market share and market leadership. We will be proactive, hard-driving and competitive.

**CONTINUOUS IMPROVEMENT** - We will achieve global competitiveness by driving continuous improvement across all activities and all functions.

**INNOVATION** - Innovation will be a significant driver of our global growth and profitability. Ingenious products, services, solutions and processes will create new value and exceptional customer experiences. We will continuously rethink the way we do business.

**SUSTAINABILITY** - Environmental sustainability will be a key element of our business. We will reduce our greenhouse gas intensity and more than offset our total emissions through the beneficial environmental impact of our products and services. The materials in our products will be recyclable or recoverable. We will be a leading global provider of advanced energy storage systems.

**SHAREHOLDER VALUE** - We will demonstrate the value of our multi-industry business model by transferring talent, technology and processes across the company. Our shareholder value will increase, and our stock will be accorded a price/earnings multiple among the best of the diversified manufacturing companies.

#### ECONOMIC PROSPERITY:

1. Ensure the ongoing financial viability of the business through strategic investments and management of risk.

2. Hold ourselves accountable to the highest standards of corporate and personal integrity and ethics.

#### ENVIRONMENTAL STEWARDSHIP:

3. Achieve competitive advantage from environmentally responsible products and services.

4. Reduce our global environmental footprint. In 2009 we added the following specific targets, which are discussed in detail in various section of this report:

Key sustainability strategies and our progress with each are discuss above. Specific environmental targets implemented during 2009 follow:

- Energy - reduce energy consumption by 30% per dollar revenue from 2008 to 2018.
- Greenhouse gas emissions (GHG) – reduce GHG emissions by 30% per dollar revenue from 2008 to 2018. Our United States Environmental Protection Agency Climate Leaders goal of reducing our U.S. GHG intensity by 30 percent from 2002 to 2012 remains in effect.
- Waste - reduce wastes sent to landfill or incinerated for disposal by 20% per dollar revenue from 2008 to 2018.
- Water - reduce energy consumption by 10% per dollar revenue from 2008 to 2018.
- ISO 1400 - 100 percent of manufacturing facilities are compliant or certified to ISO 14001 by 2012.
- Design for sustainability—100% of new products have undergone the appropriate DfS review by 2012.
- 5. Work with our suppliers to improve the eco-efficiency of the supply chain.

#### SOCIAL RESPONSIBILITY:

6. Increase minority business development and supplier diversity.

7. Strive to attain a high performance work environment that is free of work place diseases and that is physically and emotionally safe.
8. Recognize and respect the human rights of our employees and community stakeholders.
9. Promote fair selection, development, engagement and recognition of our people to ensure a diverse, inclusive and sustainable work force.
10. Invest in the communities we serve through employee volunteerism and targeted philanthropic giving.

**GOVERNANCE MECHANISMS IN PLACE TO SPECIFICALLY MANAGE THESE RISKS AND OPPORTUNITIES, AND IDENTIFICATION OF OTHER RELATED RISKS AND OPPORTUNITIES:**

A direct result of the unprecedented events of the last several years has been the growing focus on improving Enterprise Risk Management (ERM) in global organizations. ERM has become one of the most important tasks of corporate leadership teams. Regulatory agencies, politicians, and industry advocates are actively lobbying Board of Directors and corporate leaders to formalize their ERM activities and improve the linkage between performance and accountability.

Johnson Controls corporate-wide enterprise risk management and mitigation program is broad based and built on a solid foundation of decades of Internal Audit risk monitoring and a series of recommendations from the 2007 XLP IV Risk Management Team. The program includes participation from senior leadership at each of the business units and the key corporate functions of finance, strategy, human resources, legal, and information technology. The process is incorporated with, and administered by, the strategic planning departments at corporate and in the business units. This process commences every year in November, coinciding with the start of the strategic planning calendar.

The Board of Directors and senior leadership team has embraced the importance of a robust corporate risk management program. The tone at the top has been clearly communicated and the culture is developing sensitivity to prudent risk management. The approach we employ is based on a collection of process steps taken from global best in class benchmarks. The creation of additional tools and the formation of a Risk Committee have greatly increased our ability to identify emerging risks, weigh appropriate risk appetite and improve the communication frequency and fidelity between corporate leadership and the Board of Directors. We are committed to continuously improve the tools, capability and breadth of that approach and to proactively identify, address and mitigate the risks that pose the greatest threat to our corporation.

Please see a full description of our enterprise-wide risk management and mitigation program titled "Risk Management process" in the Supporting References section of this answer.

Some of the key teams in place to ensure implementation follow:

- Executive Operations Team (EOT) – comprised of the highest level of management within the corporation and oversees overall global implementation of the strategic plan.
- Global Environmental Sustainability Council (GESC) - reports directly to the Executive Operating team that includes the CEO, CFO and each business President. The purpose of this council is to lead efforts to reduce our environmental footprint, gain competitive advantage through environmentally responsible products and services, and work with the Global Purchasing Council to help improve the eco-efficiency of the supply chain.
- Global Purchasing Council (GPC) – comprised of key procurement management personnel from our businesses and other experts representing supplier diversity and sustainability to ensure best practices e.g. social and environmental performance of suppliers, supplier diversity composition, as well as the quality and cost of purchased goods.
- Johnson Controls Foundation Board – comprised of executive management including CEO and C-suite vice presidents who oversee the Foundation and Blue Sky philanthropic activities and investments.
- Johnson Controls Foundation – supports our philanthropic efforts in the U.S. for addressing various environmental, social and educational needs as well as the arts. It also awards scholarships to children of employees in the United States and Canada and has provided lucrative college scholarships to more than 3,000 students.
- Blue Sky program - focused on environmental stewardship and leadership development philanthropic initiatives globally including employee volunteer activities in local communities. Our global volunteer program, Blue Sky Involve, encourages employees to form volunteer groups that work with local organizations to support environmental stewardship and leadership development projects.
- Customer satisfaction and recognition teams - We implemented a new global organizational structure to improve and streamline our interface with customers and more effectively understand and address their requirements. Through these new dedicated resources, we are providing customers with increased flexibility, product quality and improved operational efficiency across the globe.
- Energy Team – comprised of specialized internal experts that monitor energy consumption and provide recommendations for reductions.
- Specialized committees and management groups that address areas of the strategic plan that may be specific to a certain functional area or business group.

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**Supporting Documentation:**

Accenture sustainability report featuring JCI	Page #: <a href="#">View</a>
Risk Management process	Page #: <a href="#">View</a>
Carbon Disclosure Project	Page #: <a href="#">View</a>
Global Purchasing requirements - JCI supplier portal	Page #: <a href="#">View</a>
JCI Disclosure Policy	Page #: <a href="#">View</a>
JCI Vision and Values Web Link	Page #: <a href="#">View</a>
Billion Dollar Roundtable	Page #: <a href="#">View</a>
JCI Insider Trading Policy	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>
2011 Proxy Statement	Page #: <a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #: <a href="#">View</a>
2011 10K Report	Page #: <a href="#">View</a>
2011 Business & Sustainability Report	Page #: <a href="#">View</a>

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**Additional Comments**

A high level overview of our sustainability efforts is provided in our 2011 Business and Sustainability Report posted on our public web site. A full listing of business risks can be found in our 2011 10-K report.

# 2. Organizational Profile

## Name GRI 2.1

### 2. Organizational Profile / Name GRI 2.1

Name of the organization.

Johnson Controls, Inc. [www.johnsoncontrols.com](http://www.johnsoncontrols.com)  
P.O. Box 423 Milwaukee, Wisconsin, USA 53201

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**Additional Comments**

# Primary Brands, Services GRI 2.2

## 2. Organizational Profile / Primary Brands, Services GRI 2.2

Primary brands, products, and/or services.

Primary brand, product, or service	Percent of total revenues (%)	Nature of company's role in providing this product or service	Degree of outsourcing (%)	
<p>Building Efficiency business: Johnson Controls delivers products, services and solutions that increase energy efficiency and lower operating costs in buildings for more than one million customers. Operating from 500 branch offices in more than 150 countries, we are a leading provider of equipment, controls and services for heating, ventilating, air-conditioning, refrigeration and security systems. We have been involved in more than 500 renewable energy projects including solar, wind and geothermal technologies. Our solutions have reduced carbon dioxide emissions by 16 million metric tons and generated savings of \$19 billion since 2000. Many of the world's largest companies rely on us to manage 1.5 billion square feet of their commercial real estate.</p> <p>Brands: Frick, Metasys, Sabroe, York, Panoptix.</p>	37%	Engineering, manufacturing, sales, consulting, installation, maintenance of systems and products.		<u>C2</u>
<p>Automotive Experience business: Johnson Controls is a global leader in automotive seating, overhead systems, door and instrument panels, and interior electronics. We support all major automakers in the differentiation of their vehicles through our products, technologies and advanced manufacturing capabilities. With more than 240 plants worldwide, we are where our customers need us to be. Consumers have enjoyed the comfort and style of our products, from single components to complete interiors. With our global capability we supply more than 50 million cars per year.</p> <p>Brands: Blueconnect, Homelink, Recaro KEIPER Taumel 3000 Recliners, KEIPER Lever 3000.</p>	49%	Designs and manufactures products and systems.		<u>C3</u>
<p>Johnson Controls Power Solutions business is the global leader in lead-acid automotive batteries and advanced batteries for Start-Stop, hybrid and electric vehicles. Our 50 manufacturing, recycling and distribution centers supply more than one third of the world's lead-acid batteries to major automakers and aftermarket retailers. Through our innovations we are building the advanced battery industry for hybrid and electric vehicles. We were the first company in the world to produce lithium-ion batteries for mass-production hybrid vehicles. Our commitment to sustainability is evidenced by our world-class technology, manufacturing and recycling capabilities.</p> <p>Brands: Optima, Heliar, Varta, and LTH batteries.</p>	14%	Services both automotive original equipment vehicle manufacturers and the battery aftermarket by providing advanced battery technology, coupled with systems engineering, marketing and service expertise.		<u>C4</u>

**C2**  
See more detail below including comments on outsourcing in Additional Comments.

**C3**  
See more detail below including comments on outsourcing in Additional Comments.



## C4

See more detail below including comments on outsourcing in Additional Comments.

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### Additional Comments

#### BUILDING EFFICIENCY:

Johnson Controls provides heating, ventilating and air-conditioning (HVAC) equipment, control systems, services and solutions that increase energy efficiency, reduce greenhouse gas (GHG) emissions and lower operating costs in non-residential buildings. Our solutions include "green" building consulting, energy-efficient lighting retrofits, renewable energy sources and advanced technologies that manage energy use in individual buildings as well as across global real estate portfolios. We provide products and services to more than one million buildings in over 150 countries. Johnson Controls also provides residential HVAC systems in North America. In fiscal year 2011, building efficiency sales accounted for 37% of the company's consolidated net sales.

The company's brands include York® chillers, air handlers and other HVAC mechanical equipment that provide heating and cooling in nonresidential buildings. The Metasys® control system monitors and integrates HVAC equipment with other critical buildings systems to maximize comfort while reducing energy and operating costs. The company also owns the Frick®, Sabroe®, Enviro-Tec®, Facility Explorer®, and Penn® brands. As one of the world's largest suppliers of technical services, building efficiency supplements or serves as inhouse staff to maintain, optimize and repair building systems made by the company or by competitors. The company offers a wide range of solutions such as performance contracting under which energy savings are used by the customer to pay a third party financier for the project costs over a number of years. In addition, our Global Workplace Solutions provide full-time, onsite operations staff and real estate consulting services to help customers, especially multinational companies, reduce costs and improve the performance of their facility portfolios. The company's onsite staff typically self performs tasks related to the comfort and reliability of the facility, and manages the subcontractors for functions like foodservice and landscaping. Through its unitary products business, the company produces air conditioning and heating equipment for the residential market.

In 2011, Johnson Controls introduced the Panoptix™ building efficiency solution, designed to improve the performance and sustainability of buildings. Panoptix combines cloud-based computing, data management and analytics with Johnson Controls' 125 years of expertise.

Outsourcing is used for such corporate function services as the IT help desk and some IT development. Some outsourcing of contract engineering is used to help manage variation in peak workloads. Other consulting services such as advertising, public relations, and public accounting are also generally outsourced. We periodically contract services to local subcontractors based on the variation in business volume and availability of resources.

#### AUTOMOTIVE EXPERIENCE:

Automotive experience designs and manufactures products and systems for passenger cars and light trucks, including vans, pickup trucks and sport/crossover utility vehicles. The business produces automotive interior systems for original equipment manufacturers and operates more than 230 plants worldwide. Additionally, the business has partially owned affiliates in Asia, Europe, North America and South America.

Automotive experience systems and products include complete seating systems and components; cockpit systems, including instrument clusters, information displays and body controllers; overhead systems, including headliners and electronic convenience features; floor consoles; and door systems. In fiscal year 2011, automotive experience sales accounted for 49% of the company's consolidated net sales. The Automotive Experience business owns the HomeLink® brand of automated garage-door opening system.

The business operates assembly plants that supply automotive manufacturers with complete seats on a "justintime/insequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. Certain of the business's other automotive interior systems are also supplied on a "justintime/insequence" basis. Foam and metal seating components, seat covers, seat mechanisms and other components are shipped to these plants from the business's production facilities or outside suppliers.

Outsourcing is used for such corporate function services as the IT help desk and some IT development. Some outsourcing of contract engineering is used to help manage variation in peak workloads. Other consulting services such as advertising, public relations, and public accounting are also generally outsourced.

#### POWER SOLUTIONS:

Power solutions services both automotive original equipment vehicle manufacturers and the battery aftermarket by providing advanced battery technology, coupled with systems engineering, marketing and service expertise. The company is the largest automotive battery manufacturer in the world, producing more than 130 million lead acid batteries annually in approximately 70 manufacturing or assembly plants in 20 countries.

Investments in new product and process technology have expanded product offerings to nickelmetalhydride and lithiumion battery technology to power hybrid vehicles. Sales of automotive batteries generated 14% of the company's fiscal year 2011 consolidated net sales.

Automotive batteries are sold throughout the world under private label and under the company's brand names (Optima®, Heliar®, Varta®, and LTH®) to automotive replacement battery retailers and distributors and to automobile manufacturers as original equipment.

Outsourcing is used for such corporate function services as the IT help desk and some IT development. Some outsourcing of contract engineering is used to help manage variation in peak workloads. Other consulting services such as advertising, public relations, and public accounting are also generally outsourced.

Johnson Controls has adopted "brand health" measures as it seeks to build its brand and businesses around the world. These measures are:

Awareness (Aided & Unaided)  
Familiarity  
Experience & Satisfaction

Industry Association  
Choice  
Advertising Recall

These measures are tracked periodically in a blind study.

# Operational Structure GRI 2.3

## 2. Organizational Profile / Operational Structure GRI 2.3

Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.

Johnson Controls is a Wisconsin corporation organized in 1885. Its principal office is located at 5757 North Green Bay Avenue, P.O. Box 591, Milwaukee, Wisconsin 53201 U.S.A.

Johnson Controls was originally incorporated in the state of Wisconsin in 1885 as Johnson Electric Service Company to manufacture, install and service automatic temperature regulation systems for buildings. The Company was renamed to Johnson Controls, Inc. in 1974. In 1978, we acquired Globe-Union, Inc., a Wisconsin-based manufacturer of automotive batteries for both the replacement and original equipment markets. We entered the automotive seating industry in 1985 with the acquisition of Michigan-based Hoover Universal, Inc. In 2005, the Company acquired York International, a global supplier of heating, ventilating, air-conditioning and refrigeration equipment and services.

The company operates in three primary businesses:

Power Solutions, headquarters in Milwaukee, Wisconsin USA.

Building Efficiency, headquarters in Milwaukee, Wisconsin USA, and Brussels, Belgium.

Automotive Experience, headquarters in Plymouth, Michigan, USA, and Burscheid, Germany.

### Power Solutions -

Our power solutions business is a leading global supplier of lead-acid automotive batteries for virtually every type of passenger car, light truck and utility vehicle. We serve both automotive original equipment manufacturers (OEMs) and the general vehicle battery aftermarket. We are the leading supplier of batteries to power Start-Stop vehicles, as well as lithium-ion battery technologies to power certain hybrid and electric vehicles.

Batteries and plastic battery containers are manufactured at wholly- and majority-owned plants in North America, South America, Asia and Europe.

### Building Efficiency -

Our building efficiency business is a global market leader in designing, producing, marketing and installing integrated heating, ventilating and air conditioning (HVAC) systems, building management systems, controls, security and mechanical equipment. In addition, the building efficiency business provides technical services, energy management consulting and operations of entire real estate portfolios for the non-residential buildings market. We also provide residential air conditioning and heating systems and industrial refrigeration products.

Building efficiency sells its control systems, mechanical equipment and services primarily through the Company's extensive global network of sales and service offices. Some building controls and mechanical systems are sold to distributors of air-conditioning, refrigeration and commercial heating systems throughout the world.

### Automotive Experience -

Our automotive experience business is one of the world's largest automotive suppliers, providing innovative interior systems through our design and engineering expertise. Our technologies extend into virtually every area of the interior including seating and overhead systems, door systems, floor consoles, instrument panels, cockpits and integrated electronics. Customers include most of the world's major automakers.

Automotive experience designs and manufactures interior products and systems for passenger cars and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. The business produces automotive interior systems for OEMs and operates approximately 230 wholly- and majority-owned manufacturing or assembly plants in 33 countries worldwide. Additionally, the business has partially-owned affiliates in Asia, Europe, North America and South America.

The business operates assembly plants that supply automotive OEMs with complete seats on a "just-in-time/in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. Certain of the business's other automotive interior systems are also supplied on a just-in-time/in-sequence basis. Foam, metal and plastic seating components, seat covers, seat mechanisms and other components are shipped to these plants from the business's production facilities or outside suppliers.

Joint ventures are listed by business unit in a document included in the Supporting References.

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### Supporting Documentation:

Joint Ventures Page #: [View](#)

2011 10K Report Page #: 1-5 [View](#)

# Headquarters GRI 2.4

## 2. Organizational Profile / Headquarters GRI 2.4

Location of the organization's headquarters.

Johnson Controls' corporate headquarters is located at 5757 N. Green Bay Avenue, P.O. Box 591, Milwaukee, Wisconsin 53201, USA.

The headquarters for each of our three business units are also located in the U.S.:

Building Efficiency headquarters:  
507 N. Michigan St.  
Milwaukee, WI 53202

Power Solutions headquarters:  
5757 N. Green Bay Avenue  
Milwaukee, WI 53209

Automotive Experience headquarters:  
49200 Halyard Dr.  
Plymouth, MI 48170

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### Additional Comments

# Countries of Operation GRI 2.5

## 2. Organizational Profile / Countries of Operation GRI 2.5

Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

At September 30, 2011, the Company conducted its operations in 61 countries throughout the world, with its world headquarters located in Milwaukee, Wisconsin. The Company's wholly- and majority-owned facilities, which are listed in a table in the referenced pages in the 10-K Report and are owned by the Company except as noted. The company has offices (i.e. sales, engineering and administration offices) in more countries than those listed below as we are active in 150 countries worldwide. The countries listed below are those where we have operations. The facilities primarily consisted of manufacturing, assembly and/or warehouse space.

Automotive Experience has operations in these countries:

United States, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Czech Republic, France, Germany, Italy, Japan, Korea, Macedonia, Malaysia, Mexico, Poland, Republic of Slovenia, Romania, Russia, Slovak Republic, South Africa, Spain, Sweden, Thailand, Tunisia, Turkey, United Kingdom.

Building Efficiency has operations in these countries:

United States, Austria, Brazil, Belgium, Canada, China, Denmark, France, Germany, Hong Kong, India, Italy, Japan, Mexico, Netherlands, Poland, Romania, Russia, South Africa, Spain, Switzerland, Turkey, United Arab Emirates, United Kingdom.

Power Solutions has operations in these countries:

United States, Austria, Brazil, China, Czech Republic, France, Germany, Korea, Mexico, Spain, Sweden.

Corporate operates in Milwaukee, Wisconsin, U.S.

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### Supporting Documentation:

2011 10K Report Page #: 14-17 [View](#)

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### Additional Comments

Countries in which we operate and other detailed information are provided in our financial filings to the Securities Exchange Commission, i.e., Annual 10-K Reports.

# Legal Form GRI 2.6

## 2. Organizational Profile / Legal Form GRI 2.6

Nature of ownership and legal form.

Johnson Controls is a publicly owned company governed by a board of directors.

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**Additional Comments**

# Markets Served GRI 2.7

## 2. Organizational Profile / Markets Served GRI 2.7

Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).

Markets served:

Power Solutions division of Johnson Controls provides lead-acid batteries primarily to the automotive and marine sectors. These batteries are used primarily for "starting, ignition, and lighting" applications. We sell these products primarily to retailers, wholesale distributors, installers, and original equipment manufacturers. These batteries ultimately serve end-users -- people who drive their vehicles, boats and other recreational equipment. We have direct operations around the world, including the United States, Canada, Mexico, Brazil, the European Union, the United Kingdom and China.

The Automotive Experience business of Johnson Controls provides automotive seating, interiors and electronics components and systems to almost every automaker globally. Our seating products include: seat trim, foam, metals and mechanisms, as well as complete seat systems. Our interior components include: door panels; overhead systems, sun visors, overhead consoles; in addition to center and floor consoles and instrument panels. Our electronics products include integrated electronics - displays, instrument clusters, connectivity systems and body electronics; as well as electrical energy management and the HomeLink Wireless Control System. All of these components are sold as original equipment to automotive manufacturers. The Automotive Experience business has manufacturing operations around the world throughout North America, South America, Europe and Asia-Pacific.

Building Efficiency division of Johnson Controls provides global solutions for operating buildings effectively and efficiently. We are present in 500+ locations in North America, Europe, Latin America, Asia and the Middle East. Our capabilities include HVAC equipment, control systems, security and fire systems, and services for commercial and residential buildings that improve comfort, sustainability, and security. We provide expertise across the entire building lifecycle from planning and construction to operation and maintenance, and have solutions for every building type. Our focus is to increase a building's energy efficiency and operational performance through a comprehensive bundle of building systems and service offerings. The buildings market can be characterized by customers' needs and requirements for their facilities. We define/serve the following segments based on customer buying behavior, building / project types, and system/equipment profiles:

- Complex Market (i.e. hospitals, airports, stadiums, pharmaceutical labs)
- Mid Market (i.e. schools, commercial office, government buildings)
- Residential / Light Commercial (i.e. retail stores, small offices, homes)
- Enterprise (campus-style environment, entire building portfolio for global Fortune 1000 customers)

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### Supporting Documentation:

JCI Product and Solutions Web Link	Page #:	<a href="#">View</a>
2011 10K Report	Page #: 4-5	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 6-21	<a href="#">View</a>

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### Additional Comments

# Scale of Organization GRI 2.8

## 2. Organizational Profile / Scale of Organization GRI 2.8

Scale of reporting organization:

Number of Employees for Year Ended September 30th:

Metric	2007	2008	2009	2010	2011
No. Employees	140,000	140,000	130,000	137,000	162,000

Net Sales by Business Group, Products/Services and Region for Year Ended September 30th. Amounts in millions of US dollars.

Business Group	Region & Products/Services	2007	2008	2009	2010	2011
Automotive experience						
North America		7,276	6,723	4,631	6,765	7,431
Europe		8,878	9,854	6,287	8,019	10,267
Asia		1,398	1,514	1,098	1,826	2,367
Subtotal		17,552	18,091	12,016	16,610	20,065

Building Efficiency	2007	2008	2009	2010	2011
North America Systems	2,027	2,282	2,222	2,142	2,343
North America Service	2,273	2,409	2,168	2,127	2,305
North America Unitary (incl in Other in 2011)	953	810	684	787	xxx
Products					
Workplace Solutions	2,677	3,197	2,832	3,288	4,153
Europe(2007-2009)/	2,406	2,710	2,140	1,422	1,840
Asia (2010- 2011)					
Rest of World (2007-2009)/	2,401	2,713	2,447	3,823	4,252
Other (2010-2011)					
Subtotal	12,737	14,121	12,493	12,802	14,893

Power Solutions	4,335	5,850	3,988	4,893	5,875
Subtotal					

Consolidated Net Sales 34,624 38,062 28,497 34,305 40,833

Operating Income and Total Assets and Dividends for Year Ended September 30th. Amounts in millions of US.

Metric	2007	2008	2009	2010	2011
Operating Income	1,607	1,324	(318)	1,763	2,111
Total Assets	24,105	24,987	24,088	25,743	29,676

Common Share Information

Metric	2007	2008	2009	2010	2011
Shareholders	47,810	47,543	46,460	44,627	43,340
Dividends/share (\$US)	0.44	0.52	0.52	0.52	0.64
Return on average shareholders' equity	16%	11%	-4%	16%	15%

Quantity of Products or services provided:

- Automotive interior systems supplied to global capacity of more than 50 million new vehicles in 2011
- 130 million automotive batteries produced in 2011
- Heating, ventilating and air conditioning systems and services provided to more than one million buildings in over 150 countries.

Beneficial Ownership:

Top Institutional Shareholders:

Institution % of S/O

Capital World Investors (U.S.) 5.92



Capital Research Global Investors (U.S.) 4.75  
The Vanguard Group, Inc. 3.92  
Wellington Management Company, LLP 3.66  
BlackRock Fund Advisors 3.61  
State Street Global Advisors (SSgA) 3.45  
J.P. Morgan Investment Management, Inc. 3.30  
Institutional Capital, LLC 2.51  
MFS Investment Management, Inc. 2.48  
AllianceBernstein, L.P. (U.S.) 1.99  
Northern Trust Investments, Inc. 1.83  
T. Rowe Price Associates, Inc. 1.69  
BlackRock Advisors, LLC 1.60  
Fidelity Management & Research Company 1.40  
Pioneer Investment Management, Inc. 1.10  
TIAA-CREF Investment Management 1.09  
Victory Capital Management, Inc. 0.96  
BNY Asset Management 0.92  
Goldman Sachs Asset Management, L.P. (U.S.) 0.89  
Columbia Management Investment Advisers, LLC 0.76  
Hotchkis and Wiley Capital Management, LLC 0.71  
Citigroup Global Markets, Inc. (Broker) 0.67  
Eaton Vance Management, Inc. 0.67  
Russell Investment Group, Inc. 0.66  
Bessemer Investment Management, LLC 0.65  
Franklin Advisers, Inc. 0.60  
BlackRock Investment Management (U.K.), LTD 0.59  
Geode Capital Management, LLC 0.58  
Wells Fargo Securities LLC (Broker) 0.54  
J.P. Morgan Chase Bank, NA 0.53  
Wells Capital Management, Inc. 0.48  
WestEnd Advisors, LLC 0.47  
Invesco Advisers, Inc. 0.47  
Morgan Stanley Smith Barney, LLC 0.46  
Mellon Capital Management Corporation 0.44  
OppenheimerFunds, Inc. 0.42  
Legal & General Investment Management, LTD 0.41  
Norges Bank Investment Management (Norway) 0.40  
ClearBridge Advisors, LLC 0.40  
Managed Account Advisors, LLC 0.39  
Mitsubishi UFJ Trust & Banking Corporation 0.38  
New York State Common Retirement Fund 0.35  
Sumitomo Trust & Banking Co., LTD 0.33  
The Dreyfus Corporation 0.30  
The Boston Company Asset Management, LLC 0.29  
New York State Teachers' Retirement System 0.28  
California Public Employees Retirement System 0.27  
Deutsche Bank Trust Company Americas 0.25  
Haverford Trust Company (Asset Management) 0.25  
Renaissance Technologies Corporation 0.25

Total capitalization for FY11 broken down in terms of debt and equity:  
Debt \$5,146 billion, Equity \$11,042 billion. Total capitalization: \$16,188 billion.

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**Supporting Documentation:**

2011 10K Report Page #: 23, 25-28, 41 [View](#)

# Significant Changes GRI 2.9

## 2. Organizational Profile / Significant Changes GRI 2.9

Significant changes during the reporting period regarding its size, structure, or ownership including:

- The location of, or changes in operations, including facility openings, closings, and expansions; and
- Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).

Changes in operations -

Acquisitions:

In addition to capital investments to drive organic growth, we made \$1.4 billion in strategic acquisitions in 2011, primarily across our automotive business.

Automotive Experience acquired German companies C. Rob. Hammerstein and Keiper/Recaro Automotive to offer automakers a complete range of metal components and mechanisms. We also acquired Michel Thierry, a respected France-based supplier of fabrics and trim. These acquisitions have enhanced our technology capabilities and are expected to yield significant paybacks in 2012.

Power Solutions purchased Saft's share of our lithium-ion battery joint venture, reflecting our commitment to being a leader in the advanced battery space. The acquisition enables us to expand our capabilities across technology, systems, applications and business models.

During the year, Building Efficiency acquired EnergyConnect Group, a leading provider of smart grid demand response services and technologies. The acquisition enables Johnson Controls to help building owners and operators manage how much energy their buildings consume and when the energy is consumed—a critical feature of connecting smart buildings to the smart grid.

EnergyConnect's demand response technology and service platform provides customers real-time energy information and access to energy markets, enabling them to manage energy usage.

In 2011, we completed three acquisitions that are expected to bring improved technologies to our global customers and drive the accelerated growth and profitability of our Automotive Experience business.

We completed the acquisitions of German companies Keiper/Recaro Automotive and C. Rob. Hammerstein (CRH), elevating Johnson Controls to a leading position globally in the metal and mechanisms market.

Keiper is a leader in recliner system technology with engineering and manufacturing expertise in metals and mechanisms for automobile seats. The acquisition strengthens our competitive position in key seating components with expanded opportunities to develop new products and technologies.

CRH is a leading global supplier of high-quality metal seat structures, components and mechanisms. CRH's strong product portfolio and customer base in the premium segment complements our existing product portfolio, which is primarily comprised of vehicle segments with high production volumes.

Our Automotive Experience business also provides seat trim covers. In 2011, we acquired Michel Thierry, a highly respected supplier of fabrics and lamination based in France. This will help Johnson Controls become a leader in textiles and trim for our automotive customers.

Expansions in operations:

Power Solutions continued to expand in China in 2011, launching operation of our new Changxing plant with an annual capacity of 8 million batteries. The business also began construction of our Chongqing plant, which will have capacity to manufacture 6 million units annually. We plan to make investments of more than \$1 billion in China by 2016.

To support our growth in the United States, we built a new distribution center in Delaware with an initial annual capacity of 8.5 million units.

Our joint venture with Saft was the first company in the world to manufacture lithium-ion batteries for mass-produced hybrid vehicles. In 2011, Power Solutions acquired Saft's interests in the joint venture because we had differing views on the future direction of the company. This move reinforces our commitment to the advanced battery industry and enables us to expand our full range of capabilities across technology, systems, applications and business models.

In 2011, Power Solutions opened its new advanced battery center in Holland, Michigan. It is the first facility in the United States to produce complete lithium-ion battery cells and systems for hybrid and electric vehicles, such as Ford's Transit Connect Electric. The facility was financed in part by an American Recovery and Reinvestment Act (ARRA) matching grant.

Battery Technology and Test Center:

We opened our newly renovated Battery Technology and Test Center at our Power Solutions headquarters in Glendale, Wisconsin last year. The 9,000-square-foot facility is the largest energy storage research and development center in North America. Engineers at the facility test, validate and ready for production the batteries that will go in the most energy-efficient vehicles that are on the road today.

Our Power Solutions business is the world's leading supplier of automotive batteries and is the recognized leader in automotive battery recycling around the world through our closed-loop distribution processes.

In 2011, Power Solutions broke ground on a fully integrated battery recycling facility in Florence, South Carolina, the first facility of its kind to receive an air permit in the United States in nearly 20 years.

We have begun operations in our lead recycling facility in Garcia, Mexico and also announced plans to invest more than \$70 million in our battery recycling center in Cienega, Mexico, which was acquired in 2004, to install more efficient equipment and technologies.

These investments are part of our overall strategy to grow lead-acid battery recycling capacity to ensure a reliable source of raw material to support battery production for our customers and that we have the most environmentally responsible battery recycling operations in the world.

Acquisitions- (see page 64-65 10K report):

During the fourth quarter of fiscal 2011, the Company acquired an additional 49% of a power solutions partially-owned affiliate. The acquisition increased the Company's ownership percentage to 100%. The Company paid approximately \$143 million (excluding cash acquired of \$11 million) for the additional ownership percentage and incurred approximately \$15 million of acquisition costs and related purchase accounting adjustments. As a result of the acquisition, the Company recorded a non-cash gain of \$75 million within power solutions equity income to adjust the Company's existing equity investment in the partially-owned affiliate to fair value. Goodwill of \$94 million was recorded as part of the transaction. The purchase price allocation may be subsequently adjusted to reflect final valuation studies.

During the third quarter of fiscal 2011, the Company completed its acquisition of Keiper/Recaro Automotive, a leader in recliner system technology with engineering and manufacturing expertise in metals and mechanisms for automobile seats, based in Kaiserslautern, Germany. The total purchase price, net of cash acquired, was approximately \$450 million, all of which was paid as of September 30, 2011. In connection with the Keiper/Recaro Automotive acquisition, the Company recorded goodwill of \$126 million in the automotive experience Europe segment. The purchase price allocation may be subsequently adjusted to reflect final valuation studies.

The Keiper/Recaro Automotive acquisition strengthens the Company's metal components and mechanisms business. Keiper/Recaro's expertise includes the complete engineering process and technologies used to produce metal seat components, structures and mechanisms. The product range encompasses mechanisms which adjust the seat's length and height, recliners that adjust the backrest position of vehicle seats, and rear seat latches. The acquisition strengthens the Company's competitive position in key seating components with expanded opportunities to develop new differentiating products and technologies. Increasing vertical integration and enhancing the Company's seating components technologies are expected to accelerate future growth of the Company's automotive seating business.

During the second quarter of fiscal 2011, the Company completed its acquisition of the C. Rob. Hammerstein Group (Hammerstein), a leading global supplier of high-quality metal seat structures, components and mechanisms based in Solingen, Germany. The total purchase price, net of cash acquired, was approximately \$529 million, all of which was paid as of September 30, 2011. In connection with the Hammerstein acquisition, the Company recorded goodwill of \$193 million primarily in the automotive experience Europe segment. The purchase price allocation may be subsequently adjusted to reflect final valuation studies.

The Hammerstein acquisition enables the Company's automotive experience business to enhance its expertise in metal seat structures and expand into premium vehicle segments. Hammerstein's strong product portfolio and customer base in the premium segment complements the Company's product portfolio, which is primarily comprised of vehicle segments with high production volumes. Hammerstein's product capabilities include front seat structures, seat tracks and height adjusters, multi-way adjusters, power gear boxes, as well as special applications such as steering column adjusters. Hammerstein's expertise includes the complete product development process, from design and engineering to the manufacture of individual components and complete seat systems.

Also during fiscal 2011, the Company completed five additional acquisitions for a combined purchase price, net of cash acquired, of \$115 million, all of which was paid as of September 30, 2011. The acquisitions in the aggregate were not material to the Company's consolidated financial statements. As a result of one of these acquisitions, which increased the Company's ownership from a noncontrolling to controlling interest, the Company recorded a non-cash gain of \$14 million within automotive experience Asia equity income to adjust the Company's existing equity investment in the partially-owned affiliate to fair value. In connection with the acquisitions, the Company recorded goodwill of \$105 million. The purchase price allocations may be subsequently adjusted to reflect final valuation studies.

In July 2010, the Company acquired an additional 40% of a power solutions Korean partially-owned affiliate. The acquisition increased the Company's ownership percentage to 90%. The remaining 10% was acquired by the local management team. The Company paid approximately \$86 million (excluding cash acquired of \$57 million) for the additional ownership percentage and incurred approximately \$10 million of acquisition costs and related purchase accounting adjustments. As a result of the acquisition, the Company recorded a non-cash gain of \$47 million within power solutions equity income to adjust the Company's existing equity investment in the Korean partially-owned affiliate to fair value. Goodwill of \$51 million was recorded as part of the transaction.

Capital structure changes -debt offerings and conversions in FY2011:

In November 2010, the Company repaid debt of \$82 million which was acquired as part of an acquisition in the first quarter of fiscal 2011. The Company used cash to repay the debt.

In January 2011, the Company retired \$654 million in principal amount, plus accrued interest, of its 5.25% fixed rate notes that matured on January 15, 2011. The Company used cash to fund the payment.

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In February 2011, the Company issued \$350 million aggregate principal amount of floating rate senior unsecured notes due in fiscal 2014, \$450 million aggregate principal amount of 1.75% senior unsecured fixed rate notes due in fiscal 2014, \$500 million aggregate principal amount of 4.25% senior unsecured fixed rate notes due in fiscal 2021 and \$300 million aggregate principal amount of 5.7% senior unsecured fixed rate notes

due in fiscal 2041. Aggregate net proceeds of \$1.6 billion from the issues were used for general corporate purposes including the retirement of short-term debt.

In February 2011, the Company entered into a six-year, 100 million euro, floating rate loan scheduled to mature in February 2017. Proceeds from the facility were used for general corporate purposes.

In February 2011, the Company replaced its \$2.05 billion committed five-year credit facility, scheduled to mature in December 2011, with a \$2.5 billion committed four-year credit facility scheduled to mature in February 2015. The facility is used to support the Company's outstanding commercial paper. At September 30, 2011, there were no draws on the facility.

In April 2011, a total of 157,820 equity units, which had a purchase contract settlement date of March 31, 2012, were early exercised. As a result, the Company issued 766,673 shares of Johnson Controls, Inc. common stock and approximately \$8 million of 11.5% notes due 2042.

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**Supporting Documentation:**

2011 10K Report Page #: 41-42, 64 [View](#)  
2011 Business & Sustainability Report Page #: 4,7,15,19,20,45 [View](#)

# Awards Received GRI 2.10

## 2. Organizational Profile / Awards Received GRI 2.10

Awards received in the reporting period.

Our stakeholders honored us in 2011 and previously with numerous awards and other forms of recognition. The awards we received support our belief that our Values drive our continued financial, environmental and social performance. Here are some of our most recent significant awards:

### General/Corporate

- 100 Best Corporate Citizens – CR (Corporate Responsibility) magazine (formerly CRO) (ranked #1 in 2011, #22 in 2010, 2009, 2008, 2007, 2006)
- World's Most Innovative Companies – Forbes Magazine (2011)
- World's Most Ethical Companies, in the Automotive Category – Ethisphere magazine (2012, 2011, 2010, 2009, 2008, 2007)
- Most Admired Companies, in Motor Vehicle Parts & Accessories – Fortune magazine (#4 in 2011, #4 in 2010, #4 in 2009, #1 in 2008, #1 in 2007, #1 in 2006)
- Green Companies Ranking – U.S. – Newsweek magazine (#121 in 2011, #14 overall in 2010, #11 in 2009)
- Gold Class Sustainability Leader - Sustainable Asset Management (SAM) Sustainability Yearbook (2011, 2010, 2009, 2008)
- Silver Class Sustainability Leader - Sustainable Asset Management (SAM) Sustainability Yearbook (2012)
- Global 100: Most Sustainable Corporations in the World – Corporate Knights, Inc. (#64 in 2012, #29 in 2011, #23 in 2010)
- China 2012 Top Employer – Corporate Research Foundation Institute - Johnson Controls China was one of 32 companies out of 450 honored as one of the top employers in China for excellence in human relations management (2011)
- Best CFO in Consumer, Auto and Auto Parts category from buy-side analysts – Institutional Investor Magazine (Bruce McDonald, 2012)
- Best Investor Relations Company in the Consumer, Autos and Auto Parts category (buy-side analysts) – Institutional Investor Magazine (2012, 2010)
- Best Investor Relations Company in the Consumer, Autos and Auto Parts category (sell-side analysts) – Institutional Investor Magazine (2012, 2011, 2010)
- Best Investor Relations Professional in Consumer, Auto and Auto Parts category (buy-side analysts) – Institutional Investor Magazine (Glen Ponczak, 2012, 2011, 2010)
- Best Investor Relations Professional in Consumer, Auto and Auto Parts category (sell-side analysts) – Institutional Investor Magazine (Glen Ponczak, 2012, 2010)
- Most Honored Companies on All American Executive Team ranking – Institutional Investor Magazine (#15 in 2012)
- FORTUNE 500 Company – Fortune magazine (#76 In 2011, #83 in 2010, #58 in 2009, #72 in 2008, #67 in 2007, #75 in 2006)
- Top 100 Military-Friendly Employers – G.I. Jobs magazine (# 7 in 2011, #6 in 2010, #1 in 2008)

### Building Efficiency

- Top 25 Innovators List – Construction Week Magazine (2011)
- Workplace Safety and Health Council, BizSAFE Partner (2011)
- European Supply Chain Distinction Awards – Best Value Chain Solutions Provider (2011)
- Carbon Trust Standard Award (2011)
- Award for Best European Energy Efficiency Service Project – European Energy Service Initiative (2011)

### Power Solutions

- “Electrifying 100” List (Mary Ann Wright, President, Global Technology and Innovation, PS) – Automotive News (2011)
- Volkswagen Group Award (2011)
- Edison Best New Product Award (2011)
- Safety and Quality Award – YiQi Toyota (2011, 2010)
- What It Takes To Do the Job Right Award – AutoZone Mexico (2011, 2010, 2009)
- Supplier of the Year– General Motors (2011, 2010, 2009)
- Service Excellence Award – Interstate Battery Systems of America (2011, 2009)

### Automotive Experience

- Recaro voted “Best Brand” – Auto Motor and Sports (2012)
- Eurostar Award for “Supplier Division Head” – Beda Bolzenius, vice president of Johnson Controls and president of the company's Automotive Experience business – Automotive News Europe (2011)
- Toyota Supplier Awards – Value Improvement and Technology and Development (2011)
- Global Innovation Award – Nissan (2011)
- Ford World Excellence Award – Corporate Responsibility (2011)
- Ford World Excellence Award - Supplier Diversity Development – Corporation of the Year (2011)
- Urkunde – Ehrung für langjähriges Engagement im Umweltpakt Bayern (Certificate for Ongoing Environmental Protection Efforts) – Markus Soeder, Bavarian Ministry for the Environment and Health (2011)
- Top Quality Seat Supplier - J.D. Power and Associates (2011, 2010, 2009)

### Supplier Diversity

- Minority Supplier Development Advocate of the Year: Albert Louis, manager of diversity business development – South Region Minority Supplier Development Council (Alabama) (2011)
- Buyer of the Year: Jonathan Pratt, regional director of sourcing and supply chain management – Michigan Minority Supplier Development Council (2011)
- Minority Supplier Development Leader of the Year: Reginald Layton, director of diversity business development – National Minority Supplier Development Council (2011)
- Ford World Excellence Award - Supplier Diversity (2011)
- Corporation of the Year - South Region Minority Supplier Development Council (SRMSDC) (2011)
- Corporation of the Year – Wisconsin Supplier Development Council (2011)
- Corporation of the Year - Michigan Minority Supplier Development Council (MMSDC) (2011, 2010)
- Member of the Billion Dollar Roundtable (2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003)
- Superior Award for Supplier Diversity Initiatives – Toyota North America (2012, 2011, 2009, 2008, 2007, 2006, 2005, 2004)

#### Workforce Diversity

- Corporate Women’s Mentor Award – Tempo Milwaukee (2011)
- Top Supporter Engineering Programs at Historically Black Colleges and Universities - US Black Engineer & Information Technology Magazine (2011, 2010, 2009)
- Top 100 Companies to Work For – Savoy Professional (2011, 2009)

#### Sustainability

- Global 100: Most Sustainable Corporations in the World – Corporate Knights, Inc. (#64 in 2012, #29 in 2011, #23 in 2010)
- Silver Class Sustainability Leader - Sustainable Asset Management (SAM) (2012)
- Gold Class Recognition for Sustainability – Sustainable Asset Management (SAM) (2011, 2010, 2009, 2008)
- Green Companies Ranking – U.S. – Newsweek magazine (#121 in 2011, #14 in 2010, #11 in 2009)

#### Social Responsibility Investment Indexes

- Maplecroft Climate Innovation Indexes
  - o Maplecroft CII Benchmark Index, Ranked 5th – Includes 318 of the largest U.S. companies engaged in public climate-related programs (since 2010)
  - o Maplecroft CII Leaders Index, Ranked 5th – Includes 100 top performing companies from the Maplecroft CII Benchmark Index (since 2010)
- Carbon Disclosure Project Leadership Indexes
  - o S&P 500 Carbon Disclosure Leadership Index (2011, 2010)
- Dow Jones Sustainability Indexes: DJSI World & DJSI North America indexes (2011, 2010, 2009, 2008, 2007, 2006, 2005)
- FTSE4Good Index Series (Financial Times Stock Exchange) (2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004)
- Calvert Social Index (2011, 2010, 2009)
- NASDAQ OMX CRD Global Sustainability 50 Index (2011, 2010, 2009)
- KLD Indexes (Since date of inception for JCI)
  - o North America Sustainability Index (9/30/07)
  - o Global Sustainability Index (9/30/07)
  - o Dividend Achievers Social Index (10/31/06)
  - o Global Climate 100 Index (7/1/05)
  - o Select Social Index (6/1/04)
  - o Domini 400 Social Index (7/7/03)
  - o Catholic Values 400 Index (7/2/03)
  - o Broad Market Social Index (6/28/02)
  - o Large Cap Social Index (sub-index of FTSE KLD) (2010)
  - o Large-Mid Cap Social Index (sub-index of FTSE KLD) (2010)

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#### Supporting Documentation:

Awards & Recognition JCI multiple years	Page #: <a href="#">View</a>
2010 GRI JCI best practices article Triple Pundit	Page #: <a href="#">View</a>
Diversity - Awards	Page #: <a href="#">View</a>
Awards & Recognition current year	Page #: <a href="#">View</a>
2010 EPA Energy Star Partner of the Year (Mar 2010)	Page #: <a href="#">View</a>
2010 Maplecroft Climate Innovation Index (Jan 2010)	Page #: <a href="#">View</a>
2010 GM Supplier of the Year award (Mar 2010)	Page #: <a href="#">View</a>
2010 U.S. DOE "Save Energy Now" award for JCI Red Oak manufa...	Page #: <a href="#">View</a>
2010 Glendale campus LEED Platinum rating	Page #: <a href="#">View</a>
2010 Maplecroft Climate Innovation Index press release (Oct....	Page #: <a href="#">View</a>

2011 FTSE4Good Index Series press release (Mar 2011)	Page #: <a href="#">View</a>
2012 SAM Sustainability Leader Silver Class press release (M...	Page #: <a href="#">View</a>
2012 World's Most Ethical Companies press release (Mar 2012)	Page #: <a href="#">View</a>
2011 CR Mag 100 Best Corporate Citizens #1 press release (Ma...	Page #: <a href="#">View</a>
2011 DJSI World & North Amer Indexes press release (Sep 2011...	Page #: <a href="#">View</a>
2011 SAM Sustainability Leader Gold Class press release (Mar...	Page #: <a href="#">View</a>
2011 World's Most Ethical Companies press release (Mar 2011)	Page #: <a href="#">View</a>
2011 CDP Carbon Disclosure Leadership Index press release (S...	Page #: <a href="#">View</a>
2011 Corporation of the Year by Mich Minority Suppl Dev Coun...	Page #: <a href="#">View</a>
2011 Edison Award Varta start-stop battery -PS (Apr 2011)	Page #: <a href="#">View</a>
2011 GM Supplier of Year Award - PS (Apr 2011)	Page #: <a href="#">View</a>
2011 Autozone Award Mexico - PS (Mar 2011)	Page #: <a href="#">View</a>
2011 Quality Shipping & Perform Award Honda Mexico - PS (Mar...	Page #: <a href="#">View</a>
2011 Best European Energy Efficiency Service Project Award	Page #: <a href="#">View</a>
2011 Eurostar Award acquisition strategy (Sep 2011)	Page #: <a href="#">View</a>

# 3. Report Parameters

## Report Profile

### Reporting Period GRI 3.1

#### 3. Report Parameters / Report Profile / Reporting Period GRI 3.1

Reporting period (e.g., fiscal/calendar year) for information provided.

Start date	Oct. 1, 2010	
End date	Sept. 30, 2011	
Type of reporting period	Fiscal year	

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**Additional Comments**



## Previous Report GRI 3.2

### 3. Report Parameters / Report Profile / Previous Report GRI 3.2

Date of most recent previous report (if any).

The company's most recent previous GRI Report was for Fiscal Year 2010 and was posted April 1, 2011. In addition, the company publishes an annual Business and Sustainability Report. Both reports are posted on the company's website: <http://www.johnsoncontrol...> under Sustainability, then Sustainability Reporting. Previous reports are available in the Sustainability Report archive at: <http://www.johnsoncontrol...> under Sustainability Reporting.

The company's filings with the U.S. Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, definitive proxy statements on Schedule 14A, current reports on Form 8-K, and any amendments to those reports filed pursuant to Section 13 or 15(d) of the Exchange Act, are made available free of charge through the Investor Relations section of the company's Internet website at <http://www.johnsoncontrol...> as soon as reasonably practicable after the company electronically files such material with, or furnishes it to, the SEC. Copies of any materials the company files with the SEC can also be obtained free of charge through the SEC's website at <http://www.sec.gov>, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, or by calling the SEC's Office of Investor Education and Assistance at 1-800-732-0330.

The company also makes available, free of charge, its Ethics Policy, Corporate Governance Guidelines, committee charters and other information related to the company on the company's website or in printed form upon request.

Press releases are available also on company's website at: <http://www.johnsoncontrol...> under Media.

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#### Additional Comments

## Reporting Cycle GRI 3.3

### 3. Report Parameters / Report Profile / Reporting Cycle GRI 3.3

Reporting cycle (annual, biennial, etc.).

Reporting cycle is on an annual basis for the previous year. Data will be compiled for the fiscal year most recently finished and posted publicly on April 1.

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**Additional Comments**

## Contact Point GRI 3.4

### 3. Report Parameters / Report Profile / Contact Point GRI 3.4

Contact point for questions regarding the report or its contents.

Name:	Jennifer Mattes	
Title:	Director, Global Public Affairs	
Phone:	+1-414-524-2349	
Email:	jennifer.b.mattes@jci.com	

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#### Additional Comments

# Report Scope and Boundary

## Define Report Content GRI 3.5

### 3. Report Parameters / Report Scope and Boundary / Define Report Content GRI 3.5

Process for defining report content, including:

- Determining materiality;
- Prioritizing topics within the report; and
- Identifying stakeholders the organization expects to use the report.

The materiality check and prioritization of topics reported were determined through the following:

- Discussions with key managers and employees from each business group.
- Dialogue with key non-government organizations (NGOs).
- Understanding of global social and environmental issues and expectations as noted by the media and public in general.
- Interaction with fellow multinational corporations that are active members in organizations promoting sustainability.
- Appreciating the company's impacts, risks and opportunities globally.
- Influence of our company's products and services on customer and supplier operations.
- Consistency of our operations with international standards and all other requirements.

Johnson Controls elected to respond to all GRI guidelines that apply to our business. More detail is provided to those GRI Guidelines that have been demonstrated through internal and external dialogue, surveys, and emerging issues.

Since 2003, we have been reporting to the GRI and posting the report on our web site. Since 2005, we have also published a Business and Sustainability Report that is publicly available online and a paper copy is sent directly to select customers, NGOs, media, investors, etc. This report is intended to provide a broad overview of our sustainability efforts. The GRI Report is intended for use by those stakeholders that want specific details about our sustainability activities.

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#### Supporting Documentation:

2011 Business & Sustainability Report Page #: [View](#)

## Boundary of Report GRI 3.6

### 3. Report Parameters / Report Scope and Boundary / Boundary of Report GRI 3.6

Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).

Johnson Controls prepared this report using the Global Reporting Initiative (GRI) G.3 Sustainability Reporting Guidelines. Every attempt was made to address each GRI element and to provide historical data to help readers observe and understand trends. Where elements are not addressed, the primary reasons are lack of reliable data and the need to protect competitively sensitive information.

This report is intended to cover all operations of Johnson Controls, Inc. Most of the report focuses on operations under the control of Johnson Controls. Selected information about joint ventures and suppliers is also included.

The basis for reporting remains consistent with earlier reports as noted below.

**Financials** - The consolidated financial statements include the accounts of Johnson Controls, Inc. and its domestic and foreign subsidiaries that are consolidated in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). All significant inter-company transactions have been eliminated. Investments in partially-owned affiliates are accounted for by the equity method when the company's interest exceeds 20%. Under certain criteria as provided for in Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46(R), "Consolidation of Variable Interest Entities," the company may consolidate a partially-owned affiliate when it has less than a 50% ownership. Gains and losses from the translation of substantially all foreign currency financial statements are recorded in the accumulated other comprehensive income account within shareholders' equity.

**Social and Environmental** – Information reported about social and environmental performance was based on facilities around the world owned (>50% ownership) and managed by Johnson Controls.

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#### Supporting Documentation:

2011 10K Report Page #: all [View](#)

## Limit on Report Scope GRI 3.7

### 3. Report Parameters / Report Scope and Boundary / Limit on Report Scope GRI 3.7

State any specific limitations on the scope or boundary of the report.

Unless otherwise noted for a specific performance metric, this report does not include performance information for those facilities in which Johnson Controls is a joint venture owner, has less than fifty percent ownership and whose control is limited relative to other joint owner(s) of the facility. In some instances, information is only available for U.S. or North America operations. This will be noted in the answers either in the comments area or directly in the answer.

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**Supporting Documentation:**

2011 10K Report Page #: [View](#)

## Basis for Reporting GRI 3.8

### 3. Report Parameters / Report Scope and Boundary / Basis for Reporting GRI 3.8

Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.

In general, considerable precautions are taken to reduce any impact these and any new acquisitions and divestitures have on comparability from year to year. For example, baseline data for greenhouse gas emissions is adjusted per the widely accepted GHG Protocol. We use a third party to review our calculation methods so each year is comparable. For data where some annual comparisons are necessary, we use sales data as the divisor that normalizes the data.

In some cases, however, errors and omissions are found with data reported in previous years. When this occurs, the data is corrected and noted in the most current report.

Further, only facilities in which Johnson Controls has the controlling interest are discussed herein. This approach is consistent with earlier year reporting to ensure comparability. Automotive Experience and Power Solutions groups have partially owned affiliates in Asia, Europe and South America. Licensing and joint venture arrangements are also in place with certain manufacturers of automotive parts and batteries outside the United States. Building Efficiency has joint ventures in Asia, Europe, Africa and South America. It markets products through distributors represented in about 40 countries as noted in our Form 10-K Report attached.

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**Supporting Documentation:**

2011 10K Report Page #: all [View](#)

# Data Measurement & Calculations GRI 3.9

## 3. Report Parameters / Report Scope and Boundary / Data Measurement & Calculations GRI 3.9

Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.

Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report follow:

The consolidated financial statements include the accounts of Johnson Controls, Inc. and its domestic and foreign subsidiaries that are consolidated in conformity with the U.S. Generally Accepted Accounting Principles. These data are used to normalize much of the data presented throughout this report to allow comparability between years and different divisions.

Rates of injury, occupational diseases, lost days, and other significant safety data reported in Section LA7, are based on the U.S. Occupational Safety and Health Administration guidelines. These guidelines are used to ensure consistency globally, although many facilities are often subject to different record retention or reporting requirements due to its location (.e.g., host country). The U.S. Department of Labor posts these guidelines on its web site: <http://www.osha.gov/recor...>

Toxic Release Inventory data are provided according to US EPA guidelines. More about these guidelines and required reporting criteria can be found on the EPA web site at: <http://www.epa.gov/tri/>

Greenhouse gas emissions are based on recognized standards such as the Greenhouse Gas Protocol by World Resources Institute and World Business Council for Sustainable Development. The Greenhouse Gas Protocol is the most widely used international accounting tool. More information about it can be found at: <http://www.ghgprotocol.or...>

Whenever possible data was normalized by net sales to better understand trends between years and businesses. In many cases, absolute values are also provided. Data used in this report are drawn largely from information that for business reasons must be accurate and reliable. Information is taken from sources such as:

Personnel databases for employment metrics, which are checked by routine data reviews performed mostly by human resources personnel globally.

The Johnson Controls proprietary Corporate Health, Environment and Safety System is used to track environment, health and safety data from facilities worldwide. Data are reviewed routinely by qualified internal personnel and with assistance from a third party environmental, health and safety and ISO consultants.

The Johnson Controls proprietary Utility Bill Pay System and its Energy and Environmental Management System (E2MS) help collect and analyze data for energy and greenhouse gas (GHG) emissions, water, and waste. Energy and GHG emissions data were audited through the EPA Climate Leaders program in previous years. Starting in 2012 we use a certified 3rd party auditor to assure our data is correct.

Filings with environmental, health and safety, and other regulatory agencies that are routinely checked internally and by the applicable regulatory agency.

The 10K and other official financial reports meet approvals as required by the U.S. Securities and Exchange Commission, written company policies and procedures that are periodically reviewed by our internal audit department, quality program management, and many customers.

For the performance indicators not covered by specific systems, we gather information at different levels within the organization. Every precaution is taken to ensure accuracy, yet we recognize that some data is subject to a degree of uncertainty due to unavoidable limitations in the measuring, calculating and estimating methods used.

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### Supporting Documentation:

Corporate Health, Environmental and Safety System (CHESS) ov...	Page #: <a href="#">View</a>
HR Metrics	Page #: <a href="#">View</a>
Case Study Utility Bill Pay System	Page #: <a href="#">View</a>
Environmental, Safety and Health Standard	Page #: <a href="#">View</a>
Global Purchasing requirements - JCI supplier portal	Page #: <a href="#">View</a>
2011 10K Report	Page #: <a href="#">View</a>
2011 Business & Sustainability Report	Page #: <a href="#">View</a>



## Restatements GRI 3.10

### 3. Report Parameters / Report Scope and Boundary / Restatements GRI 3.10

Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business measurement methods).

The information in this report is similar in kind to that presented for past reports – there are no significant changes in approach, nor are there any restatements for earlier reports.

## Changes from Previous GRI 3.11

### 3. Report Parameters / Report Scope and Boundary / Changes from Previous GRI 3.11

Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

This report follows the latest GRI G3 Guidelines as it has since the inception of the G3 guidelines. There are no other significant modifications regarding the scope, boundary or measurement methods beyond that specifically discussed in the relevant sections contained within this report.

## GRI Content Index GRI 3.12

### 3. Report Parameters / Report Scope and Boundary / GRI Content Index GRI 3.12

Table identifying the location of the Standard Disclosures in the report.

Link to GRI report on Johnson Controls web site:

<http://www.johnsoncontrol...>

Link to GRI report pdf (also available on web site):

<http://www.johnsoncontrol...>

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#### Supporting Documentation:

Johnson Controls - Sustainability Reporting Page #: [View](#)

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#### Additional Comments

The latest GRI matrix as well as past reports are located on our web site at link shown above in Supporting References.

# Assurance

## Assurances Practices GRI 3.13

### 3. Report Parameters / Assurance / Assurances Practices GRI 3.13

Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).

Johnson Controls uses several different third-party groups for data assurance. The groups selected are independent of Johnson Controls and are specialized in the subject area they review.

For example, our consolidated financial statements reported in our Form 10K and other related reports are reviewed by PricewaterhouseCoopers LLP, an independent registered public accounting firm.

From 2006 to 2010, our energy usage and greenhouse gas emissions data within the United States were independently reviewed by WSP Group, a subcontractor hired by EPA Climate Leaders. Lessons learned from the audits were applied to our Inventory Management Plan that was used to calculate our global energy use and GHG emissions. Starting with our 2011 data, Bureau Veritas, an independent auditor recognized by the Carbon Disclosure Project, audited our GHG emissions data per ISO Standard 14064-3, Greenhouse gases - Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions. They also audited our water data. The objective of the audits is to provide further confidence that our reported energy, GHG emissions and water data have a low margin of error. The certificates for these most recent audits are attached (NOTE at this writing the certificates have yet to be received from the auditor but will be posted when received.)

Other measures used to ensure quality are discussed below:

Personnel databases for employment metrics, which are checked by routine data reviews performed mostly by Human Resources personnel globally.

The Johnson Controls proprietary Corporate Health, Environment and Safety System (CHESS) is an internal tool used to track environment, health and safety data from facilities worldwide. Data are reviewed routinely by qualified internal personnel and with assistance from a third-party environmental, health and safety and ISO consultants.

Filings with environmental, health and safety, and other regulatory agencies are routinely checked internally and by the applicable regulatory agency.

Written company policies and procedures are periodically reviewed by our internal audit department, quality program management, and many customers.

We discuss and when appropriate use internal or in some cases external expertise to review and audit our suppliers. The audits range from self audits to actual visits and often include an array of sustainability matters, including human rights, environmental, safety, quality, transportation, timeliness, etc.

We also participate in the Carbon Disclosure Project's Supply Chain Program, which provides annual reports including a discussion about the overall quality and completeness of the data they report to CDP. Similarly, Johnson Controls is also scored on our GHG emissions performance and disclosure practices, which we used to continually improve.

Our insurance carrier, Marsh USA, Inc. provides an independent review of our safety and risk management programs. Their annual reports of our environmental and safety operations are generally highly favorable resulting in significant premium reductions. We also use third-party consultants and registrars to validate environmental and safety data.

We also used certified registrars to validate and certify our operations to various quality, environmental, six sigma and safety standards, e.g., ISO 9000, ISO 14001, OHSAS 18001, etc.

ETHICAL BEHAVIOR and HUMAN RIGHTS every year, we require an electronic commitment to our Ethics Policy by management worldwide. Employees use a webbased education program— translated into 32 languages –with training modules and tests tailored to their specific responsibilities. Compliance with our ethics policy is a condition of employment at Johnson Controls for all employees. We annually review the policy to ensure relevancy as the company grows and confronts new business issues in the various geographies in which we operate. Updates to the Ethics Policy are approved by the Board of Directors. Our stakeholders offer valuable insight and guidance relative to our ethical performance. We consistently engage with organizations that can provide critical and constructive feedback about the policy and our performance. We also dialogue with stakeholders on a regular basis. An anonymous ethics hotline is available to anyone who suspects unethical behavior at the company. The hotline, available 24 hours a day in all major languages, is operated by an independent third-party vendor. Through the ethics hotline monitoring system, we capture all information, investigate it and implement improvement actions accordingly.

To ensure our processes are working properly and that employees, customers and shareholders understand our ethics policy, we systematically gather feedback and take action to improve our work environment. Depending upon the situation, we retain a cadre of independent third party experts that specialize in a variety of legal, human rights, diversity, equal opportunity requirements, etc. to investigate or to help review and advise us on the matter.

Lastly, in most countries, we are subject to routine inspections that cover a wide array of regulations. Personnel representing these organizations are independent of Johnson Controls. Specialized experts often from outside the company are retained or hired on a contract basis to determine

ways to prevent a recurrence of the issues, such as the establishment of specific policies or practices that may be unique to the host country.

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**Supporting Documentation:**

Corporate Health, Environmental and Safety System (CHESS) ov...	Page #: <a href="#">View</a>
Marsh Letter	Page #: <a href="#">View</a>
Case Study Utility Bill Pay System	Page #: <a href="#">View</a>
Environmental, Safety and Health Standard	Page #: <a href="#">View</a>
Safety Audit Letter to JCI from Independ Auditor	Page #: <a href="#">View</a>
Social and Envir. Performance of Suppliers Standard	Page #: <a href="#">View</a>
Suppliers Standard Manual	Page #: <a href="#">View</a>
EPA Climate Report	Page #: <a href="#">View</a>
2011 10K Report	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>

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**Additional Comments**

QUALITY WORK PERFORMANCE - The Johnson Controls management staff ensures consistent quality work performance and immediate response to the site resource needs and problems through their resolution and use of our corporate quality program. Our quality program is based on our corporate wide implementation of our Six Sigma Process to ensure continuing improvements in quality, service, productivity and schedule. Johnson Controls has invested in the development of a cadre of "black belts" that are trained and certified in Six Sigma and lead the effort to measure, analyze, improve and control our business processes to meet ever-rising customer expectations. Our manufacturing facilities are third party certified to ISO 14001 as well as many other standards.

We conduct our projects based on our corporate quality plan. It includes instruction to ensure effective execution of all phases of a project; design, procurement, installation, testing, training and maintenance. It is applied to projects on an ongoing basis and ensures that adequate and accurate execution and management systems, document and data control, purchasing and equipment procurement, work process control, testing and training are performed consistently and meet all applicable standards.

The Project Quality Plan is a fully contained Quality Control Program that includes process management and repeatability, quality assurance, quality control and quality related configuration management. Johnson Controls implements its Quality Program to ensure that established system design standards are properly implemented, measured and met.

The Contents of the plan includes:

- Quality Control Program Principles
- Quality Program Purpose
- Quality Control Program
- Business Processes and Procedures
- Organization – Project, Quality, Division reporting
- Quality Manager Responsibilities and Authority
- Inspection Program
- Subcontractors Quality requirements and responsibilities
- Documentation
- Submittal Process
- Document Retention
- Non-conformance Process
- Quality Program Monitoring and Corrective Action Process
- Project level implementation, inspection, acceptance, reporting and closure

# 4. Governance, Commitments, and Engagement

## Governance

### Structure, Committees GRI 4.1

#### 4. Governance, Commitments, and Engagement / Governance / Structure, Committees GRI 4.1

Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.

Governance Structure:	<input checked="" type="checkbox"/> One-Tier System (board of directors)	<input type="checkbox"/> Two-Tier System (supervisory board)				
One-Tier or Two-Tier System						
Committee Function	Name of Committee	Formal Board Responsibility?	Number of Executives	Number of Non-Executives	Number of connected NEDs	
<input checked="" type="checkbox"/> Audit/Accounting	Audit Committee	<input checked="" type="checkbox"/>	0	5		
<input checked="" type="checkbox"/> Strategy	Full Board	<input checked="" type="checkbox"/>	1	10		
<input checked="" type="checkbox"/> Remuneration/ Compensation	Compensation Committee	<input checked="" type="checkbox"/>	0	5		
<input checked="" type="checkbox"/> Nomination	Corporate Governance Committee	<input checked="" type="checkbox"/>	0	5		
<input type="checkbox"/> Worldwide Labor Policies and Practices		<input type="checkbox"/>				
<input type="checkbox"/> Human Rights Issues		<input type="checkbox"/>				
<input type="checkbox"/> Diversity and Employment Equity		<input type="checkbox"/>				
<input type="checkbox"/> Supply Chain Social Responsibility		<input type="checkbox"/>				
<input type="checkbox"/> Corp. Social Responsibility, Corp. Citizenship, Sustainable Development		<input type="checkbox"/>				
<input type="checkbox"/> Health and Safety		<input type="checkbox"/>				
<input type="checkbox"/> Environmental Issues		<input type="checkbox"/>				
<input checked="" type="checkbox"/> Risk Management	Finance Committee	<input checked="" type="checkbox"/>	0	5		
<input type="checkbox"/> Ethics Issues		<input type="checkbox"/>				
<input type="checkbox"/> Political Involvement		<input type="checkbox"/>				
<input type="checkbox"/> Customer Service and Quality		<input type="checkbox"/>				

<input type="checkbox"/> Community and Public Relations		<input type="checkbox"/>				
<input type="checkbox"/> Charitable Giving		<input type="checkbox"/>				
Other Executive	Executive Committee	<input type="checkbox"/>	1	5		
Other		<input type="checkbox"/>				
Other		<input type="checkbox"/>				
Other		<input type="checkbox"/>				

**Supporting Documentation:**

2011 Proxy Statement Page #: 12-29 [View](#)

2011 10K Report Page #: 18-19 [View](#)

**Additional Comments**

Board Diversity data is provided in the Proxy Statement, in comment section, "Nominating Committee Disclosure". All the committee Charters, the Corporate Governance Guidelines, and the committee's procedures are discussed therein as well as published at <http://www.johnsoncontrol...>. The "Committee Independence" section of the Corporate Governance Guidelines requires that all members of the committee be independent, as defined by the New York Stock Exchange listing standards and the Company's Corporate Governance Guidelines. The committee has a process under which the committee identifies and evaluates all director candidates, regardless of whether nominated as required by the By-laws, or recommended. In order to identify director candidates, the committee maintains a file of recommended potential director nominees (including those recommended by shareholders), solicits candidates from current directors, evaluates recommendations and nominations by shareholders and will, if deemed appropriate, retain for a fee recruiting professionals to identify and evaluate candidates. The committee uses the following criteria, among others, to evaluate any candidate's capabilities to serve as a member of the Board: skill sets, professional experience, independence, other time demands (including service on other boards), diversity, technical capabilities, and international and industry experience. Further, the committee reviews the qualifications of any candidate with those of current directors to determine coverage and gaps in experience in related industries, such as automotive and electronics, and in functional areas, such as finance, manufacturing, technology, labor, employment and investing. The Chairman of the Board and the Chairperson of the committee will also lead an evaluation of each candidate who may stand for reelection based upon the preceding criteria before recommending such director for reelection. The committee will evaluate all director candidates in a similar manner regardless of how each director was identified, recommended, or nominated.

Economic, environmental, social and related performance is integral to the responsibilities of Johnson Controls Board members and executive-level managers; it is also integral to the duties of line management. Members of the Board of Directors and our executive management team are listed below.

Company Information regarding the directors:

David Abney, 56  
Sr. VP & COO  
United Parcel Services, Inc.  
Director since 2009

Dennis Archer, 69  
Chairman, CEO Dennis W. Archer PLLC  
Director since 2002

Robert L. Barnett, 71  
Retired Executive Vice President of Motorola, Inc.  
Director since 1986

Natalie Black, 61  
Senior Vice President, General Counsel and Corporate Secretary  
Kohler Co.  
Director since 1998

Robert A. Cornog, 71  
Retired Chairman, CEO & President  
Snap-on, Inc.  
Director since 1992

Richard Goodman, 63  
Executive Vice President, Global Operations  
Pepsico, Inc.  
Director since 2008

Jeffrey A. Joerres, 52

President and CEO and Chairman  
Manpower, Inc.  
Director since 2001

William H. Lacey, 66  
Retired Chairman and CEO  
MGIC Investment Corp.  
Director since 1997

Eugenio Clariond Reyes-Retana, 68  
Retired Chairman of the Board and CEO  
Grupo IMSA S.A.  
Director since 2005

Stephen A. Roell, 61  
Chairman, Chief Executive Officer & President  
Johnson Controls, Inc.  
Director since 2004

Mark P. Vergnano, 53  
Executive Vice President  
E.I. du Pont de Nemours and Company  
Director since 2011

Corporate Officer information is contained in the Form 10-K filed for the year ended September 30, 2011. See pages 18-19.

There are no family relationships, as defined by the instructions to this item, among the Company's executive officers. All officers are elected for terms that expire on the date of the meeting of the Board of Directors following the Annual Meeting of Shareholders or until their successors are elected and qualified.

Effective with the January 25, 2012 Board of Directors meeting, Mr. Vergnano was appointed to serve on the Audit and Compensation committees of the Board of Directors.



## Chair/CEO Separation GRI 4.2

### 4. Governance, Commitments, and Engagement / Governance / Chair/CEO Separation GRI 4.2

Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).

<input type="radio"/> Roles of Chairman and Chief Executive (or their equivalents) are separate. <input type="radio"/> Role of CEO and Chairman is split and former CEO-Chairman is now Chairman. <input type="radio"/> Role of CEO and Chairman is split and former CEO-Chairman is now Chairman, and an independent lead director is appointed. <input type="radio"/> Role of Chairman and CEO is joint. <input checked="" type="radio"/> Role of Chairman and CEO is joint, and an independent lead director is appointed.	
If an independent lead director is appointed (split or joint), please indicate name:	Robert A. Cornog
<input type="radio"/> Chairman is non-executive and independent <input checked="" type="radio"/> Chairman is an executive director	
If chairman is non-executive and independent, indicate when this approach was adopted:	

#### Supporting Documentation:

2011 Proxy Statement Page #: 20-21 [View](#)

#### Additional Comments

Response to Role of Chairman and CEO is joint: The Board first established a lead director position and appointed Robert A. Cornog as Lead Director July 28, 2010, as was affirmed as such in 2011 and 2012. The Lead Director communicates regularly with the Chairman after each Board meeting to provide feedback on the substance of the items presented and make suggestions for enhancing management's effectiveness. The Board requires executive sessions of the non-management directors at least twice annually. During these executive sessions, and when the Chairperson is unavailable for regular Board meetings, the lead director has the responsibility to lead the meeting, set the agenda, and determine the information to be provided.

## Board Members GRI 4.3

### 4. Governance, Commitments, and Engagement / Governance / Board Members GRI 4.3

For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.

	Number	
Board members with executive functions	1	
Non-executive directors (excluding independent directors)	0	
Independent non-executive directors on the board	10	
Total board	11	

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#### Supporting Documentation:

2011 Proxy Statement Page #: 20-23 [View](#)

2011 10K Report Page #: [View](#)

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#### Additional Comments

The Board of Directors annually determines the independence of each director and nominee for election as a director. The Board makes these determinations in accordance with the NYSE's listing standards for the independence of directors. The Board has established categorical standards of independence to assist it in making determinations of director independence, which we have set forth in the Company's Corporate Governance Guidelines and posted on our website (at <http://www.johnsoncontrol...>). Under these standards, we will not consider the following relationships that currently exist or that have existed, including during the preceding three years, to be material relationships that would impair a director's independence:

- a) A family member of the director is or was an employee (other than an executive officer) of our company.
- b) A director, or a family member of the director, receives or received less than \$120,000 during any twelve-month period in direct compensation from our company, other than director and committee fees and pension or other forms of deferred compensation for prior service. We will not consider compensation that (a) a director receives for former service as an interim Chairperson or Chief Executive Officer or other executive officer of our company or (b) a family member of the director receives for service as a non-executive employee of our company.
- c) A director, or a family member of the director, is a former partner or employee of our company's internal or external auditor but did not personally work on our company's audit within the last three years; or a family member of a director is employed by an internal or external auditor of our company but does not participate in such auditor's audit, assurance or tax compliance practice.
- d) A director, or a family member of the director, is or was an employee, other than an executive officer, of another company where any of our company's present executives serve on that company's compensation committee.
- e) A director is or was an executive officer, employee or director of, or has or had any other relationship (including through a family member) with, another company, that makes payments (other than contributions to tax exempt organizations) to or receives payments from our company for property or services in an amount which, in any single fiscal year, does not exceed the greater of \$1 million or 2% of such other company's consolidated gross revenues.
- f) A director is or was an executive officer, employee or director of, or has or had any other relationship with, a tax exempt organization to which our company's and its foundation's contributions in any single fiscal year do not exceed the greater of \$1 million or 2% of such organization's consolidated gross revenues.
- g) A director is a shareholder of our company.
- h) A director has a relationship that currently exists or that has existed with a company that has a relationship with our company, but the director's relationship with the other company is through the ownership of the stock or other equity interests of that company that constitutes less than 10% of the outstanding stock or other equity interests of that company.
- i) A family member of the director, other than his or her spouse, is an employee of a company that has a relationship with our company but the family member is not an executive officer of that company.
- j) A family member of the director has a relationship with our company but the family member is not an immediate family member of the director. An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home.
- k) Any relationship that a director (or an immediate family member of the director) previously had that constituted an automatic bar to independence under NYSE listing standards after such relationship no longer constitutes an automatic bar to independence in accordance with NYSE listing standards.

(l) A Director (or an immediately family member of the Director) has purchased products or services from the Company in a transaction on standard pricing and terms that arose in the ordinary course of the Company's business in an amount which, in any single fiscal year, does not exceed \$1 million.

The Board has affirmatively determined by resolution that each of Ms. Black and Messrs. Abney, Archer, Barnett, Clariond Reyes-Retana, Cornog, Goodman, Joerres, Vergnano and Lacy is independent. Based on the NYSE's listing standards and our Corporate Governance Guidelines, the Board affirmatively determined that Mr. Roell is not independent. The Board is comprised of greater than two-thirds independent directors.

The Audit, Corporate Governance, Compensation and Finance committees are comprised entirely of independent directors.

Board diversity: The Board includes one woman, one African-American and two Hispanics.

Board stock ownership: The Corporate Governance Committee sets guidelines for ownership of stock by directors and periodically compares these with the guidelines of comparable public companies. Information on board stock ownership is disclosed annually in the Company's Proxy Statement in the chart, Johnson Controls Share Ownership-Directors and Officers.

## Communicate with Board GRI 4.4

### 4. Governance, Commitments, and Engagement / Governance / Communicate with Board GRI 4.4

Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

As disclosed in the proxy statement dated December 9, 2011, the Company encourages shareholder and other interested party communication with directors. General communications with any member of the board may be sent to his or her attention at the corporate headquarters of the Company. Shareholders, including employee shareholders, may make recommendations for someone to be considered as a director annually by written request to the General Counsel of the Company. Employees may anonymously contact the company or its board via the ethics hotline, or by sending communications to any of the Lead Director, Chairman of the Audit Committee or Chairman of the Corporate Governance Committee, in writing or by email.

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#### Supporting Documentation:

2011 Proxy Statement Page #: 8-10 and 18-19 [View](#)

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#### Additional Comments

Information on how to introduce shareholder resolutions is available in the proxy statement on pages 8-10 of the Questions and Answers section, and contact information for shareholders and other interested parties to communicate with the Board of Directors is contained on pages 18-19 of the proxy statement. The Proxy Statement is delivered to all shareholders annually and remains available on the Company's website until the next proxy statement filing.

A shareholder proposal to consider declassification of the Board of Directors was voted on at the Annual Meeting of Shareholders held on January 25, 2012.

# Compensation Linkage GRI 4.5

## 4. Governance, Commitments, and Engagement / Governance / Compensation Linkage GRI 4.5

Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).

	Financial	Environmental	Social	Corporate Governance	<u>C1</u>
Senior management compensation	<input checked="" type="checkbox"/> linkage	<input type="checkbox"/> linkage	<input type="checkbox"/> linkage	<input checked="" type="checkbox"/> linkage	<u>C2</u>
Executive compensation	<input checked="" type="checkbox"/> linkage	<input type="checkbox"/> linkage	<input type="checkbox"/> linkage	<input checked="" type="checkbox"/> linkage	<u>C3</u>
Board member compensation	<input checked="" type="checkbox"/> linkage	<input type="checkbox"/> linkage	<input type="checkbox"/> linkage	<input checked="" type="checkbox"/> linkage	
					<u>C5</u>
<p>Please explain policies and programs related to compensation linkage and upload relevant documents:</p> <p>Board compensation. The Company's management annually reports to the Corporate Governance Committee the status of the Board's compensation in relation to other public companies, using the published studies of experts in the field. Changes in compensation are recommended by the Committee for action by the full Board. It is the Board's view that a compensation system should align the Directors' interests with those of the Company's shareholders. The Corporate Governance Committee shall establish a target for total compensation of Directors and, in its discretion, specific elements of such compensation. Currently, half of the Board's annual retainer is paid in Company stock.</p> <p>Management compensation. The Compensation Committee meets annually in executive session to set goals for the CEO and to evaluate his or her performance. Changes in officer compensation approved by the Compensation Committee are reported to the full Board. The Committee retains an independent outside expert to compare the company's executive compensation with that of similar public companies. The Committee also reviews annually whether such compensation programs are effectively structured to be performance-based and to align executives' interests with those of shareholders. The Committee also annually considers the company's succession plans for key positions and its management development programs.</p> <p>Employee safety. Manager performance evaluation at Johnson Controls is also tied to improvement in health and safety. All business units must submit annual plans for improving their health and safety records. The most current U.S. Bureau of Labor Statistics is for 2007. In that year, the national average for private industry was 4.2 recordable cases per 100 workers. The 2007 national average lost time case rate was 1.2. Johnson Controls came well below those rates. In 2011, the lost time rate at Johnson Controls was 0.37. In 2010 it was 0.32; in 2009 it was 0.35 and in 2008 it was 0.42. The company's rates have been significantly better than the average for private industry. In 2011, the company experienced a recordable rate of .75 cases per 100 employees, which represents a 5% improvement as compared to 2010 recordable rate of .79 cases per 100 employees. Please see GRI LA7 for these details.</p>					

**C1**

In allocating equity compensation between stock options and restricted stock grants, operational and financial performance, stock price performance and contributions of our executives is considered.

**C2**

The Board of Directors Compensation Committee has the discretion to decrease the size of the bonus payout based in part on an assessment of the executive's individual performance. The Committee makes this assessment for our Chief Executive Officer based on its subjective evaluation of performance relative to strategic, financial and leadership objectives that the Committee or the Board of Directors has approved and has discretion to

decrease the amount of the incentive award that the Chief Executive Officer would otherwise receive.

### C3

Our Chief Executive Officer makes an assessment for the other named executive officers based on his subjective evaluation of performance relative to strategic, financial and leadership objectives that he has approved and has the authority to decrease the amount of the incentive award that the executive officer would otherwise receive. All recommendations are reviewed for approval by the Compensation Committee.

### C5

Our view of sustainability is that each aspect of the "triple-bottom line" are interconnected and social and environmental issues will effect financial performance. Using very objective financial criteria along with subjective leadership criteria we feel our assessment adequately addresses financial, environmental, social and corporate governance criteria.

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### Additional Comments

We have designed our compensation programs to attract, motivate, reward and retain a highly qualified and effective global management team to deliver superior performance that builds shareholder value over the long term. We design our compensation programs specifically to reward achievement of strategic, financial and leadership objectives closely aligned with the interests of our shareholders. We develop our compensation plans to motivate our executives to improve our overall corporate performance, return on investment, and profitability of the specific region or unit for which they are responsible. We link a significant portion of each executive officer's total compensation to accomplishing specific, measurable results that we believe will build long-term value for shareholders.

The main objectives of our executive compensation programs are to:

- attract, motivate, and retain a highly qualified and effective global management team to deliver superior performance that builds shareholder value over the long term.
- recognize performance achievements at the company and business unit level.
- recognize an executive's leadership abilities, scope of responsibilities, experience, effectiveness, and individual performance achievements.
- reward the achievement of strategic, financial and leadership objectives that are closely aligned with the interests of our shareholders. We develop our compensation plans to motivate our executives to improve our overall corporate performance and profitability of the specific business unit for which they are responsible.
- focus our executives on continuing to deliver strong results for our shareholders by placing primary emphasis on performance-based variable compensation and stock ownership. We design annual and long-term cash incentive awards to recognize achievement of growth in pre-tax earnings regardless of global economic conditions and factors impacting our markets. Long-term equity incentive awards include stock options and restricted stock, which focus executive officers on and reward them for building shareholder value. We use a multi-year vesting schedule for our stock options and restricted stock to retain our executives.
- ensure that our compensation programs are competitive within the marketplace.

We generally set our compensation at the 50th percentile of market practice. Final decisions concerning compensation, however, also reflect an executive officer's annual achievements, company performance and our views regarding an executive officer's scope of responsibilities, demonstrated leadership abilities, and management experience and effectiveness. The Committee considers these factors collectively and ultimately uses its judgment in making final decisions concerning compensation.

To focus our senior management on continuing to deliver strong results for our shareholders, we place primary emphasis on performance-based variable compensation. We design annual and long-term cash incentive awards to recognize achievement of growth in pre-tax earnings regardless of global economic conditions and factors impacting our markets. Long-term equity incentive awards include stock options that deliver value to the executive only if our stock price rises above the stock price on the grant date and restricted stock, which we consider a key retention component of compensation. Decisions regarding salary increases take into account the executive's current salary, the amounts paid to the executive's peers within and outside the company, and the factors specific to individual executive officers that we discuss above.

## Conflicts of Interest GRI 4.6

### 4. Governance, Commitments, and Engagement / Governance / Conflicts of Interest GRI 4.6

Processes in place for the highest governance body to ensure conflicts of interest are avoided.

The Board of Directors determines the independence of each board member and nominee for election as a director on an annual basis. The Board makes these determinations in accordance with the New York Stock Exchange's listing standards for director, as well as audit committee member, independence. The Corporate Governance Guidelines posted on our website at <http://www.johnsoncontrol...>, address the specifics of material relationships and independence to ensure conflicts of interest are avoided.

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**Supporting Documentation:**

2011 Proxy Statement Page #: 18-23 [View](#)

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**Additional Comments**

The Board has affirmatively determined by resolution that each of Ms. Black and Messrs. Abney, Archer, Barnett, Clariond Reyes-Retana, Cornog, Joerres, Goodman, Vergnano and Lacy is independent and has no material relationship with our company, except as a director or shareholder. Based on the NYSE's listing standards and our Corporate Governance Guidelines, the Board affirmatively determined that Mr. Roell is not independent. The Board is therefore comprised of greater than two-thirds independent directors.

## Board Qualifications GRI 4.7

### 4. Governance, Commitments, and Engagement / Governance / Board Qualifications GRI 4.7

Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.

The Corporate Governance Committee sets qualifications and a selection procedure for directors. Selection criteria include skills, professional experience, independence, diversity, technical capabilities, and international and industry experience. The Board is composed of qualified individuals who reflect a diversity of experience, gender, race and age. Each committee has written procedures and a written charter that specifies its responsibilities and scope. The Corporate Governance Committee screens candidates with direct input from the Chairman and CEO. The Board has established a retirement age of 72 for directors.

In addition, the "Committee Independence" section of the Corporate Governance Guidelines requires that all members of the committee be independent, as defined by the New York Stock Exchange listing standards and the Company's Corporate Governance Guidelines. The committee has a process under which the committee identifies and evaluates all director candidates, regardless of whether nominated as required by the By-laws, or recommended. In order to identify director candidates, the committee maintains a file of recommended potential director nominees (including those recommended by shareholders), solicits candidates from current directors, evaluates recommendations and nominations by shareholders and will, if deemed appropriate, retain for a fee recruiting professionals to identify and evaluate candidates. The committee uses the following criteria, among others, to evaluate any candidate's capabilities to serve as a member of the Board: skill sets, professional experience, independence, other time demands (including service on other boards), diversity, technical capabilities, and international and industry experience. Further, the committee reviews the qualifications of any candidate with those of current directors to determine coverage and gaps in experience in related industries, such as automotive and electronics, and in functional areas, such as finance, manufacturing, technology, labor, employment and investing. The Chairman of the Board and the Chairperson of the committee will also lead an evaluation of each candidate who may stand for reelection based upon the preceding criteria before recommending such director for reelection. The committee will evaluate all director candidates in a similar manner regardless of how each director was identified, recommended, or nominated.

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#### Supporting Documentation:

JCI Board Committee Charters -Web Link Page #: [View](#)  
2011 Proxy Statement Page #: 19 [View](#)



# Economic, Environmental, Social Values GRI 4.8

## 4. Governance, Commitments, and Engagement / Governance / Economic, Environmental, Social Values GRI 4.8

Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

Johnson Controls conducts its business in ways that respect the environment and our communities and ensure safe, healthy workplaces for our people. This approach is rooted in our company Vision and Values and explicitly stated in our policies.

Vision: "A more comfortable, safe and sustainable world."

Our vision is a statement of why we exist and what we hope to bring to the world. It is based on our expanding capabilities and global presence, our values, our company's unique role in the world, and who we need to be for long-term success. It is intentionally aspirational, and meant to serve as a rallying cry to Johnson Controls employees all over the world. Whatever our role or function, it is the reason why each of us, every day, can come to our work with a sense of purpose and a strong understanding of why and how we matter.

Values:

Johnson Controls' values have been a key source of our strength and have shaped our culture for more than 125 years. We've updated their expression to ensure they remain relevant, but their fundamental message remains the same.

Integrity: Honesty, fairness, respect and safety are of the utmost importance.

Customer satisfaction: Our future depends on us helping to make our customers successful. We are proactive and easy to do business with. We offer expert knowledge and practical solutions, and we deliver on our promises.

Employee engagement: We foster a culture that promotes excellent performance, teamwork, inclusion, leadership and growth.

Innovation: We believe there is always a better way. We encourage change and seek the opportunity it brings.

Sustainability: Through our products, services, operations and community involvement, we promote the efficient use of resources to benefit all people and the world.

Our Ethics Policy:

Johnson Controls and its people uphold the highest ethical standards in every endeavor. Behaving ethically underlies our relationships with customers, shareholders, communities, and each other. Our Creed and Values set forth our beliefs. Our Ethics Policy provides specific guidance on the behaviors that allow us to implement our beliefs globally. Every year, we require a commitment to our Ethics Policy from employees worldwide. The policy is translated into 32 languages. All salaried employees must complete online ethics certification. The certification requires completion of three ethics training modules (available in 25 languages) and a review of the Ethics Policy. Employees for whom certification is not required must demonstrate that they know and understand the Ethics Policy as part of their job appraisals. Each year since we launched the online ethics training in 2001 our number of participants has grown and we have achieved 100 percent compliance with training requirements.

On Jan. 1, 2011, the company introduced an updated Ethics policy (please see complete policy in Supporting References). It reaffirms and expressly states our belief in eliminating "discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity or religious beliefs." The complete Ethics Policy is available on the company Web site. It covers:

Employees and Other Team Members:

Our Ethics Policy applies equally to all.

We safeguard the health and safety of our global team members.

We are inclusive, value diversity and support team members in realizing their potential.

We protect the privacy of team members.

We respect freedom of association and obey all laws on working hours and compensation.

Company and Shareholders:

We obey the laws, rules and regulations of all countries where we conduct business.

We protect Johnson Controls confidential information and respect that of our competitors.

We act in Johnson Controls best interests and spend its money solely for Johnson Controls business purposes.

We are committed to providing safe, quality products and services. We address and do not hide risks and mistakes.

We use Johnson Controls assets such as e-mail, Internet access, telephones and computers responsibly and honorably.

We do not tolerate, and we actively oppose, corruption in our businesses.

We ensure our books and records are accurate, complete and maintained according to the law and industry best practices.

Our Customers, Competitors and Suppliers:

We believe in vigorous competition and do not use illegal or unethical means to gain an advantage over a competitor.

The Public and Our Communities:

We comply with international trade laws.

We believe that what's good for the environment is good for Johnson Controls.  
We strictly limit the use of company resources to support political campaigns or causes.  
We communicate accurately with the public.

In addition, our Ethics Policy is communicated to our employees in the following ways:

- All new employees upon being hired are required to sign that they have read, understand and will comply with our ethics policy as a condition of employment
- The ethics policy is addressed by our managers regularly in employee meetings
- The ethics policy is frequently addressed through the "tone at the top" whenever our leadership team provides communications throughout the year to employees (employee portal, in-person meetings, web casts, emails to employees, etc.)
- The ethics policy is a topic addressed at our annual Vision Week which is a week each year focused on employee engagement with a special focus on our vision and values
- All leaders are required to comply with the Leadership Expectations Model of which the ethical behavior outlined in the ethics policy is one of the core elements

In 2011, the company also introduced a new Human Rights and Sustainability Policy which compliments the Ethics Policy and more specifically addresses areas that may or may not be included in the Ethics Policy. The policy details the company's commitment to the UN Global Compact's Ten Principles which are based on The Universal Declaration of Human Rights, The International Labor Organization's Declaration on Fundamental Principles and Rights at Work, The Rio Declaration on Environment and Development and The United Nations Convention Against Corruption. In addition, Johnson Controls supports the United Nations Framework on Business and Human Rights and the Guiding Principles for the Implementation of the United Nations 'Protect, Respect and Remedy' Framework.

This policy addresses Human Rights, Labor, Health & Safety, Environment, Governance and reporting and accountability. Please see attached policy in Supporting References.

#### The Supply Chain:

Johnson Controls works with more than 300,000 direct and indirect suppliers throughout the world. We expect our suppliers to conduct their operations in a sustainable manner – economically, environmentally and socially. Our goal is to work collaboratively with suppliers to encourage compliance with applicable laws and regulations; integration of environmental, occupational health and safety, human rights, and labor policies into the decision-making process based on a sound management system; and clear and accurate reporting.

Our businesses use a variety of tools to assess prospective and existing suppliers based on our sustainability expectations. The assessment often includes background checks, self-assessment surveys, site visits, third-party audits, and internal discussions with personnel from other internal and external organizations.

Additionally, each business has implemented processes to track the following metrics:

- Confirmation that suppliers abide by the Johnson Controls Ethics Policy
- Percentage of direct material suppliers audited by Johnson Controls
- Number and type of suppliers terminated due to social and environmental performance issues.

Our Ethics Policy provides general guidance about our expectations for our suppliers. We have a company-wide supply chain standard that provides additional guidance to procurement and other personnel regarding the environmental and social performance of suppliers. Each business has established processes to ensure compliance with the standard. It includes details about labor, discrimination, freedom of association, health and safety, the environment, management system, and ethics. The standard was developed in partnership with key customers, socially responsible investment funds and non-government organizations.

Preliminary data indicate that all suppliers are complying with the spirit and intent of the Johnson Controls Ethics Policy. However, some issues with auditing and ISO 14001 certification/compliance have been noted. None involved violations of human rights or significant issues with their environmental or safety activities. We are working closely with these suppliers to help them improve their performance. To date, no supplier has been terminated due to poor social or environmental performance areas, which may change as we begin ground-truthing performance. However, there have been past instances where suppliers with good environmental and/or social performance records were awarded contracts over those with less favorable results.

Please see attached Social and Environmental Performance of Suppliers Standard in Supporting References which is for our suppliers.

#### Our Safety Policy:

Johnson Controls will provide a safe and healthy workplace for its employees. We are committed to continual improvement through safety program excellence and exceeding compliance requirements.

#### Our Environmental Policy:

Johnson Controls will demonstrate world-class leadership in environmental management. We will exceed applicable requirements as well as promote pollution prevention and continual improvement through our global environmental management systems. Under our corporate policies, we expect each business and location to develop, implement, monitor and continuously improve its safety and environmental performance.

Please see attached Environmental, Safety and Health Standard which is used inside JCI.

Also see attached Energy & Climate Policy and our Environmental Scorecard.

**Supporting Documentation:**

Social and Envir. Performance of Suppliers Standard	Page #:	<a href="#">View</a>
Energy & Climate Policy - JCI 2009	Page #:	<a href="#">View</a>
Environmental, Safety and Health Standard	Page #:	<a href="#">View</a>
JCI Vision and Values Web Link	Page #:	<a href="#">View</a>
Ethics Policy - Jan 2011	Page #:	<a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #:	<a href="#">View</a>
Environmental Scorecard - JCI	Page #:	<a href="#">View</a>

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**Additional Comments**

Johnson Controls has a long proud history of being a good company — one that has always done its best to exceed the expectations of its customers, its employees, its suppliers and its communities. We are known as a company with integrity, that always tries to do the right thing. Since 1885 the products and services we deliver have changed, but the kind of company we are and the way we do business have not.

Throughout the decades, our people, the employees of Johnson Controls, have stood firm when our beliefs and values have been tested. Today, each one of us is charged with the responsibility to uphold and extend our standards for ethical behavior.

# Economic, Environmental, Social Oversight GRI 4.9

## 4. Governance, Commitments, and Engagement / Governance / Economic, Environmental, Social Oversight GRI 4.9

Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

The Corporate Governance Committee regularly reviews and makes recommendations on the size of the Board, the frequency of its meetings and the operation of the Board. There is a published calendar for the regular agenda items to be considered by the Board at each of its meetings. The Chairman of the Board, in consultation with the lead director, may establish any additional agenda items for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. The agenda includes reports from each Committee that has held a meeting. The Board believes it is important that the Company's stakeholders and others are able to review its corporate governance. The Company's Corporate Governance Guidelines, the Committee Charters and procedures, the Ethics Policy and other key governance materials are published on its Web site at <http://www.johnsoncontrol...>

### Board ethics:

The directors must annually certify their compliance with the company's Ethics Policy. Any officer's or director's request for a waiver or exception to the Ethics Policy must be submitted in writing to the Corporate Governance Committee, which considers the request and makes a recommendation to the full Board. The director requesting the waiver is excluded from all meetings and from all votes on the matter. No waiver has ever been requested. In addition, procedures are in place for employees to report possible questionable accounting policies or practices directly and anonymously to the audit committee. Complete information about Board structure, policies and procedures is available on the company Web site.

Board members possess capabilities in such areas as financial and other functional expertise, industry knowledge, management experience, international expertise, diversity and investment expertise.

### CODES of CONDUCT:

Johnson Controls is an active member of the United Nations Global Compact and is committed to its Ten Principles, which are aligned with the ILO Conventions, OECD Guidelines for Multinational Enterprises and the UN Universal Declaration of Human Rights.

### Human rights:

More than 51,000 of our managers and key employees around the world are trained annually on our Ethics Policy, which outlines human rights standards. We did not experience any known human rights policy violations in 2011.

As an early signatory of the United Nations Global Compact, Johnson Controls supports the Compact's Ten Principles which are based on The Universal Declaration of Human Rights, The International Labor Organization's Declaration on Fundamental Principles and Rights at Work, The Rio Declaration on Environment and Development and The United Nations Convention Against Corruption. In addition, Johnson Controls supports the United Nations Framework on Business and Human Rights and the Guiding Principles for the Implementation of the United Nations 'Protect, Respect and Remedy' Framework.

We abide by the Ten Principles of the U.N. Global Compact, which are:

1. Support and respect the protection of international human rights within their sphere of influence.
2. Refuse to participate or condone human rights abuses.
3. Support freedom of association and recognition of the right to collective bargaining.
4. Uphold the elimination of all forms of forced and compulsory labor.
5. Uphold the abolition of child labor.
6. Eliminate discrimination in employment and occupation.
7. Implement a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Promote the diffusion of environmentally-friendly technologies.
10. Promote adoption of initiatives to counter all forms of corruption, including extortion and bribery.

### Ethics Policy and Human Rights & Sustainability Policy:

Our Ethics Policy and Human Rights & Sustainability Policy address each Compact principle and is conveyed to employees through training and other initiatives.

See both policies in the Supporting References.

### BOARD OVERSIGHT OF RISK

The company has a comprehensive risk management program. Directors are involved in the program with primary responsibility for overall risk oversight, including the Company's risk profile and management controls. More details information on the Board's role is disclosed in the FY2011 proxy statement on pages 24-26.

Johnson Controls corporate-wide enterprise risk management and mitigation program is broad based and built on a solid foundation of decades of Internal Audit risk monitoring and a series of recommendations from an internal Risk Management Team. The program includes participation from senior leadership at each of the business units and the key corporate functions of finance, strategy, human resources, legal, and information technology. The process is incorporated with, and administered by, the strategic planning departments at corporate and in the business units. This process commences every year in November, coinciding with the start of the strategic planning calendar.

The Board of Directors and senior leadership team has embraced the importance of a robust corporate risk management program. The tone at the top has been clearly communicated and the culture is developing sensitivity to prudent risk management. The approach we employ is based on a collection of process steps taken from global best in class benchmarks. The creation of additional tools and the formation of a Risk Committee have greatly increased our ability to identify emerging risks, weigh appropriate risk appetite and improve the communication frequency and fidelity between corporate leadership and the Board of Directors. We are committed to continuously improve the tools, capability and breadth of that approach and to proactively identify, address and mitigate the risks that pose the greatest threat to our corporation.

Please see a full description of our enterprise-wide risk management and mitigation program titled "Risk Management process" in the Supporting References section of this answer.

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**Supporting Documentation:**

OEDC Guidelines for Multinational Enterprises	Page #:	<a href="#">View</a>
Risk Management process	Page #:	<a href="#">View</a>
Johnson Controls help Global Compact	Page #:	<a href="#">View</a>
JCI Board Committee Charters -Web Link	Page #:	<a href="#">View</a>
2011 Proxy Statement	Page #: 24-26	<a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #:	<a href="#">View</a>
Ethics Policy - Jan 2011	Page #:	<a href="#">View</a>

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**Additional Comments**

Integrity: Through annual reporting and a commitment to transparency, we demonstrate our integrity and ethics. In 2005, the Wisconsin Better Business Bureau gave Johnson Controls its top honor for business ethics and integrity. The U.S. Secretary of State department chose Johnson Controls as one of 10 finalists for its Award for Corporate Excellence in recognition of the vital role that U.S. businesses play worldwide to advance good corporate governance and democratic principles.

## Board Evaluation GRI 4.10

### 4. Governance, Commitments, and Engagement / Governance / Board Evaluation GRI 4.10

Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.

#### Board Effectiveness:

Each year, the Board conducts an evaluation of the nominees, the committees, and the Board to determine the effectiveness of the Board. The Corporate Governance Committee annually determines the manner of these evaluations to ensure that the Board receives accurate and insightful information. During fiscal 2011, these evaluations were performed by an independent third party. Each nominee underwent a performance review, and each director provided an evaluation of each nominee, to determine each nominee's effectiveness. As a result of the quality of the information gained through these evaluation processes, the Board was able to objectively evaluate its processes and enhance its procedures to ensure greater director, committee and Board effectiveness.

#### Objectives of the Company's Executive Compensation Programs:

Decisions regarding executive compensation elements, incentive plan design, and award levels are guided by a series of objectives. Pay for performance is an essential element of our executive compensation philosophy, and performance based pay is the most significant part of the pay we report in the Summary Compensation Table. The main objectives of our executive compensation programs are to:

Attracting, motivating and retaining a highly qualified and effective management team to drive our financial and operational performance;

Delivering sustained, strong business and financial results; and

Building shareholder value over the long term.

Further, we

- Recognize performance achievements at the company and business unit level.
- Recognize an executive's leadership abilities, scope of responsibilities, experience, effectiveness, and individual performance achievements.
- Reward the achievement of strategic, financial and leadership objectives that are closely aligned with the interests of our shareholders. Our compensation plans motivate our executives to improve our overall corporate performance and the profitability of the specific business unit for which they are responsible.
- Focus our executives on continuing to deliver strong long-term results for our shareholders by placing strong emphasis on equity based incentive compensation and stock ownership by executives and Board members. Long-term equity incentive awards include stock options and restricted stock, which focus and reward executive officers on building shareholder value. We use a multi-year vesting schedule for our stock options and restricted stock to emphasize long-term shareholder value creation and to retain our executives. We have established minimum stock ownership guidelines for our executives and Board members. All of our named executive officers and Board members comply with the ownership guidelines.
- Provide market competitive compensation levels.

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#### Supporting Documentation:

JCI Board Committee Charters -Web Link	Page #:	<a href="#">View</a>
2011 Proxy Statement	Page #: 39-42 and 49-51	<a href="#">View</a>

# Commitments to External Initiatives

## Precautionary Approach GRI 4.11

### 4. Governance, Commitments, and Engagement / Commitments to External Initiatives / Precautionary Approach GRI 4.11

Explanation of whether and how the precautionary approach or principle is addressed by the organization.

We have a robust Risk Management staff to identify and recommend ways to mitigate risks inherent in our activities, including those associated with acquisitions or divestitures. On many occasions we forego potentially profitable work that is inconsistent with our core business and Values. Senior management makes such decisions with input from functional areas, including Legal and Risk Management.

Please see the Risk Management process document attached below in the Supporting References. This document describes the robust risk management process in place to identify risks across the company. This process facilitates the identification of the changing risks which then focus the company on how to plan for management of such risks.

We also take the precautionary approach when risks, including those associated with environmental or worker safety, outweigh overall value to the business. We used a comprehensive due diligence checklist for evaluating risks associated with an acquisition. Also, significant changes to processes, materials, etc. often involve internal multifunctional reviews and approvals. Once a new process or acquisition occurs then per company policy it becomes subject to a multitude of quality, environmental and safety checks and improvement systems in accordance with our management system approach. For example, all of Johnson Controls facilities per corporate mandate are required to have an Environmental Management System in place that is at least compliant with ISO 14001. Many of our facilities also are compliant or certified to ISO 9000 (Business Management System) and OHSAS 18001 (Safety Management System). Also, our Business Operating System (BOS) allows for quick, efficient and consistent implementation of these systems. We have shared our success in implementing these systems with some interested customers.

Also, we continue to focus on supply chain risks and have performed surveys and audits of key suppliers to ensure they meet our expectations. The supplier manual applicable to suppliers is attached and include contractual clauses regarding sustainability, i.e., human rights, environmental, etc.

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#### Supporting Documentation:

Marsh Letter	Page #: <a href="#">View</a>
Environmental, Safety and Health Standard	Page #: <a href="#">View</a>
EEO Policy	Page #: <a href="#">View</a>
Suppliers Standard Manual	Page #: <a href="#">View</a>
Risk Management process	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>
Supplier Portal w/ Supplier Manual	Page #: <a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #: <a href="#">View</a>

## Principles Endorsed GRI 4.12

### 4. Governance, Commitments, and Engagement / Commitments to External Initiatives / Principles Endorsed GRI 4.12

Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.

Johnson Controls is an early signatory and active member of the United Nations Global Compact, which is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment and corruption. As the world's largest, global corporate citizenship initiative, the Global Compact is first and foremost concerned with exhibiting and building the social legitimacy of business and markets. We are committed to its Ten Principles, which are aligned with the ILO Conventions, OECD Guidelines for Multinational Enterprises and the UN Universal Declaration of Human Rights.

We abide by the Ten Principles of the U.N. Global Compact, which are:

1. Support and respect the protection of international human rights within their sphere of influence.
2. Refuse to participate or condone human rights abuses.
3. Support freedom of association and recognition of the right to collective bargaining.
4. Uphold the elimination of all forms of forced and compulsory labor.
5. Uphold the abolition of child labor.
6. Eliminate discrimination in employment and occupation.
7. Implement a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Promote the diffusion of environmentally friendly technologies.
10. Promote adoption of initiatives to counter all forms of corruption, including extortion and bribery.

Johnson Controls reports annually to the Communication on Progress (COP), which is a voluntary requirement for remaining in good standing with the UN Global Compact. A COP is a communication to stakeholders (i.e., consumers, employees, organized labor, shareholders, non-government organizations, social investors, media, government, etc.) on the progress the company has made in implementing the ten principles in their business activities and, where appropriate, supporting UN goals through partnerships.

More than 51,000 of our managers and key employees around the world are trained annually on our Ethics Policy, which addresses each Compact principle and is conveyed to employees through training and other initiatives.

A new initiative of the Compact is "Caring for Climate", which Johnson Controls fully supports. The initiative is positioned as a voluntary and complementary action platform for those Global Compact participants who want to demonstrate leadership on the climate change issue. Johnson Controls is showing its support by establishing greenhouse gas reduction goals that are reported annually to the public. We feel our support shows how committed we are to advancing practical solutions, public opinion and government attitudes about climate change.

In addition, Johnson Controls is an active member of Climate Leaders, a US EPA industry-government partnership that works with companies to develop comprehensive climate change strategies. As a Partner company, Johnson Controls is committed to reducing our impact on the global environment by completing a corporate-wide inventory of greenhouse gas emissions based on a quality management system, setting aggressive reduction goals, and annually reporting their progress to EPA. Our participation provides a credible record of our accomplishments and EPA recognition as corporate environmental leader in addressing climate change.

Johnson Controls also supports full transparency greenhouse gas emissions reporting. For example, Johnson Controls publicly reports its GHG data on our web as well as to the Carbon Disclosure Project (CDP), a non-government organization that solicits GHG data from all major corporations and posts the data on their web for public viewing. We have provided data for many years and became a member of CDP's Supply Chain Leadership Collaboration in 2008 to encourage our suppliers to do the same. To date our responses have been well received by the NGO community. For example, Calvert, CERES and CDP stated in their report titled, 'Climate Risk Disclosure by S&P 500' that, "Johnson Controls led the multi-sector industry with highest level of disclosure, providing more information than any other S&P 500 company except Entergy. The company stated that it is a global leader in providing energy efficiency products and services. At the same time, Johnson Controls did not neglect to address risk, and it offered higher than average disclosure in its strategic analysis of the potential implications of climate change". In 2010, we were recognized by CDP by being listed on their Carbon Disclosure Leadership Indexes and Carbon Performance Leadership Indexes, which only includes the companies with the highest scores in the two categories of the carbon-intensive sectors and the non-carbon-intensive sectors to provide a perspective on the range and quality of responses to CDP's questionnaire.

Johnson Controls is also a member of the Center for Climate & Energy Solutions' -C2ES - (formerly PEW Center) Business Environmental Leadership Council. As a member we are committed to the following principles:

1. We accept the scientific consensus that climate change is occurring and that the impacts are already being felt. Delaying action will increase both the risks and the costs.
2. Businesses can and should incorporate responses to climate change into their core corporate strategies by taking concrete steps in the U.S. and abroad to establish and meet greenhouse gas (GHG) emission reduction targets, and/or invest in low and zero GHG products, practices and technologies.
3. The United States should significantly reduce its GHG emissions through economy-wide, mandatory approaches, which may vary by economic sector and include a flexible, market-based program. Complementary policies may also be necessary for sectors such as buildings, electricity generation, forestry, agriculture, and transportation that will help drive innovation and ease the transition to a low-carbon economy.
4. Climate change is a global challenge that ultimately requires a global solution. An international climate framework must establish fair, effective, and binding commitments for all developed and major developing economies. Johnson Controls signed the Copenhagen Communiqué in September 2009 and Cancun Communiqué in September 2010 in an effort to show support for the COP15 and COP16 UNFCCC Climate Change



ConferenceS in Dec. 2009 and Dec. 2010. See Supporting References for its principles.

Johnson Controls became a member of The Climate Group in September 2009. As a condition of membership, our CEO signed onto their principles which demonstrate a commitment to environmental responsibility and actions to reduce the company's carbon emissions.

Johnson Controls is also an active advocate of promoting diversity within our workforce and supply chain. We are one of eighteen U.S. companies in the Billion Dollar Roundtable, comprised of corporations who contract over a billion dollars annually to minority businesses.

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**Supporting Documentation:**

WEC Gold Medal for International Achievement in Sustainable ...	Page #: <a href="#">View</a>
OEDC Guidelines for Multinational Enterprises	Page #: <a href="#">View</a>
Community Involvement Program overview	Page #: <a href="#">View</a>
Congressional Testimony Iain Campbell	Page #: <a href="#">View</a>
2008 Pew Center BELC member press release	Page #: <a href="#">View</a>
2009 Climate Group Membership announcement NR	Page #: <a href="#">View</a>
2009 Copenhagen Communique	Page #: <a href="#">View</a>
Climate Group Principles	Page #: <a href="#">View</a>
Hazard Specific Safety Program Standards	Page #: <a href="#">View</a>
Social and Envir. Performance of Suppliers Standard	Page #: <a href="#">View</a>
Suppliers Standard Manual	Page #: <a href="#">View</a>
UN Global Compact	Page #: <a href="#">View</a>
EPA Climate Leaders	Page #: <a href="#">View</a>
Pew Center on Climate Change -BELC	Page #: <a href="#">View</a>
2010 CDP Leadership Index press release	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #: <a href="#">View</a>
Supplier Portal w/ Supplier Manual	Page #: <a href="#">View</a>
Carbon Disclosure Project	Page #: <a href="#">View</a>

## Memberships GRI 4.13

### 4. Governance, Commitments, and Engagement / Commitments to External Initiatives / Memberships GRI 4.13

Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:

- has positions in governance bodies;
- participates in projects or committees;
- provides substantive funding beyond routine membership dues;
- views membership as strategic.

Organizations focused on one or more aspects of sustainability in which Johnson Controls is a member are listed in the document attached in the Supporting References.

The following organizations are a sampling of that list and many of them are "invite-only organizations" where we have been invited to be a member:

Johnson Controls memberships in "sustainability" organizations:

Business Round Table Climate RESOLVE and S.E.E. Change

Carbon Disclosure Project- Supply Chain Leadership program

Clinton Global Initiative (CGI) - active engagement in the Built Environment track which is focused on ways to proactively design the built environment to maximize social and environmental sustainability.

The Climate Group

The Conference Board

Corporate Environmental Enforcement Coalition (CEEC)

Council of Great Lakes Industries (CGLI)

European Partnership for Energy and the Environment (EPEE)

Global Environmental Management Initiative (GEMI)

Center for Climate and Energy Solutions ' (C2ES) (formerly the Pew Center) Business Environmental Leadership Council (BELC)

Renewable Energy & Energy Efficiency Partnership (REEEP)

Supplier Partnership for the Environment

Sustainability Consortium

United Nations Global Compact

United States Energy Association (USEA)

United States EPA Climate Leaders (government phasing this program out)

United States EPA Green Power Partnership

United States EPA EnergySTAR Low Carbon IT Campaign

World Environment Center (WEC)

A sampling of the industry organizations/partnerships that we belong to are:

- Battery Council International

- Automotive Industry Action Group (AIAG) - company representative has a leadership role

- National Clean Fleets Partnership (US Energy Department) - a broad public-private partnership that assists the nation's largest fleet operators in reducing the amount of gasoline and diesel they use nationwide. Company joined in Feb. 2012.

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#### Supporting Documentation:

Memberships in Associations, Organizations Page #: [View](#)

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#### Additional Comments

Johnson Controls, Inc., believes that professional associations are essential for the vitality of the business education profession. Professional associations offer key services that support professional development, professional practices, knowledge generation, and research. In keeping to that belief, we tend to participate in organizations that are the most beneficial to our profession, employee, our overall business, and stakeholder community.

A few years ago, the company formed our internal Global Environmental Sustainability Council. The Council meets at least monthly and discusses many different topics that pertain to sustainability. The meeting often includes a review of current and any proposed memberships to determine if the benefits and costs of membership in a specific organization are value added.

# Stakeholder Engagement

## Stakeholders Engaged GRI 4.14

### 4. Governance, Commitments, and Engagement / Stakeholder Engagement / Stakeholders Engaged GRI 4.14

List of stakeholder groups engaged by the organization.

**EMPLOYEES:** 162,000 employees globally are given the opportunity to respond to the annual Global Employee Survey.

**CUSTOMERS and CONSUMERS:** Through customer satisfaction surveys; educational forums (i.e. hosting and convening annual Energy Efficiency Forums in various regions of the world). See Energy Efficiency Forum link in Supporting References.

**GOVERNMENTS:** Through partnerships on local, regional and national levels. See National Clean Fleets Partnership in Supporting References as an example of a partnership we joined with the U.S. Dept. of Energy.

**NEIGHBORS and COMMUNITY GROUPS:** Community relations is a process that creates and nurtures partnerships through the Johnson Controls Foundation, sponsorships and employee volunteer engagement and support. It's what we do at our major U.S. headquarters' locations as well as in hundreds of smaller communities around the world where Johnson Controls has a presence. Johnson Controls sponsors many community initiatives in the areas we work and often involves interaction with local communities and its leaders.

Various non-profit NGO partners who receive support from JCI's philanthropic efforts i.e. Conservation Leadership Corps (CLC) program which aims to develop the next generation of environmental stewards through youth hands-on conservation work which benefits local communities; and the Blue Sky Involve employee volunteer program where JCI grants \$1000 per non-profit partner organization. Significant NGO partners working with JCI on the CLC program include the Student Conservation Association, The Greening of Detroit, CivicWorks, Milwaukee Area Workforce Investment Board, Groundwork London (U.K), ijgd (Germany) Mundo Sustentable (Mexico), Profauna (Mexico), CEEC (Center for Environmental Education & Communications - a government agency under the Ministry of Environmental Protection in China) and numerous others.

**SHAREHOLDERS and INVESTMENT GROUPS:** In fiscal year 2010, shareholders numbered 44,627, ranging from individuals to large financial/pension investment firms.

**SUPPLIERS:** Johnson Controls spends over billions annually on thousands of direct and indirect suppliers that provide materials, equipment, services, etc. essential to our business. Johnson Controls has more than 300 diverse vendors. In addition, Johnson Controls is an equity partner in four minority equity joint ventures totaling \$1 billion in annual revenue and employing more than 1,500 workers in their communities. We continue to increase the amount we spend with diverse vendors and remain a member of the Billion-Dollar Roundtable since 2003. Few companies in the United States achieve this level to qualify.

Overall, Johnson Controls knows there's a business case for a strong supplier diversity program. A focus on historically underused suppliers—women- and minority-owned suppliers—helps the company meet the needs of diverse customers while it expands business and strengthens the vendor base.

It improves the quality and marketability of our products and services by ensuring that we're responding to the diverse needs of customers. We can be more successful with a supplier group that reflects the communities where we're located as well as the customers of our customers. See documents attached regarding specifics regarding some of our suppliers, i.e., 2008 Johnson Controls Congressional Testimony.

**TRADE UNIONS** including:

- United Association (UA) of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, AFL-CIO
- IUOE Locals No: 18S, 30, 39, 68, 70, 94, 99, 399, 835, 877, 926
- Communications Workers of America,
- IBEW Local No: 15, 21, 26, 34
- Painters and Allied Trades, Local 193
- Plasterers and Cement Masons, Local 148
- Sheet Metal Workers, Local 85
- United Brotherhood of Carpenters and Joiners of America, Local No. 225, 255, 258, 265
- Laborers International Union of North America, Local No. 438
- Union Bricklayers and Allied Craftsmen, Local No. 08
- Plumbers Union, Local No. 12
- Steamfitters Local 602
- Detroit Bldg. Trades
- Michigan. Bldg. Trades
- SEIU Local No: 74, 200-B, 200-D
- IBPAT Local No. 155
- Plumbing and Pipefitting Local No. 201, 537
- Carpenters Regional Council of Washington, DC
- Plumbers, Steamfitters and Apprentices, Local #21

- IAM & AW, District No. 141

NON-GOVERNMENT ORGANIZATIONS (NGOs) and SOCIAL INVESTORS, including:

- The Interfaith Center for Corporate Responsibility (ICCR), including the following members:
  - Congregation of the Passion,
  - Benedictine Sisters,
  - Socially Responsible Investment Coalition (SRIC)
  - ICCR subcommittee representatives
  - Walden Asset Management
  - Christus Health
  - Domini Social Investments
  - Evangelical Lutheran Church of America
  - Catholic Healthcare East
  - General Board of Pension and Health Benefits (GBOPH) , The United Methodist Church
- Carbon Disclosure Project
- Center for Climate and Energy Solutions - C2ES (formerly The Pew Center on Global Climate Change) - Business Environmental Leadership Council
- Environmental Defense - though a membership with GEMI
- World Resources Institute(WRI) through various climate change initiatives
- The Climate Group
- Business Council for Sustainable Energy
- International Council of Local Environmental Initiatives (ICLEI)
- TERI (The Energy Resources Institute) – India
- WEC (World Environment Center)
- United Nations Global Compact
- Clinton Global Initiative

See Memberships in Supporting References for more.

**Supporting Documentation:**

GEMI Transparency Workshops	Page #:	<a href="#">View</a>
GEMI- Building Shareholder Value	Page #:	<a href="#">View</a>
Community Involvement Program overview	Page #:	<a href="#">View</a>
WEC Gold Medal for International Achievement in Sustainable ...	Page #:	<a href="#">View</a>
ICCR Applauds AIAG - Human Rights	Page #:	<a href="#">View</a>
Award Winning Application for 2006 Ford World Excellence Awa...	Page #:	<a href="#">View</a>
Memberships in Associations, Organizations	Page #:	<a href="#">View</a>
Blue Sky Involve overview presentation	Page #:	<a href="#">View</a>
Blue Sky Involve Fact Sheet	Page #:	<a href="#">View</a>
Accenture sustainability report featuring JCI	Page #:	<a href="#">View</a>
2008 Johnson Controls Congressional Testimony	Page #:	<a href="#">View</a>
Supplier Diversity Fact Sheet	Page #:	<a href="#">View</a>
Diversity - Awards	Page #:	<a href="#">View</a>
Global Employee Survey - Fact Sheet	Page #:	<a href="#">View</a>
Conservation Leadership Corps global overview fact sheet	Page #:	<a href="#">View</a>
Clinton Climate Initiative news release	Page #:	<a href="#">View</a>
Un Global Compact and New OneReport Tool	Page #:	<a href="#">View</a>
JCI Press Releases link	Page #:	<a href="#">View</a>
Johnson Controls Supplier Awards	Page #:	<a href="#">View</a>
2011 Proxy Statement	Page #:	<a href="#">View</a>
Philanthropic Impact Report	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 22-48	<a href="#">View</a>
Energy Efficiency Forum - JCI USEA	Page #:	<a href="#">View</a>
National Clean Fleets Partnership - JCI joins (2012)	Page #:	<a href="#">View</a>

**Additional Comments**

Johnson Controls activity participates in various conferences, forums and working groups to improve ways to enhance stakeholder involvement as well as to share best practices and ideas with other corporations. Also, see Supporting Documents section for details as well as our suppliers showing exemplary leadership in environmental, safety, diversity, etc.

Note on disclosure of company's primary suppliers: We attempt to provide as many details as we can without jeopardizing our competitive advantage, which could be compromised by listing our suppliers. Please note that all suppliers must comply with our Ethics Policy and their contract which includes specific requirements regarding social and environmental performance.

# Identify Stakeholder GRI 4.15

## 4. Governance, Commitments, and Engagement / Stakeholder Engagement / Identify Stakeholder GRI 4.15

Basis for identification and selection of stakeholders with whom to engage.

Stakeholder engagement is an important part of doing business and helps us better understand our markets and customers that ultimately strengthen our reputation and business. Johnson Controls recognizes that dialogue with our stakeholders provides important feedback about our activities, plans and strategies, which is critical for our long-term success. We consult with stakeholders via periodic meetings, advisory council forums, written correspondence and surveys. Some benefits resulting directly from stakeholder engagement include:

- Enhancing best practices particularly in the social arena
- Improving data benchmarking so it is more easily understood
- Learning about new marketing opportunities and gaining a balanced perspective of our activities and potential consequences
- Establishing more efficient processes for tracking progress on several new sustainability related goals
- Gaining a deeper appreciation of what others see as our global responsibility

Johnson Controls interacts more systematically with some stakeholders than with others, but nevertheless makes an attempt to understand the expectations of all stakeholders. We have identified our key stakeholders. Engagement with some is new, continuing and in many cases expanding –all usually with the focus on conveying the importance of sustainability to our business.

Internally, we promote communications with employees through a variety of initiatives, including functional and cross-functional committees, all hands meetings, web-based communications on the Internet and intranet, and through numerous newsletters and other publications.

Externally, we actively seek dialogue with stakeholders, such as socially responsible investment groups, academia, key customers, and public interest groups that often provide valuable input about our progress in sustainability and ways to improve in a manner that adds value to the company.

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### Supporting Documentation:

GEMI - Transparency - A Path to Public Trust Page #: [View](#)

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### Additional Comments

Johnson Controls believes strongly that transparency is good for business. We take a leadership role in many organizations in promoting transparency through publications and conferences, etc. See Supporting References section.

# Stakeholder Engagement GRI 4.16

## 4. Governance, Commitments, and Engagement / Stakeholder Engagement / Stakeholder Engagement GRI 4.16

Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

Also please indicate the principles formulated at corporate level that guide your company's stakeholder engagement at site level. Please attach/provide supporting documents or indicate website.

<input checked="" type="checkbox"/>	A priori examination of costs, opportunities and risks involved in a particular stakeholder engagement		
<input checked="" type="checkbox"/>	Identification of issues and stakeholders that appear to be most important for long-term success		
<input checked="" type="checkbox"/>	Development of a common understanding of issues relevant to the underlying problem, such as technical terms		
<input checked="" type="checkbox"/>	Mutual agreement on the type of engagement (type of meetings such as group meetings, one-on-ones, frequency of meetings, exchange of information, roles of each party, etc.)		
<input checked="" type="checkbox"/>	The process of engagement ensures that all stakeholders can raise their concerns.		
<input checked="" type="checkbox"/>	Grievance mechanisms are agreed upon by all involved parties		
<input type="checkbox"/>	Local managers get training in stakeholder engagement		
<input checked="" type="checkbox"/>	Targets are set and agreed upon by all involved parties		
<input checked="" type="checkbox"/>	Feedback from stakeholders to board/supervisory board and/or senior directors and/or compliance and/or communication department		
<input checked="" type="checkbox"/>	Results of the engagement process are reported to the stakeholders involved		
<input checked="" type="checkbox"/>	Results of the engagement process are publicly available, please indicate website	Please specify:	see GRI 4.17
<input type="checkbox"/>	Other	Please specify:	
<input type="checkbox"/>	Percentage of sites with implemented stakeholder engagement process	Please specify:	
<input type="checkbox"/>	No principles at corporate level defined, but at more than half of the sites a stakeholder engagement process is implemented		
<input type="checkbox"/>	No stakeholder engagement approach		

### Supporting Documentation:

EPA announcement: National Partnership for Environmental Pri...	Page #: <a href="#">View</a>
Carbon Disclosure Project Report on S&P 500 comments on JCI ...	Page #: <a href="#">View</a>
ICCR Applauds AIAG - Human Rights	Page #: <a href="#">View</a>
2008 Pew Center BELC member press release	Page #: <a href="#">View</a>
Suppliers Standard Manual	Page #: <a href="#">View</a>
Leader Expectations Model updated	Page #: <a href="#">View</a>
Volunteer and Philanthropic programs overview - JCI	Page #: <a href="#">View</a>
Global Employee Survey - Fact Sheet	Page #: <a href="#">View</a>
Memberships in Associations, Organizations	Page #: <a href="#">View</a>
Supplier Sustainability Rating survey - Johnson Controls	Page #: <a href="#">View</a>
News Release: Energy Efficiency Survey	Page #: <a href="#">View</a>
News Release: Clinton Initiative	Page #: <a href="#">View</a>
Energy Efficiency Forum - JCI USEA	Page #: <a href="#">View</a>

### Additional Comments

Johnson Controls has programs to foster open communication and cooperation with our stakeholders on environmental, social, and economic issues. We constantly learn through consultations with stakeholders of all kinds. We have an open-door policy and encourage interaction between our company and a range of stakeholder groups. Besides inviting questions and comments, we pursue opportunities to partner with stakeholders for mutually beneficial purposes. By incorporating the wisdom, concerns and lessons of our stakeholders, we can more effectively manage our businesses.

EMPLOYEES: 162,000 employees globally are given the opportunity to respond to the annual Global Employee Survey. This is the company's formal channel to receive annual feedback on a variety of topics important to employees. Action plans are then established by each department globally,

seeking improvement for the next year.

**CUSTOMERS and CONSUMERS:** Through customer satisfaction surveys; educational forums (i.e. hosting and convening annual Energy Efficiency Forums in various regions of the world). See Energy Efficiency Forum link in Supporting References.

**GOVERNMENTS:** Through partnerships on local, regional and national levels. See National Clean Fleets Partnership in Supporting References as an example of a partnership we joined with the U.S. Dept. of Energy.

**NEIGHBORS and COMMUNITY GROUPS:** Community relations is a process that creates and nurtures partnerships through the Johnson Controls Foundation, sponsorships and employee volunteer engagement and support. It's what we do at our major U.S. headquarters' locations as well as in hundreds of smaller communities around the world where Johnson Controls has a presence. Johnson Controls sponsors many community initiatives in the areas we work and often involves interaction with local communities and its leaders.

Various non-profit NGO partners who receive support from JCI's philanthropic efforts i.e. Conservation Leadership Corps (CLC) program which aims to develop the next generation of environmental stewards through youth hands-on conservation work which benefits local communities; and the Blue Sky Involve employee volunteer program where JCI grants \$1000 per non-profit partner organization. Significant NGO partners working with JCI on the CLC program include the Student Conservation Association, The Greening of Detroit, CivicWorks, Milwaukee Area Workforce Investment Board, Groundwork London (U.K), ijgd (Germany) Mundo Sustentable (Mexico), Profauna (Mexico), CEEC (Center for Environmental Education & Communications - a government agency under the Ministry of Environmental Protection in China) and numerous others.

**SUPPLIERS** - we engage our suppliers through our Supplier Sustainability Survey which allows us to engage in discussions around climate change goals and actions that we expect of our suppliers.

**NGOs** - we engage with a number of NGOs on topics that are vital to our business and being a good corporate citizen from both an environmental and social responsibility perspective. Examples include monthly, quarterly, bi-annual or annual engagement with organizations such as the Business Council for Sustainable Energy, Center for Climate and Energy Solutions (C2ES), The Climate Group, Clinton Global Initiative, The World Environment Center, etc. See list of Memberships in Organizations and Associations in Supporting References for a full list.

**SOCIAL INVESTORS:** we engage on an annual basis or more frequent basis with several social investors on key issues that may be highlighted depending on global issues or local issues that may be of interest concerning our operations. An example of annual engagement is the review of our GRI report with representatives from the ICCR (Interfaith Center for Corporate Responsibility).

Please also see memberships in associations and organizations under GRI 4.13 and stakeholders engaged under GRI 4.14.

# Engagement Result GRI 4.17

## 4. Governance, Commitments, and Engagement / Stakeholder Engagement / Engagement Result GRI 4.17

Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

Customer, employee and other types of surveys are routinely conducted to determine those areas where we can improve, which is essential for the continued success of the company. Results of key customer and employee surveys recently conducted are provided in the supporting documents below.

Johnson Controls is listed on many of the global sustainability indexes such as the Dow Jones Sustainability Index (North America and World), FTSE4Good Index Series, KLD Index series including the Global Climate 100 and the Domini 400 Social index, the Calvert Social Index, Maplecroft Climate Innovation Index and the Carbon Disclosure Leadership Indices. Being listed on these prestigious indices is an honor because it indicates the company has a very strong sustainability track record, including a number of areas such as transparency, integrity, governance, human rights, community involvement, environmental leadership, etc. Overall, we strongly feel being recognized for our leadership in sustainability better positions us for continued success.

Johnson Controls meets with a variety of other stakeholders, including non-government organizations (NGOs) to get their input on an array of matters. For instance, Johnson Controls meets at least annually with several members of the Interfaith Center for Corporate Responsibility (ICCR) to discuss specific current and emerging issues that affect or may affect the Company. Topics discussed include human rights policies, sustainability reporting, supply chain management, and climate change.

For example, in 2003, the ICCR issued a shareholder resolution requesting that we publish a Sustainability Report. At that time, Johnson Controls had already published its first Annual Environmental, Safety and Health Report and was considering expanding the report to include more social information as data collection processes became more refined. The resolution did not secure the minimum shareholder proxy votes, but Johnson Controls agreed to on-going dialogue with ICCR and published a Sustainability Report in January 2004 (covering Fiscal 2003). The report was a company-wide success. It received considerable praise from employees and customers and helped us to better appreciate the business value of sustainability reporting. In 2005, we combined our Sustainability Report with our Annual Report and created a summary report, called the Business and Sustainability Report. To complement the printed summary and in an effort to be fully transparent, we annually updated an online GRI Matrix Report that followed the Global Reporting Initiative (GRI) 2002 guidelines. Starting in 2008, we followed the newly introduced GRI G3 guidelines. The online report is intended to provide details about our economic, environmental and social performance for all stakeholders.

Prior to updating this online report for the current year, we asked ICCR to review our latest GRI Report and provide comments to help us improve it. Johnson Controls sincerely appreciates ICCR's efforts for reviewing and providing comments. We believe their input helps us improve and gives us a competitive edge by allowing us to better understand our stakeholders and the marketplace. Each comment was reviewed and every attempt was made to address their comments in this updated version, particularly those that add value or do not jeopardize information considered company confidential.

In addition, we keep Domini Social Investments, Waldon Asset Management and many other social investors apprised of our sustainability efforts. For example, in 2004, Domini Social Investments, Inc. and members of the ICCR asked Johnson Controls to investigate the social and environmental activities of Doe Run-Peru, one of our minor lead suppliers. The investigation revealed that the supplier purchased a problem facility from the Peruvian government in 1997 and had spent millions on improvement that were not being recognized by various local NGOs. A meeting with Doe Run-Peru's top management, Johnson Controls, ICCR and Domini helped all parties better understand each other's concerns and the progress actually being made. As a result, Johnson Controls reviewed its supply chain management process and made improvements to its supply chain management practices that we feel will help minimize our exposure to many supply chain risks. We continue to discuss Doe Run-Peru and our overall supply chain management process at least annually and during our dialogue sessions.

In the timeframe of 2008 - 2010, ICCR and another prominent social investor requested an explanation about allegations that Johnson Controls discriminated against its employees when laying off employees at its Puebla facility in Mexico. In 2010, a third party investigation was conducted by the independent auditor, Verite, and noted several findings. A corrective action plan was devised and implemented. An executive summary of the audit and corrective action plan was shared and discussed with ICCR and other interested social investors and stakeholders. We have also appointed a full time individual to monitor corrective plan implementation and to work closely with employees and unions to prevent a reoccurrence. Facility supervisory personnel have been retrained as well. Further, we discussed our new Human Rights & Sustainability Policy with ICCR and they provided input for improving it that we incorporated in the new policy.

In September 2011, some local Chinese media reported that our Shanghai battery plant was being held responsible for lead contamination in the local community. On Sept. 13, the Pudong New Area government requested that Johnson Controls suspend lead-related production in our Shanghai plant as we achieved our lead quota for the year, and we complied with this request. Johnson Controls took immediate steps to minimize the impact of this action on our employees. We fully cooperated with the government and industry experts to understand and help address this issue. We asked industry experts in China to do a formal investigation of the blood-lead poisoning issue. This independent investigation, conducted by the Lead-acid Battery Sub-Commission of the China Electric Equipment Industry Association, indicated that Johnson Controls could not be the cause of the elevated blood-lead levels that have been found in some children in the Kangqiao area, Pudong, Shanghai. The results corroborated our own data and proved that emissions from our battery plant could not be the cause of elevated blood-lead levels found in the community. The independent panel was led by Mr. Xia Qing, an environmental scientist and former deputy chairman and chief engineer of China Research Academy of Environmental Science, and included several experts in environmental protection, health, soil remediation, and the lead-acid battery industry. The panel investigated potential sites that could have contributed to the elevated blood-lead incidents in the Kangqiao



area. It also analyzed the various lead sources and the potential pathways from these sites to the environment in the nearby community.

While the study indicated that Johnson Controls could not be the cause of the blood-lead incidents in Kangqiao, it did identify an abnormally high zone of lead content from a waste recycling facility near the residential area where 80 percent of the affected children live. In this contaminated area, lead content was found to be over three times the present Chinese national standard and 10 times the forthcoming Chinese national standard. It is also found that the zinc content of this area was over 15 times the present Chinese national standards.

Johnson Controls has a long-term commitment to China. We will continue to work with the government in a transparent and cooperative manner focusing on scientifically assessing the environmental issues in Kangqiao while responding to the needs of the community, our employees and our customers.

Johnson Controls has responded to social investors on this issue and is keeping them up to date on the latest information in the spirit of transparency with our external stakeholders around the world.

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**Supporting Documentation:**

GEMI Transparency Workshops	Page #: <a href="#">View</a>
Supplemental Information Johnson Controls Econ Env Social Hum...	Page #: <a href="#">View</a>
Global Employee Survey - Fact Sheet	Page #: <a href="#">View</a>
2008 Johnson Controls Congressional Testimony	Page #: <a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #: <a href="#">View</a>
Shanghai battery plant company statement 1 (2011)	Page #: <a href="#">View</a>
Shanghai battery plant company statement 2 (2011)	Page #: <a href="#">View</a>
Shanghai battery plant Chinese media - company response (201...	Page #: <a href="#">View</a>
Shanghai battery plant independent study findings (2011)	Page #: <a href="#">View</a>

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**Additional Comments**

Johnson Controls frequently participates in workshops and professional organizations to learn ways to improve stakeholder engagement and transparency as noted in the Supporting Documents.

# 5. Management Approach and Performance Indicators

## Economic

### Economic: Disclosure on Management Approach

#### Economic Disclosure on Management Approach GRI EC

#### 5. Management Approach and Performance Indicators / Economic / Economic: Disclosure on Management Approach / Economic Disclosure on Management Approach GRI EC

DISCLOSURE ON MANAGEMENT APPROACH - Concise disclosure on the Management Approach items outlined below with reference to the following Economic Aspects:

- Economic Performance;
- Market Presence; and
- Indirect Economic Impacts.

#### ECONOMIC PERFORMANCE:

##### 2011 PERFORMANCE

2011 was a year of continued growth and success for Johnson Controls. We reached a significant milestone for financial performance, surpassing \$40 billion in revenue. We also achieved record earnings of \$1.7 billion. Notably, Johnson Controls has produced year-over-year revenue growth for 64 of the past 65 years, posted earnings gains in 20 of the past 21 years, and continued our track record of paying consecutive dividends since 1887.

In 2011, all three of our businesses— Automotive Experience, Building Efficiency and Power Solutions—grew at a double-digit rate, gained market share and outpaced their respective industry growth rates. Entering 2012, we have good momentum with a record \$5.1 billion backlog of new business for Building Efficiency, and a \$4.2 billion backlog of new business for Automotive Experience that will launch over the next three years.

Johnson Controls' ability to deliver sustainable, profitable growth is driven by our longterm strategies, ability to execute plans, and our diversification through three businesses that are market leaders in their respective industries. Each has demonstrated the ability to grow significantly faster than its industry growth rate.

Our growth is supported by a strong balance sheet allowing us to make strategic investments in our businesses. This past year, we made record capital investments of \$1.3 billion to deliver long-term growth. Much of that investment was targeted in Power Solutions across three growth platforms: expansion and vertical integration, which includes recycling, in our traditional battery business; emerging markets such as China; and advanced battery technology capabilities and capacity.

We plan to invest \$1.7 billion in 2012, nearly three-quarters of which is targeted for growth and margin-expansion initiatives, such as increasing our capacity in emerging markets, supporting new business awarded to Automotive Experience, and deploying Absorbent Glass Mat (AGM) battery technology for Start-Stop vehicles in Power Solutions. We expect to sustain a high level of capital investment for the foreseeable future and make additional non-capital investments in innovation, engineering, and sales and service forces.

In addition to capital investments to drive organic growth, we made \$1.4 billion in strategic acquisitions in 2011, primarily across our automotive business.

Automotive Experience acquired German companies C. Rob. Hammerstein and Keiper/Recaro Automotive to offer automakers a complete range of metal components and mechanisms. We also acquired Michel Thierry, a respected France-based supplier of fabrics and trim. These acquisitions have enhanced our technology capabilities and are expected to yield significant paybacks in 2012. Power Solutions purchased Saft's share of our lithium-ion battery joint venture, reflecting our commitment to being a leader in the advanced battery space. The acquisition enables us to expand our capabilities across technology, systems, applications and business models.

#### MARKET PRESENCE:

- BUILDING EFFICIENCY – provides integrated heating, ventilating and air conditioning (HVAC) systems, including building management

systems, controls and mechanical equipment, technical services, energy management consulting and operations of real estate portfolios, residential heating and air conditioning. Johnson Controls is a leading supplier of systems and services for healthcare, education, government, office, industrial and retail buildings worldwide. Customers are in 125 countries.

- **AUTOMOTIVE EXPERIENCE** – provides systems that extend into every area of the interior including seating and overhead systems, door panels, floor consoles, instrument panels, cockpits, and integrated electronics. Johnson Controls is the world’s largest supplier of seating and a major global supplier of interior systems, including electronics. Customers include virtually every automaker worldwide.
- **POWER SOLUTIONS** – provides a wide range of automotive battery technologies including flat plate and spiral wound lead acid batteries as well as nickel-metal-hydride and lithium-ion batteries for hybrid vehicles. Johnson Controls is the world’s largest supplier of lead-acid batteries for both aftermarket and original equipment applications. Batteries sold under customer brands as well as our own Varta®, Heliar®, LTH® and Optima® brand names.

#### INDIRECT ECONOMIC IMPACTS:

Johnson Controls’ indirect economic impacts are broad and effect many different stakeholders. For example, our employees’ private spending generates economic activity and taxes, and supports their local communities. Our supply chain spending creates jobs for supplier companies as well as those suppliers and associated infrastructure that support them. Most all pay taxes to governments and pay dividends to their investors and many directly and indirectly provide various types of support to their local communities. The equipment and services we sell to customers improve their productivity, which may increase their economic contribution to society through greater employment, more purchases from their suppliers and more taxes. Also, our investors often pay taxes on stock gains when they sell their shares.

We invest in jobs training programs, including green jobs training in certain cities where we have operations. This provides an indirect economic impact for those regions.

Through commitments with NGOs, public and private sector entities, we develop partnerships to implement carbon reduction measures in commercial buildings. Such actions provide indirect economic impacts through energy savings.

In addition, our global philanthropic efforts, including our Blue Sky Involve employee volunteer program, contribute to the indirect economic impacts by lifting up the non-profit organizations in local communities. The company provides grants to these local non-profits and schools when our employees volunteer to participate in projects that help the non-profit organizations. Many of these organizations are in need for physical improvements to their facilities or providing leadership skills training for their stakeholders which often are the local citizens. Our global philanthropy was \$15.5 million in FY2011 which has both a direct and indirect economic impact on local communities. Of that total, \$1,100,000 was directed towards the more than 1,100 local Blue Sky Involve volunteer projects with the non-profit organizations and schools that our employees selected. The dollars being invested locally are a direct impact, but the employee volunteer portion provides the indirect impact as the employees teach the local stakeholders how to prosper better on their own through leadership and life skills.

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#### Supporting Documentation:

Johnson Controls public web site	Page #: <a href="#">View</a>
2011 10K Report	Page #: <a href="#">View</a>
2011 Business & Sustainability Report	Page #: <a href="#">View</a>

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#### Additional Comments

The Company’s filings with the U.S. Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, definitive proxy statements on Schedule 14A, current reports on Form 8-K, and any amendments to those reports filed pursuant to Section 13 or 15(d) of the Exchange Act, are made available free of charge through the Investor Relations section of the Company’s Internet website at <http://www.johnsoncontrol...> as soon as reasonably practicable after the Company electronically files such material with, or furnishes them to, the SEC. Copies of any materials the Company files with the SEC can also be obtained free of charge through the SEC’s website at <http://www.sec.gov>, at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, or by calling the SEC’s Office of Investor Education and Assistance at 1-800-732-0330. The Company also makes available, free of charge, its Ethics Policy, Corporate Governance Guidelines, Board of Director committee charters and other information related to the Company on the Company’s Internet website or in printed form upon request. The Company is not including the information contained on the Company’s website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

# Economic Performance Indicators

## Aspect: Economic Performance

### Economic Value Generated GRI EC1

#### 5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Economic Performance / Economic Value Generated GRI EC1

Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Currency: USD				most recent reporting year				
[report in millions]	Value generated	Value distributed					Value retained	
Country, region, or market level	Revenues	Operating costs	Wages & benefits	Payments to providers of capital	Payments to govts	Community investmts	(generated less distributed)	
Company level	40,833	28,177	10,371	587	464	15.5	1,211	

**Supporting Documentation:**  
 2011 10K Report Page #: 23 [View](#)

**5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Economic Performance / Climate Change Financial Risk GRI EC2**

Financial implications and other risks and opportunities for the organization's activities due to climate change.

<p>Risks and/or opportunities (e.g. financial, market, legal, regulatory, physical) faced as a result of climate change:</p>	
<ul style="list-style-type: none"> <li><input checked="" type="radio"/> have been assessed, and are publicly available (please upload Web address/documents)</li> <li><input type="radio"/> have been assessed, but are not publicly available</li> <li><input type="radio"/> have not been assessed</li> </ul>	<p><u>C2</u></p>
<p>Details of financial implications, risks, and opportunities faced as a result of climate change:                  At Johnson Controls, we acknowledge the scientific consensus that the earth is warming and that it is at least partially caused by the actions of man. The current body of scientific evidence suggests that climate change will not result in a single devastating event, but rather a combination of events along with uncertainty as to where these events will occur and the degree of impact. Even with this uncertainty, Johnson Controls, like many of its stakeholders recognizes the need to question how climate change could impact our continued success. As a result, we have and will continue to discuss internally and with numerous NGOs, trade groups and other professional organizations the potential risks and opportunities of climate change in order to understand and minimize such risks. Based on those discussions, we attempted to provide some insight into what we see on the horizon for each major climate change risk category commonly identified by groups involved with assessing climate change risks:</p> <p><b>OPERATIONAL RISK (disruption of company operations);</b>                  We recognize that risks such as coastal flooding, weather pattern irregularities, food and water shortages, disease outbreaks could impact our company as well as our customers and suppliers. Although the location and degree of such repercussions of global warming have yet to be identified, Johnson Controls remains committed to staying informed to allow for adequate risk mitigation planning. As a global leader in providing energy efficiency products and services, however, we foresee more demand for our products and services as our customers more fully recognize that energy efficiency is the most cost effective way to reduce GHG emissions.</p> <p>We are working closely with the Carbon Disclosure Project Corporate Supply Chain Program to identify the types of risks and opportunities that may exist in our supply chain. Some possible risks include disruptions and cost increases for the materials and commodities used for our products and services. Defining the impacts of this risk remains highly speculative for the long term. However, given that our products and services are largely focused on energy efficiency, etc. that will help reduce GHGs, we see more opportunities than risks for the long term.</p> <p>In any case, we currently see and are experiencing many new opportunities as consumer attitudes and demand continue to focus on energy efficiency, more fuel efficient hybrids and other technologies to reduce greenhouse gas emissions, which are the focus of many of our products and services. In other words, we see more opportunities to the bottom line than risks for the foreseeable future for Johnson Controls overall.</p> <p><b>INSURANCE RISK (increased premiums and/or un-insurability);</b>                  The implications of global warming are well documented by the IPCC. Even if their moderate predications prove correct, they will affect Johnson Controls. For example, the IPCC study reported on a number of gloomy scenarios such as coastal flooding, weather pattern irregularities, food and water shortages and disease outbreaks in the more severely impacted areas. Decisions to construct new or maintain existing facilities in some areas will involve examining the environmental costs and risks that could impact profits. And loss of margins due to increases in insurance and other operational costs could lead to relocating facilities to areas where these costs are lower. Although the full repercussions of global warming have yet to be fully identified, we remain committed to staying informed to allow for adequate risk mitigation planning.                  Further, our insurance carrier, Marsh, values our transparency and leadership efforts in sustainability, which has resulted in premium rate reductions over recent years.</p> <p><b>REGULATORY RISK (regulation of greenhouse gas emissions and ensuing compliance costs);</b>                  Johnson Controls views measures to constrain carbon consumption, including regulations, as positive for our long term growth and for reducing greenhouse gas (GHG) emissions globally. Our business includes making buildings more energy efficient, manufacturing lighter vehicle interiors to enhance fuel efficiency and developing new types of batteries for hybrid vehicles. We anticipate more demand for our products and services as the demand for energy efficiency grows either as a result of costs or enactment of new regulations. For example, Citigroup reported Johnson Controls to be one of twelve major corporations most likely to benefit as carbon becomes more constrained and is taking steps to meet this demand by actively investing in new products and services to improve energy efficiency and reduce GHG emissions globally.</p> <p>Nonetheless, we recognize that applicable carbon regulations and permitting requirements could impact siting and other decisions for new and existing facilities. These and other risks will continue to be evaluated whenever new facilities are proposed, even though the impacts identified to date have been considered material on our financial soundness or plans for future growth.                  We believe that significant action is needed in the short-term to mitigate the causes and begin adapting to the negative risks and actual impacts of global warming. We believe the highest priority actions should be improving energy efficiency in buildings and vehicles which</p>	

represent the fastest, cleanest and most cost-effective way to reduce greenhouse gas emissions.

We believe that a comprehensive global climate policy is needed backed by strong national policies, goals and actions. We believe that the price of energy should reflect the environmental costs of consumption allowing market economics to lead the shift to cleaner alternatives and new technologies. We support a variety of market-based approaches to regulating carbon emissions that assure the integrity of the reductions and are efficient in their implementation.

We also believe that a complementary set of energy policies are needed to overcome market barriers to energy efficiency, accelerate emission reductions and reduce the overall cost of compliance to businesses and consumers. These policies include updated building codes, building performance labeling, financial incentives for energy efficiency retrofits and a national energy efficiency resource standard. In the vehicle sector, incentives are also required to build an effective supply-chain for large-scale manufacturing of next-generation advanced technology batteries and electric drive vehicles.

We believe that timely adoption of comprehensive energy and climate legislation will reduce economic and regulatory uncertainty and allow companies to better manage both risks and opportunities related to climate change. These uncertainties include emission reduction requirements, energy price volatility, energy-intensive materials pricing, carbon offset monetization opportunities and the impact of building efficiency codes, standards and incentives. Uncertainties related to the impact of climate change would also be reduced including the future cost of adaptation, availability of resources and the potential for climate-related business disruption.

Further, we see Johnson Controls benefiting from internal agency mandates. For example, a January 2007 Executive Order from President Bush requires Federal agencies to improve energy efficiency and reduce GHG emissions in their operations through reduction of energy intensity by 3 percent annually through the end of fiscal year 2015, or 30 percent by the end of fiscal year 2015, relative to the baseline of the agency's energy use in fiscal year 2003. Almost a dozen Federal agencies and departments now require all new construction projects and substantial renovations to be certified through the Leadership in Energy and Environmental Design (LEED®) Green Building Rating System of the U.S. Green Building Council. Projects are encouraged to exceed basic LEED® green building certification and achieve the LEED® Silver level. The Federal government owns approximately 445,000 buildings and leases an additional 57,000 buildings—the largest real estate portfolio in the world. Additionally, more than 500 mayors signed the US Mayors Climate Protection Agreement that was initiated by Seattle Mayor Greg Nickels in 2005. The agreement commits participating cities to reduce CO2 emissions to 1990 levels, and matching the goals of the Kyoto Protocol. Outside the United States, efforts to implement energy efficiency are more regulated due to the Kyoto Protocol, which is providing further opportunities for us. In general, we view most mandates, regulations and incentives that promote energy efficiency and conservation as positive.

#### SHAREHOLDER RISK (shareholder activism and disruption);

Johnson Controls remains committed in being transparent by publicly reporting its greenhouse gas emissions. We currently report our emissions in our annual Business and Sustainability Report and Global Reporting Initiative (GRI) Report, which are both available on our public web site.

We also report our emissions to the Carbon Disclosure Project (CDP) by completing both its investor and supplier questionnaires and granting full approval for sharing the data publicly. Our GRI Report and the CDP questionnaire also provide consider insight into our specific emissions and climate change initiatives, processes and strategies. Reviews of our responses have been highly positive. For example, Calvert, CERES and CDP stated in their January 2007 report titled, 'Climate Risk Disclosure by S&P 500' that, "Johnson Controls led the multi-sector industry with highest level of disclosure, providing more information than any other S&P 500 company except Entergy. The company stated that it is a global leader in providing energy efficiency products and services. At the same time, Johnson Controls did not neglect to address risk, and it offered higher than average disclosure in its strategic analysis of the potential implications of climate change".

As a member of CDP's Corporate Supply Chain Programme, we ask many of our suppliers to report their GHG data to CDP. Although we continue to be ranked as having the highest number suppliers reporting as compared to other members, we feel that there is still considerable room for improvement in the depth and breadth of supplier reported data. We hope that our continued efforts will help our suppliers recognize the importance of monitoring their GHG emissions to reduce risks and costs as well as come to appreciate how Johnson Controls' products and services can help them do just that.

We intend to continue our partnerships with several prestigious organizations focused on reducing greenhouse gas emissions, including the US Environmental Protection Agency (EPA) Climate Leaders, the Business Roundtable Climate RESOLVE, the Carbon Disclosure Project (CDP) Corporate Supply Chain Programme, the PEW Center's Business Environmental Leadership Council and as signatories to the United Nations Global Compact's Ten Principles and the "Caring for Climate Initiative" as well as the Copenhagen Communiqué. We strongly believe our involvement in these organizations will help us understand and quickly mitigate shareholder risks associated with climate change.

#### LITIGATION RISK (costs resulting from "climate litigation");

The levels of greenhouse gas emissions resulting from our operations are low and as such we believe our exposure to GHG related litigation is relatively low compared to large emitters, at least for the near term. We will continue to monitor how GHG litigation progresses globally and will implement the appropriate mitigation measures to further limit our exposure. However, our current strategy will continue to be full compliance with applicable laws and transparency of our GHG strategies as the best way to minimize litigation risks.

#### CAPITAL RISK (inability to raise capital);

Increased certainty in energy and climate policy will stimulate additional demand for energy efficient buildings, vehicles, and other Johnson Controls products and services, which, in turn, will require the training, education and employment of a greatly expanded workforce. Businesses and institutions will improve the efficiency of their facilities and fleets, their internal operations and their supply chains yielding both economic and environmental benefits for Johnson Controls and its customers. It will also stimulate greater investment in clean energy research and development providing competitive benefits for participating businesses on a global basis.

#### COMPETITIVE RISK (loss of economic opportunity)

Even with the difficult economic climate experienced recently, we feel our continued focus on our core values, including sustainability, will ensure our continued success for many years to come. We will continue to drive down our cost structure while balancing investments for long term growth. The global market mega-trends in energy efficiency, sustainability and greenhouse gas reduction favorably position us for future growth. Johnson Controls has the global presence and customer relationships that allow us to continue to lead industry change. We have the financial strength to accelerate our investments in growth, both organically as well as through acquisitions. We have positioned the company for the sustainable, profitable growth that has long been a hallmark of Johnson Controls.

#### REPUTATIONAL RISK

Our sustainability performance has been recognized by inclusion in several of the most respected corporate social responsibility and sustainability investment indices, including: DJSI World and DJSI North America, FTSE4Good Index Series, Calvert Social Index, Carbon Disclosure Project's Carbon Disclosure Leadership Indexes (Global 500 and S&P 500), Domini 400 Social Index, KLD Global Climate 100 Index and eight other KLD social indexes, and Maplecroft Climate Innovation Indexes (ranked #5). Also, Newsweek magazine ranked Johnson Controls as a green company among America's 500 largest corporations. Fortune magazine recognized us again as one of America's Most Admired Companies. Ethisphere Magazine named us as one of World's Most Ethical Companies. CR (Corporate Responsibility) Magazine listed us as the Number ONE 100 Best Corporate Citizens, in 2011, we received the #1 ranking. We are also recognized as one of America's Most Shareholder-friendly companies by Institutional Investor Magazine. We have also received numerous customer awards and awards from professional organizations such as the prestigious CoreNet Global award for "Industry Excellence Award for Service Delivery" for our Global WorkPlace Knowledge Center (GWK), which supports corporate real estate clients in 12,000 locations across 70 countries.

Although not all of these awards are linked to our climate change initiatives, such recognition is perhaps reflective of our continued commitment towards transparency, which we see as vital for a maintaining a positive image and understanding what stakeholders want so we can react appropriately.

Overall, as a global leader in providing energy efficiency products and services, however, we foresee more demand for our products and services as our customers more fully recognize that energy efficiency is the most cost effective way to reduce GHG emissions.

#### C2

See our Sept. 30, 2011 Form 10-K page 9 regarding Risk Factors, including Global CLimate Change risks.

#### Supporting Documentation:

Marsh Letter	Page #:	<a href="#">View</a>
Energy & Climate Policy - JCI 2009	Page #:	<a href="#">View</a>
EPA Climate Leaders	Page #:	<a href="#">View</a>
Johnson Controls - Sustainability Reporting	Page #:	<a href="#">View</a>
2011 10K Report	Page #: 8-9	<a href="#">View</a>
Carbon Disclosure Project	Page #:	<a href="#">View</a>

#### Additional Comments

Note discussion in Form 10-K titled, "Global climate change could negatively affect our business."

**Benefit Plan Coverage GRI EC3**

**5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Economic Performance / Benefit Plan Coverage GRI EC3**

Coverage of the organization's defined benefit plan obligations.

Structure of employee retirement plan:	<input checked="" type="radio"/> Defined benefit plan <input type="radio"/> Other types of benefits	<u>C1</u>
For defined benefit plans, obligations to pay pensions are to be met:	<input checked="" type="radio"/> Directly by the organization's general resources <input type="radio"/> Through a fund held and maintained separately from the resources of the organization <input type="radio"/> Not applicable	
Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities:	The projected benefit obligation is \$4,339 million as of September 30, 2011.	
Where a separate fund exists to pay the plan's pension liabilities, please report 1) the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; 2) the basis on which the estimate has been arrived at; and 3) when that estimate was made:	N/A	
Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage:	<p>The company expects to contribute approximately \$350 million in cash to its defined benefit pension plans in fiscal 2012. Projected benefit payments from the plans as of September 30, 2011 are estimated as follows (in millions):</p> <p>2012 \$276                  2013 \$250                  2014 \$262                  2015 \$266                  2016 \$275                  2017 – 2021 \$1,465</p>	
Percentage of salary contributed by:	<input type="checkbox"/> Employer      Please specify: <input type="checkbox"/> Employee      Please specify: <input checked="" type="checkbox"/> Not applicable	
Calculate plan coverage in accordance with the regulations and methods for relevant jurisdictions (e.g., countries), and report aggregated totals:	Funding for U.S. pension plans equals or exceeds the minimum requirements of the Employee Retirement Income Security Act of 1974. Funding for non-U.S. plants observes the local legal and regulatory requirements.	

**C1**

JCI also offers a defined contribution plan (401K). The company matches employee contributions on an annual basis.

**Supporting Documentation:**

2011 10K Report Page #: 82-83 [View](#)

**Additional Comments**



**5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Economic Performance / Governmental Financial Assistance GRI EC4**

Significant financial assistance received from government.

Currency: USD	2011	2010	2009	
Tax relief/credits:	27,158,524	32,603,234	30,071,655	<u>C2</u>
Subsidies:	14,285,127	8,479,977	4,945,077	<u>C3</u>
Investment grants, research and development grants, and other relevant types of grants:	41,560,496	30,710,121	13,265,730	<u>C4</u>
Awards:				
Royalty holidays:				
Financial assistance from Export Credit Agencies (ECAs):				
Financial incentives:	1,419,315	3,083,546	4,020,708	<u>C8</u>
Other financial benefits received or receivable from any government for any operation:				
Government is present in the shareholding structure: No				

**C2**

Tax credits are for mainly for research & development in the U.S. and China. 2011 tax credits received related to China (\$20.3M), U.S. (\$5.6M) and other (\$1.3M).

**C3**

Local and state government subsidies for the worldwide business. Mainly U.S. (\$2.8M), China (\$2.8M), Asia (\$2.6M), Poland (\$3.3M), Spain (\$1.3M), Slovakia (\$0.7M) and other (\$0.8M).

**C4**

The 2011 grants relate to our SAFT JV (\$25.9M), China (\$10.2M), the U.S. (\$3.8M) and other (\$1.7M). 2010 revised to include additional grants related to SAFT.

**C8**

Local government contributions for employee training and other miscellaneous incentives. Mainly U.S. (\$0.8M), Czech Republic (\$0.3M) and other (\$0.3M).

## Aspect: Market Presence

### Entry Wage Ratios GRI EC5

#### 5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Market Presence / Entry Wage Ratios GRI EC5

Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation

	2011	2010	2009	<u>C1</u>
Distribution of the ratio of the entry level wage to the minimum wage:	<p>Ratio</p> <p>Wisconsin: Ratio for lowest non-union pay grade minimum = 1.21 (lowest pd emp ratio = 1.97) Michigan: Ratio for lowest non-union pay grade minimum ratio = 1.19 (lowest paid emp ratio = 1.69) China: Lowest paid emp ratio = 1.35 Czech Rep: Lowest paid emp ratio = 1.99 Slovakia: Lowest paid emp ratio = 1.96 Mexico: Lowest paid emp ratio = 2.98</p>	<p>Ratio</p> <p>Wisconsin: Ratio for lowest non-union pay grade minimum = 1.15 (lowest pd emp ratio = 2.03) Michigan: Ratio for lowest non-union pay grade minimum ratio = 1.12 (lowest paid emp ratio = 2.58) China: Lowest paid emp ratio = 1.15 Czech Rep: Lowest paid emp ratio = 1.42 Slovakia: Lowest paid emp ratio = 1.10 Mexico: Lowest paid emp ratio = 3.15</p>	<p>Ratio</p> <p>Wisconsin 1.81 Michigan 1.26 China 3.33 Czech Rep 1.68 Slovakia 1.46 Mexico 1.77</p>	<u>C2</u>
Definition used for "significant locations":	Global locations with over 2,000 employees in which we had minimum wage information available.	Global locations with over 2,000 employees in which we had minimum wage information available.	Global locations with over 2,000 employees in which we had minimum wage information available.	
Indicate whether a local minimum wage is absent or variable in significant locations of operations. If necessary, explain which minimum wage is being used:	<p>US - Variable by state Czech Rep - same across country Slovakia - same across country Mexico - variable by region in Mexico China - variable by region in China Germany - has no minimum wage Singapore - has no minimum wage</p>	<p>US - Variable by state Czech Rep - same across country Slovakia - same across country Mexico - variable by region in Mexico China - variable by region in China Germany - has no minimum wage Singapore - has no minimum wage</p>	<p>US - Variable by state Czech Rep - same across country Slovakia - same across country Mexico - variable by region in Mexico China - variable by region in China Germany - has no minimum wage</p>	

#### C1

Ratio Calculation = JCI lowest paid non-union, non-production employee in that location divided by country/state minimum wage. Where there is a range listed, it is the ratio range within the Business units located in that country.

#### C2

Ratio Currency Used: MI & WI calculated in USD, Czech Rep calculated in CZK, Slovakia calculated in EUR, Mexico calculated in Pesos, and China calculated in CNY

**5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Market Presence / Local Supplier Use GRI EC6**

Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

Geographic definition of "local": May include immediate area for routine support and may extend to entire host country or adjacent areas or countries.				
<input checked="" type="radio"/> Have a policy or common practices for preferring locally based suppliers either organization-wide or for specific locations. <input type="radio"/> Do not have a policy or common practices for preferring locally based suppliers either organization-wide or for specific locations.				
	2011	2010	2009	
Percentage of procurement budget spent on local suppliers at significant locations of operations (% of total procurement costs):	<60%	<60%	<60%	<u>C4</u>
<p>Factors that influence supplier selection (e.g., costs, environmental and social performance) in addition to their geographic location:            Johnson Controls uses more than 300,000 direct and indirect suppliers throughout the world. Factors influencing our supplier selection include:            We purchase from qualified suppliers who are capable of meeting our quality, service, delivery, and technical requirements that creates highest value for the company.            Suppliers who provide innovation in product or service offerings that our customers value.            We prefer local or regionally based suppliers who are able to meet our requirements in order that we limit GHG emissions related to transit, reduce supply chain complexity, and create opportunities for suppliers locally in markets we serve.            Suppliers who are compliant with our Ethics Policy and Social and Environmental Performance Standard.            On site Supplier Assessment Surveys are conducted in conjunction with a portion of our more significant sourcing events to ensure overall supplier capability verify supplier's approach to health and safety, environmental, and other key aspects that would support operational excellence.</p> <p>Automotive Experience - Purchases consist primarily of direct material to support factories which produce various automotive interiors components. About 30% of this group's current global spend amount is sourced in the developing world, either as support to local operations or as exports. This amount is expected to grow to 50% over the next five years, commensurate with growth in these developing regions and also providing sourcing opportunities for suppliers within the regions in which we serve. Another emerging trend is purchasing renewable materials that can be incorporated into automotive interiors products, including hemp, and soy based materials that are sustainable sources.</p> <p>Power Solutions - Purchases consist primarily of direct material to support factories producing lead acid batteries or hybrid batteries serving the emerging hybrid fleet. Johnson Controls strives to purchase reclaimed/recycled materials (lead and plastic primarily) in order to enhance the sustainability of the overall supply chain. Johnson Controls is the largest purchaser of reclaimed/recycled lead in the world.</p> <p>Building Efficiency - Purchases consist primarily of locally provided skilled labor and subcontracting services to serve our customers needs in buildings, ships, and facilities located throughout the world. Labor subcontractors are generally local firms that provide the labor and expertise of electricians, plumbers, janitors, sheet metal craftsmen, and other specialty trades. Additional purchases support factories located throughout the world that provide building automation and HVAC related equipment.</p> <p>Sustainability Supplier Rating:            The company employs a proprietary supplier questionnaire called the Johnson Controls Sustainability Supplier Rating. It was released in January of 2010 and is available on the Johnson Controls website in the Supplier Information section  <a href="http://www.johnsoncontrol...">http://www.johnsoncontrol...</a>            The online survey is administered to key suppliers annually. The survey contains 17 questions related to human rights, working conditions, employee safety, energy management, and local and diversity sourcing. The Johnson Controls' Sustainability Rating is one method Johnson Controls uses for measuring sustainability activity and compliance within our supply base. It is also an element of our supplier scorecard which provides an overall summary of supplier performance in various categories. It includes more specific</p>				

questions regarding human rights, safety, and the environment. It also asks if the supplier is publicly reporting data such as its greenhouse gas emissions and specifically asks if the supplier is reporting to the Carbon Disclosure Project. In addition to this survey, on site reviews of supplier operations may also occur as needed. Please see Supporting References for Supplier Sustainability Rating survey located on our web site.

**C4**

Varies substantially depending on product being manufactured or services provided.

**Supporting Documentation:**

Supplier Diversity Policy Statement	Page #: <a href="#">View</a>
Carbon Disclosure Pjt -Corp Supply Chain Rpt on JCI-2008	Page #: <a href="#">View</a>
Citigroup Report on Johnson Controls	Page #: <a href="#">View</a>
Social and Envir. Performance of Suppliers Standard	Page #: <a href="#">View</a>
Supplier Sustainability Rating survey - Johnson Controls	Page #: <a href="#">View</a>
Supplier Diversity Fact Sheet	Page #: <a href="#">View</a>
Suppliers Standard Manual	Page #: <a href="#">View</a>
Case Study- Reduce Carbon Footprint	Page #: <a href="#">View</a>
Johnson Controls Pushes Diversity	Page #: <a href="#">View</a>
Johnson Controls Supplier Awards	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>
Carbon Disclosure Project	Page #: <a href="#">View</a>

**Additional Comments**

In April 2006, the corporate standard that provides Ethics Policy guidance to procurement and other personnel regarding the environmental and social performance of suppliers was implemented company-wide. Each business has established processes to ensure compliance with the standard and appropriate additions/modifications are being taken. Full implementation of the standard occurred during 2007. For some business units, implementation includes modifications to the Supplier Manual, audit criteria, processes for collecting and reporting metrics, and discussions with suppliers.

In addition, self-audit questionnaires have and continue to be sent to key suppliers in each business. The questionnaires continue to be reviewed for discrepancies that are discussed with the supplier to ensure continuous improvement. Depending on the business unit, improvements in the supply chain management process have included training of some suppliers, adding specific social and environmental language to contracts and associated global supply manual and discussions with numerous suppliers about environmental and social expectations.

See Supporting Documents for additional details regarding our Supplier Awards Program that encourages supplier leadership in environmental, diversity, etc.

**5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Market Presence / Local Hiring GRI EC7**

Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

<p><input checked="" type="radio"/> Have a global policy or common practices for granting preference to local residents when hiring in significant locations of operation.</p> <p><input type="radio"/> Do not have a global policy or common practices for granting preference to local residents when hiring in significant locations of operation.</p>	<p><u>C1</u></p>
<p>Proportion of senior management in significant locations of operation from the local community: Frequently, senior management positions are filled with qualified candidates within the local community. Typically, greater than 75% of senior management originate from the local community, however, the proportion varies relevant to the operations.</p> <p>Johnson Controls has a dedicated and established Talent Acquisition Team that supports the business units in recruiting and hiring to fill required positions. The initial focus is to solicit a candidate pool from the local residents as well as a diverse slate of candidates. This procedure applies to all global locations of Johnson Controls. The responsibilities and process is as follows:</p> <p><b>Responsibility</b> The Hiring Manager is responsible for completing a Job Requisition and obtaining Job Requisition approval. Then partners with the HR Partner and Talent Acquisition to acquire needed diversity information to complete the job requisition and identifying internal/external candidates.</p> <p>The Hiring Manager, HR Partner and Talent Acquisition Team is responsible for defining the job need, reviewing the job requirements, agreeing on a recruitment approach, obtaining approval from the manager of internal candidates, conducting prescreening of candidates, conducting interviews and making an offer to the final candidate.</p> <p>Functional Department Director and/or Contoller is responsible for approving any cost for the external recruitment, including the use of an external recruiting agency.</p> <p><b>Process</b> Define Job Need: The Hiring Manager and HR Partner shall document the need for additional or replacement head count by clearly defining the resource requirement and fully explaining the business justification/reason for the resource.</p> <p>Review Job Requirements: The Hiring Manager and HR Partner shall ensure that the position is documented with a job description highlighting key responsibilities, reporting relationships, expected results, as well as the knowledge and skills required of candidates. It is important that each person involved in the interviewing and decision-making shares the same understanding of the job responsibilities and requirements.</p> <p>Create Job Requisition: The Hiring Manager shall complete the Job Requisition form documenting the need for additional or replacement head count. This requisition shall include complete information for the particular position(s) to be filled (e.g., job title, job type, job location, salary grade, job description and qualifications, etc.). The HR Partner shall acquire needed diversity information to complete the Job Requisition.</p> <p>Approval To Proceed: The Hiring Manager shall ensure the proper approval of the Job Requisition. Any Job Requisition (request for replacement or additional head count) must be approved by: (1) Division Vice President/General Manager; or (2) Functional Area Vice President; or (3) Business Unit Vice President; with budgetary approval by appropriate Finance/Treasury in order to proceed with active recruitment. For hourly manufacturing head count, the Plant/Facility Manager may be authorized to approve requisitions.</p> <p>Agreement On Recruiting Approach: The Hiring Manager, HR Partner and Talent Acquisition Recruiter will meet prior to beginning recruitment to agree on the best method of attracting qualified applicants, e.g. internal posting only; internal posting &amp; external recruitment, etc. The Hiring Manager &amp; Recruiter will also agree on the recruiting budget for the approved position, which may include the cost for internet job boards postings, newspaper ads, journal/magazine ads, posting with professional associations, career fair, etc.</p> <p>Identify Candidates: The Talent Acquisition Recruiter shall lead the activities required to identify a pool of qualified applicants.</p> <p>Internal Candidate Available: The Talent Acquisition Recruiter shall identify those eligible Johnson Controls employees who express interest in a particular approved and posted job. Employee eligibility is determined by Human Resources policy or BOS guideline, and may include meeting posted job requirements/qualifications and a defined length of employment (e.g., an employee must have worked at a Johnson Controls facility or JC for at least one year and must have held their current position for at least one year to be eligible to apply for internally posted positions.)</p> <p>Conduct External Search: The Talent Acquisition Recruiter shall conduct an external search to acquire a qualified pool of applicants for the approved position. Generally, this includes a general advertisement or job posting which may be communicated via Internet job boards, newspapers, journal/magazine ads, professional associations, career fairs, etc. The Functional Department Director and/or Contoller must approve any cost for the external recruitment, including the use of an external recruiting agency. The external search shall be in accordance with legal requirements and be consistent with the Johnson Controls commitment to global diversity.</p>	

Definition of 'senior management' used: Officers and plant managers, and senior representatives for specific functional areas (i.e. financial, quality, operations)	
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**C1**

Johnson Controls common practice is to hire qualified local residents for facilities.

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**Supporting Documentation:**

Talent Acquisition Process Flow.docx Page #: [View](#)  
Diversity - Awards Page #: [View](#)

## Aspect: Indirect Economic Impacts

### Local Investment Impact GRI EC8

#### 5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Indirect Economic Impacts / Local Investment Impact GRI EC8

Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

Please explain the extent of development (e.g., size, cost, duration) of significant investments and support, and the current or expected impacts (positive or negative) on communities and local economies. Please indicate whether these investments and services are commercial, in-kind, or pro bono engagement.

The communities where we do business are an important stakeholder for Johnson Controls. We promise to make the community a better place, and we are committed to that promise.

The company makes significant infrastructure investments in a community when we open a new plant. In August 2009, we were honored to receive the largest grant from the U.S. Department of Energy for nearly \$300 million under the American Recovery and Reinvestment Act (ARRA) and additional incentives from the state of Michigan to build lithium-ion battery manufacturing capacity in the United States. These grants, along with our own investments, will establish our first production facility for advanced battery technology in the United States and create more than 500 new jobs. In FY10, the company started construction and opening of this new manufacturing plant in Holland, Michigan. This type of investment brings good paying jobs to the local community. The building of this plant will also have a positive impact on the local supplier and contractor community as an existing building undergoes a renovation and retrofit to accommodate the needs of the new manufacturing facility.

Johnson Controls helps city and county governments get the most from their budgets through a comprehensive approach to sustainable community practices - from green buildings and renewable energy to water and traffic infrastructure improvements. The National Governor's Association believes that "States are well-positioned to lead the way as we Americanize our energy sources and grow related jobs and our economy." Johnson Control is ready to make that happen.

Economic development through job creation. Using national data available for the construction market, for every \$1 million dollars spent with Johnson Controls on an energy efficiency project, there is estimated to be up to \$3 million of new spending in the community and up to 26 jobs created (Source: Bureau of Economic Analysis, Department of Commerce, RIMS II Multipliers) Most often these are well-paying, family supporting jobs that stay within the state.

Economic development through minority partnerships. Johnson Controls spends more than \$1billion each year with minority suppliers, one of only 17 companies to do so. Our approach is to go above and beyond quotas to involve as many women- and minority-owned businesses as possible.

Economic development through training. Johnson Controls has one of the country's largest training organizations, and we also provide on-site training. That means everyone we partner with - from state staff to diverse suppliers - receives the training that will help them advance their own careers and companies - and benefit the state for years to come.

While financial issues are important to states, they also need to consider environmental and social issues, too.

Johnson Controls helps municipalities and counties upgrade water meter systems and waste water treatment facilities as part of a comprehensive approach to infrastructure improvements. Our automated meter reading (AMR/AMI) solutions pay for themselves through accuracy improvements of the metering system, the implementation of more efficient meter reading technologies, and reduced meter reading costs.

As a leading contributor to the development of the USGBC's LEED rating system, Johnson Controls has an understanding of the financial, environmental and social factors that lead a community to pursue sustainable green buildings. By effectively aligning our processes and solutions to the green building model, we help our clients

design, build, renovate and operate the most efficient, economical and environmentally responsible buildings possible.

Energy and water efficiency projects with Johnson Controls can drive economic development, environmental stewardship, and quality communities. Johnson Controls provides details about "green jobs" on its web site at <http://www.johnsoncontrol...>

#### INFRASTRUCTURE INVESTMENT EXAMPLES:

Johnson Controls is building a 2500-panel solar education farm at Milwaukee Area Technical College where students can learn to become photovoltaic installers and designers. This assists the green job movement through education of local job seekers, but also helps fill the company's future pipeline of employees that will be needed in the coming years for the new green industry. Please see Supporting References for article "Community investment solar educ Fortune article".

Our Power Solutions business is investing in several parts of the world with new battery manufacturing and recycling plants. This brings new jobs and tax base to local communities. See Supporting References for "Investment:xxx" press releases.

#### COMMUNITY INVOLVEMENT AND INVESTMENTS:

Our community involvement is a combination of philanthropy and employee volunteerism. These community investments listed below would all be considered "pro-bono" services.

Through our products, services, operations and community involvement, we promote the efficient use of resources to benefit all people and the world. In 2011 Johnson Controls donated \$15.5 million to nonprofit and community organizations focused on the performing arts, the environment, social services, and scholarships. Please see attached Philanthropic Impact Report in supporting references.

#### Blue Sky Involve Global Employee Volunteer Program:

In all regions of the world, we foster community involvement by our employees through our Blue Sky Involve employee volunteer program, demonstrating our social conscience to improve the communities in which we live, work and operate. This global volunteer program is focused on two priorities: leadership development and environmental stewardship. Blue Sky Involve helps Johnson Controls employees share their passion and expertise through community volunteer activities to protect the environment and to strengthen their professional and leadership skills.

The program reinforces our corporate values and brings them to life through service to the community. It helps to define a culture of leadership within the company and the community. Each Johnson Controls location is eligible for one Blue Sky Involve grant of USD\$1,000 per year based on the following criteria: the project must support leader development or protecting the environment, it must support a charitable or educational organization, and it must include an employee volunteer component. In 2011, the program grew to 1100 employee project teams, 14,700 employees and 117,000 employee volunteer hours in 55 countries. \$1,100,000 was distributed in grants of \$1,000 to non-profit organizations and schools throughout the world for these employee-driven volunteer projects. These projects help develop the leadership capabilities of the partner organizations and also of our employees.

#### Conservation Leadership Corps program:

In partnership with the Student Conservation Association (SCA) and local non-profit organizations, Johnson Controls sponsors and manages a unique summer youth employment and volunteer program called the Conservation Leadership Corps (CLC) in the U.S. and in global locations. In the U.S. it offers summer conservation jobs for a diverse group of more than 200 high school students per year. The students are mostly from economically disadvantaged inner-city neighborhoods. The students work in county parks on projects such as removal of invasive species, building trails and bridges, planting trees, digging ditches, and other activities. They restore and maintain natural areas and parklands in both city and state parks. The students in all three cities also engage in an environmental education curriculum, as well as valuable job readiness training to prepare them for their futures. Our local implementation partners help recruit the students from the diverse neighborhoods and provide the job readiness training. In Milwaukee, our local partner is the Milwaukee Area Workforce Investment Board, in Baltimore our partner is CivicWorks and in Detroit, our partner is the Greening of Detroit. Since 2006, the program has provided meaningful conservation summer jobs for 897 inner-city high school students in Milwaukee, Baltimore and Detroit. We expanded the program globally to 24 locations across



seven countries: U.S., England, Germany, Czech Republic, Slovakia, China and Mexico where today more than 1700 youth around the world participate in volunteer hands-on conservation and community work and environmental education activities. In total, our annual investment for the CLC program globally is almost \$1M.

#### Community Relations:

Community relations and community involvement are at the core of our business. To fulfill Johnson Controls Vision and values statements, our company must remain a dedicated public servant to the communities where we live, work and travel. We define success more broadly than just financial achievement. Our company also looks at the triple bottom line of economic prosperity, environmental stewardship and social responsibility. The Community Relations function at Johnson Controls mirrors that commitment in four distinct areas: Executive Involvement & Steering, the Johnson Controls Foundation, Sponsorships and our Community Involvement Program.

#### Executive Involvement and Steering:

Johnson Controls supports and encourages our executive leadership's commitment to engaging with community organizations and contributing their time and talents to guide their philanthropic efforts. Nationally, our executives donated thousands of hours of community service each year. Several organizations benefiting from our Executive Involvement & Steering include: Big Brothers Big Sisters, Boys & Girls Clubs of America, the YMCA, The Leukemia & Lymphoma Society, and the United Negro College Fund. These leadership efforts help align our values with the company's commitment to strengthening our communities.

#### Johnson Controls Foundation in U.S.:

Over the last decade, the Johnson Controls Foundation has given more than \$65 million to support charitable organizations in the areas of the arts, education, and health and social services. In the United States, the Johnson Controls Foundation grants approximately \$6 million annually. Through the Foundation's Matching Gift Program, Johnson Controls also matches employee contributions dollar-for-dollar in the areas of education and arts. In 2011, we contributed more than \$5.1 million to the United Way of Greater Milwaukee, which included more than \$2.5 million from employees and another \$2.5 million in matching grants from the Johnson Controls Foundation. Johnson Controls was recognized as the first company to reach such a mark in United Way's 101-year history. We are one of only three Milwaukee-area firms whose combined employee and corporate United Way contribution exceeds \$4 million annually. On a national level, our total United Way giving exceeds \$7.9 million to local programs throughout the United States.

In the United States and Puerto Rico, we offer more than \$240,000 in college scholarships annually. Approximately 45 outstanding students, who are children of Johnson Controls employees, receive these scholarships. Scholarships consist of 25 four-year grants and 20 one-year grants. Awards are based on academic, extra-curricular and community service excellence.

#### Sponsorship:

Johnson Controls provides many organizations with financial sponsorship and coordinated volunteer efforts. In many instances, it is our sponsorship dollars that serve as the catalyst for an organization to achieve its larger objectives. For instance, Johnson Controls' annual sponsorship of the Milwaukee Holiday Parade not only fosters community spirit, but also promotes the efforts of Hunger Task Force to provide food to local homeless shelters and food pantries. At the 2011 Holiday Parade, Johnson Controls employees collected more than 8,800 pounds of nonperishable food items to benefit local families in need.

#### Community Involvement Program:

The Community Involvement Program exists to support and encourage employee volunteerism. The employee-driven program focuses on social, educational, health, and arts initiatives. In 2011, our employees contributed more than 30,000 hours of volunteerism benefiting nearly 200 national charitable organizations and initiatives. According to Deborah Fugenschuh, president of the Donors Forum of Wisconsin, Johnson Controls employees' enthusiastic dedication to volunteer outreach activities make our Community Involvement Program the fifth largest volunteer effort in Wisconsin. The program initiated a national focus that has the capacity, through enhanced technology, to capture global participation.

**Global Philanthropy:**

Globally, we support organizations and programs that focus on the environment and leadership development. Examples include scholarship programs for the University of Skopje in Macedonia, scholarships for students in Hong Kong and Singapore for ASHRAE study tours and courses, mentoring programs at Mobile Creches and Sandipani Gurukul in India, funding Project Hope schools in China and sponsoring solar powered lanterns for four rural Indian villages through the Lighting a Billion Lives Campaign coordinated by TERI (The Energy Resources Institute) in India.

**Disaster Relief:**

In the aftermath of the devastating 2008 earthquake in China, Johnson Controls, its employees, and joint-venture partners in China donated more than \$1.4 million to the Red Cross Society of China toward relief efforts there. In 2010, the company donated to the Haiti earthquake relief efforts and Hurricane Alex hurricane relief efforts in Monterrey, Mexico. Our employees also assisted with distributing aid packages to local residents in Monterrey, close to our operations. In 2011, Johnson Controls responded to the Japan tsunami with \$1.13M in donations from the company and our employees to the Red Cross for disaster relief efforts. In addition, the company set up a 10-year scholarship program for Japanese engineering students whose families were impacted by the tsunami. This program will fund 8 students per year over 10 years for a total of 80 students and an investment of \$500,000.

Outside of the philanthropic programs detailed above and supported by the corporate headquarters office in the U.S., spending on non-core business infrastructure development can also be augmented by the local country office or plant in the region. Each country management team is responsible for any local investments above and beyond the corporate program funding. Each facility is encouraged to provide labor and donate money to local efforts in the community. This type of local investment may be in-kind donations of products and services which can benefit the local community including non-profit organizations that provide services to the less fortunate people in the community. Such products may include heating and ventilating (HVAC) systems or controls systems (temperature, fire, safety) for buildings, automotive batteries for cars and trucks.

Our business units invest in the local infrastructure through sponsorship and development special initiatives such as job training for certain communities where we have a presence and more national scope projects like forming partnerships with NGOs, the public and private sectors to reduce energy use in commercial buildings. See examples in Supporting References: United Way S.C. job training investment; Dept of Corrections green jobs training program; and CGI (Clinton Global Initiative) Innovative Real Estate Sector Partnership to cut commercial building energy use.

Has a community needs assessment been conducted? No

Results of the community needs assessment:

**Supporting Documentation:**

Johnson Controls support Abused women & children shelter	Page #:	<a href="#">View</a>
2008 BSI project - Trencin, Slovakia	Page #:	<a href="#">View</a>
2008 Global philanthropy - Sandipani project, India	Page #:	<a href="#">View</a>
2008 Global Philanthropy - China earthquake relief	Page #:	<a href="#">View</a>
Blue Sky Involve overview presentation	Page #:	<a href="#">View</a>
2011 Milwaukee CLC program report	Page #:	<a href="#">View</a>
2011 Baltimore CLC program report	Page #:	<a href="#">View</a>
2011 Detroit CLC fact sheet	Page #:	<a href="#">View</a>
2009 MCLC Walmart grant announcement	Page #:	<a href="#">View</a>
Community Relations overview presentation	Page #:	<a href="#">View</a>
2011 Detroit CLC results report	Page #:	<a href="#">View</a>
Community investment solar educ Fortune article JCI Milw Are...	Page #:	<a href="#">View</a>
Blue Sky Involve Fact Sheet	Page #:	<a href="#">View</a>
2010 Lighting a Billion Lives India campaign	Page #:	<a href="#">View</a>
2011 Community Relations activities	Page #:	<a href="#">View</a>
Conservation Leadership Corps global overview fact sheet	Page #:	<a href="#">View</a>
Press Release-2008- Hudson Valley Community College	Page #:	<a href="#">View</a>
2010 ICE program 10 yr announcement (Dec 2010)	Page #:	<a href="#">View</a>
2010 ICE program Chile (July 2010)	Page #:	<a href="#">View</a>
Philanthropic Impact Report	Page #:	<a href="#">View</a>
2010 Haiti earthquake disaster relief	Page #:	<a href="#">View</a>

2010 Hurricane Alex Mexico relief efforts JCI	Page #:	<a href="#">View</a>
2010 Milwaukee CLC youth flood efforts press rel (Aug 2010)	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 22-27	<a href="#">View</a>
2011 Japan disaster relief \$1M donation press release (Mar 2...	Page #:	<a href="#">View</a>
2011 Alabama tornados \$100K disaster relief donation press r...	Page #:	<a href="#">View</a>
2011 United Way S.C. job training investment (Aug 2011)	Page #:	<a href="#">View</a>
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2011 Dept of Corrections green jobs training program - Virgi...	Page #:	<a href="#">View</a>
2011 CLC Detroit youth summer jobs press release (Jul 2011)	Page #:	<a href="#">View</a>
2011 Milwaukee CLC summer youth job press release (Jul 2011)	Page #:	<a href="#">View</a>
2011 Europe CLC summer youth volunteers press release (Aug 2...	Page #:	<a href="#">View</a>
Investment: new plant in China Stop-Start batteries (2011)	Page #:	<a href="#">View</a>
Investment: Battery Recycling center Cienega Mexico (2011)	Page #:	<a href="#">View</a>
Investment: Toledo Ohio Battery Facility (2011)	Page #:	<a href="#">View</a>
Investment: Battery distribution center Delaware (2011)	Page #:	<a href="#">View</a>

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#### **Additional Comments**

Johnson Controls donates resources and tools to partnering schools to simulate the work environment and enhance the HVAC program curriculum. The company's contributions to HVCC will include learning materials, instruction from industry specialists and faculty development. Johnson Controls will also team with the school through career fairs and other recruiting events to increase awareness among area high school students of the career opportunities available to skilled technicians.

See more programs provided by the company to local communities in Supporting Documents section.

**5. Management Approach and Performance Indicators / Economic / Economic Performance Indicators / Aspect: Indirect Economic Impacts / Indirect Economic Impacts GRI EC9**

Understanding and describing significant indirect economic impacts, including the extent of impacts.

<p>Activities undertaken to understand the indirect economic impacts the organization has at the national, regional, or local level:</p>	<p>For our impact on local employment, various research suggests that each direct position with our company supports two to three additional jobs in a community. Taxes paid by Johnson Controls and its suppliers fund essential government services.</p>
<p>Examples of indirect economic impacts, both positive and negative (see Indicator Protocol for examples):</p>	<p>As a major employer and as a buyer and supplier of products and services, Johnson Controls has significant influence on employment, economic growth, and community well-being wherever we do business. As such, we have numerous strategies in place to support the goal of sustainability beyond our walls. These include:</p> <p>Supporting small and disadvantaged/minority-owned businesses.</p> <p>Regionally subdividing relevant contracts to allow local suppliers to compete.</p> <p>Investing in programs that benefit the public (job training skills and making buildings more efficient to reduce carbon emissions and save money): Our business units invest in the local infrastructure through sponsorship and development special initiatives such as job training for certain communities where we have a presence and more national scope projects like forming partnerships with NGOs, the public and private sectors to reduce energy use in commercial buildings. See examples in Supporting References: United Way S.C. job training investment; Dept of Corrections green jobs training program; and CGI (Clinton Global Initiative) Innovative Real Estate Sector Partnership to cut commercial building energy use.</p> <p>Supporting local communities through philanthropy (Conservation Leadership Corps program and other local donations), public policy dialogue and employee volunteerism (our Blue Sky Involve program and Community Involvement Program). Our corporate philanthropy programs gave over \$15.5M throughout the world in local communities in 2011. Please see the attached Philanthropic Impact Report in supporting documents.</p> <p>Indirect economic impacts occur through our global employee volunteer program called Blue Sky Involve. In 2011, 1100 of our locations and 14,700 employees around the world participated in 117,000 hours active in initiatives aimed to improve the environment and develop the leadership capabilities of the partner organizations and also of our employees. \$1,100,000 was distributed in grants of \$1,000 to non-profit organizations and schools throughout the world for these employee-driven volunteer projects.</p> <p>Indirect economic impact also occurs through our Community Relations initiatives, which seek to partner with community leaders in the areas where Johnson Controls has a presence. Our Executive Involvement &amp; Steering, coupled with our Community Involvement Program, contributes more than 30,000 volunteer hours annually to communities where we have a business presence. In addition, the Johnson Controls Foundation awards approximately \$6 million annually to philanthropic organizations benefiting the arts, education, and health and social services.</p> <p>Indirect economic impacts are significant from our philanthropic programs. In partnership with the Student Conservation Association (SCA) and local non-profit organizations, Johnson Controls sponsors and manages a unique summer youth employment program called the Conservation Leadership Corps (CLC). It offers summer conservation jobs for a diverse group of more than 200 high school students per year in three cities that have a great demand for summer youth employment opportunities and where our company has a presence. The students are mostly from economically disadvantaged inner-city neighborhoods. Since 2006, the program has provided meaningful conservation summer jobs for 897 inner-city high school students in Milwaukee, Baltimore and Detroit. The program expanded globally to 24 locations across seven countries: U.S., England, Germany, Czech Republic, Slovakia, China and Mexico where now more than 1700 youth around the world participate in volunteer hands-on conservation and community work and environmental education activities. Our annual investment in the CLC program is almost \$1M.</p> <p>Johnson Controls operations and facilities have been, and in the future may become, the subject of formal or informal enforcement actions or proceedings for noncompliance with such laws or for the remediation of Company-related substances released into the environment. Such matters typically are resolved by negotiation with regulatory authorities that result in commitments to compliance, abatement, or remediation programs and, in some cases, payment of penalties. Historically, no such commitments, penalties and associated impacts, either direct or indirect, have been material or significant.</p>

	<p>Overall, the negative impact of our activities are relatively insignificant due to the type of operations we perform and the various environmental and social activities implemented.</p> <p>One area of potential negative economic impact would be from a change in location of operations or activities due to an economic downturn which the world is currently experiencing. An economic downturn can result in plant closings or consolidations in a certain region. These type of job reductions would be necessary for the health and long-term viability of the company. The company has the fiscal responsibility to react appropriately to the current economic climate in any given region. At the end of our fiscal year in 2008 and into fiscal year 2009, the company performed downsizing in all three of our business units, but most drastically in the automotive experience business unit due to the severe downturn in automobile production in the last half of 2008 and in 2009. All major OEM automotive companies slashed production in virtually every country in the world. The company's Automotive Experience business had to manage its business by cutting operations costs to adjust to the automotive market dropping by about 50% compared to previous years. The company tried to keep as much infrastructure as possible, but plant closings and layoffs were necessary to keep the business alive and healthy in these unprecedented times. The business has also had to move some of its operations to lower cost countries such as Slovakia to keep costs in line with the changing market.</p> <p>The reduction of jobs in such industries and regions will have a negative direct and indirect impact on the communities involved. The company did as much as it could to mitigate these negative impacts with the following actions:</p> <ul style="list-style-type: none"> <li>• Implemented shorter work week to minimize employee layoffs</li> <li>• Reduction of company variable expenses</li> <li>• Implemented voluntary separation program</li> <li>• Provided severance pay</li> <li>• Assisted separated employees to find alternative employment; outplacement services</li> <li>• Re-hire good workers when economic situation improves</li> <li>• Re-deployed employees within the company</li> </ul>
<p>Significance of the impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agenda:</p>	<p>In the automotive sector, Johnson Controls is a global leader in the design of interiors and batteries that create more comfortable and more reliable transportation. Automotive interior components developed by the company, including lightweight seats and products that help reduce fuel consumption, make cars more fuel efficient and easier to recycle at the end of their useful life.</p> <p>Johnson Controls is also working on advanced automotive battery systems to develop hybrids that will improve fuel economy and reduce emissions by 25 percent to 50 percent.</p> <p>JCI promotes and helps sustain closed loop battery recycling. The company partners with organizations and businesses to make lead-acid batteries one of the most highly recycled products, with return rates exceeding 95 percent in the U.S. This process is well established in the U.S. and Europe, but is fragmented in Asia. In 2007, JCI led a delegation of Chinese officials on a two-week tour of battery recycling and production sites in Europe and North America to help educate them on the cost saving and environmental benefits of these proven recycling processes.</p> <p>See Supporting References for Education: My DemoDrive web site which was created to educate consumers on the benefits of driving low emissions vehicles. We are helping to drive the market for lower carbon emitting vehicles which reduces carbon emissions in the environment. We are also investing in research for advanced energy storage with the University of Wisconsin in order to advance the technologies along for lower emission vehicles. See Supporting References for Investment: Energy Storage research.</p>

**Supporting Documentation:**

Johnson Controls support Abused women & children shelter	Page #:	<a href="#">View</a>
Blue Sky Involve overview presentation	Page #:	<a href="#">View</a>
2011 Milwaukee CLC program report	Page #:	<a href="#">View</a>
2011 Baltimore CLC program report	Page #:	<a href="#">View</a>
2011 Detroit CLC fact sheet	Page #:	<a href="#">View</a>
2009 MCLC Walmart grant announcement	Page #:	<a href="#">View</a>
Community Involvement Program overview	Page #:	<a href="#">View</a>
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2010 Lighting a Billion Lives India campaign	Page #:	<a href="#">View</a>
2011 Community Relations activities	Page #:	<a href="#">View</a>
Conservation Leadership Corps global overview fact sheet	Page #:	<a href="#">View</a>
News Release: Clinton Initiative	Page #:	<a href="#">View</a>
Press Release-2008- Hudson Valley Community College	Page #:	<a href="#">View</a>
Johnson Controls Receives National Diversity Leadership Awar...	Page #:	<a href="#">View</a>
Philanthropic Impact Report	Page #:	<a href="#">View</a>
2010 Haiti earthquake disaster relief	Page #:	<a href="#">View</a>
2010 Hurricane Alex Mexico relief efforts JCI	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #:	22-48 <a href="#">View</a>
2011 Japan disaster relief \$1M donation press release (Mar 2...	Page #:	<a href="#">View</a>
2011 Alabama tornados \$100K disaster relief donation press r...	Page #:	<a href="#">View</a>

2011 CLC Detroit youth summer jobs press release (Jul 2011)	Page #:	<a href="#">View</a>
2011 Milwaukee CLC summer youth job press release (Jul 2011)	Page #:	<a href="#">View</a>
2011 Europe CLC summer youth volunteers press release (Aug 2011)	Page #:	<a href="#">View</a>
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2011 CGI Innovative Real Estate Sector Partnership to cut co...	Page #:	<a href="#">View</a>
2011 Dept of Corrections green jobs training program - Virgi...	Page #:	<a href="#">View</a>
Investment: Energy Storage research Univ. Wisconsin (2011)	Page #:	<a href="#">View</a>
Education: MyDemoDrive web site - low emission vehicles - ed...	Page #:	<a href="#">View</a>

# Environmental

## Environmental: Disclosure on Management Approach

### Environmental Disclosure on Management Approach GRI EN

#### 5. Management Approach and Performance Indicators / Environmental / Environmental: Disclosure on Management Approach / Environmental Disclosure on Management Approach GRI EN

DISCLOSURE ON MANAGEMENT APPROACH - Concise disclosure on the Management Approach items outlined below with reference to the following Environmental Aspects:

- Materials;
- Energy;
- Water;
- Biodiversity;
- Emissions, Effluents, and Waste;
- Products and Services;
- Compliance;
- Transport; and
- Overall.

Johnson Controls was founded more than 125 years ago with a product that reduced energy use in buildings. Since then, we've been helping to create a more sustainable world and helping our customers to do the same. We have long considered ourselves to be environmental stewards.

Our businesses, by their very nature, contribute to environmental quality. The products we make and the services we deliver help customers save energy, reduce pollution, waste less and recycle more. We educate employees to become better guardians of the environment on the job as well as in their communities. We are focusing on our own operations, looking for ways to produce products in more earth-friendly ways and to make our factories and offices environmentally benign. We are dedicated to making cars more fuel efficient through advanced battery technology and environmentally friendly interior components. We make buildings "greener" through technologies and services that consume less energy, cause less pollution and use resources efficiently.

The Company has expended substantial resources globally, both financial and managerial, to comply with Environmental Laws and Worker Safety Laws and maintains procedures designed to foster and ensure compliance. Certain of the Company's businesses are or have been engaged in the handling or use of substances that may impact workplace health and safety or the environment. The Company is committed to protecting its workers and the environment against the risks associated with these substances.

#### MATERIALS:

**MATERIAL RECYCLING AND RE-USE** - Through the sourcing, recycling, and re-use of automotive interior materials, we ensure that the performance of our engineered materials is compatible with protecting the environment. Johnson Controls has developed a portfolio of substrates, upholstery, and surface materials for interior components that always takes into consideration the specific needs that each of these materials must fulfill. Every material must meet functional requirements, such as resistance to wear and tear and easy care. And the look and feel of the materials – plus the way they are combined with one another – play an important role in helping to make vehicle occupants feel comfortable. At the same time, we are dedicated to using our natural resources in a responsible way that always complies with environmental regulations. This is especially true in the initial development stages of new products, when we develop product assembly processes that focus on easy-to disassemble structures using recyclable and reusable materials. The expertise of our materials specialists enables us to proactively meet emerging environmental standards and legal requirements. In this way, we remain focused on helping our customers meet their environmental performance goals. In this way, we can achieve optimal conditions in production and at the end of our products' life cycles.

Since 2008, Johnson Controls has been supplying seat foam pads made partially from soybean oil. By using an abundant, renewable material source, this new proprietary technology decreases the use of petroleum products with their inherent market price fluctuations and negative environmental effects. To the consumer, there's no difference between our soy-based seat and one using traditional materials except for the environmental benefits. Our engineers put the soy technology through rigorous comparison testing to evaluate durability, shape and comfort levels. We are continuing to develop ways to increase the amount of soybean composition in our pads, and are applying lessons learned today to create more earth-friendly products of the future.

**BATTERY RECYCLING** – Lead-acid automotive batteries are one of most highly recycled consumer products, with return rates frequently exceeding 95 percent in the United States. In the United States, closed-loop battery recycling is well established. Here's how it works. A Johnson Controls truck leaves one of our battery manufacturing plants with a load of new batteries. When those batteries are dropped off at a customer site, the truck picks up the old, spent batteries. Those batteries are delivered to a smelter, where the plastic cases are ground down for later re-use in

new battery cases, the lead plates are removed and melted down into ingots. The truck leaves the smelter with a load of recycled lead, and delivers it back to our battery plant where the lead is turned into a key component of a new battery. While the process is somewhat different in Europe, the result is much the same: re-use of the major battery components again and again. Asia's auto battery industry is quickly developing as more and more autos are produced. Currently, there is a fragmented infrastructure for the recycling of the increasing number of used batteries, but we are educating and sharing best to encourage a more systemize approach towards battery recycling.

#### ENERGY (and SERVICES):

**ENERGY EFFICIENCY AND "GREEN" BUILDINGS** - Johnson Controls is the world's largest energy efficiency provider, saving billions of dollars of energy costs for customers. When energy efficiency increases, it's not only the utility bill that decreases — so do the greenhouse gas emissions associated with the burning of fossil fuels. Our core building efficiency offerings help customers reduce energy use. Our HVAC systems integrate hundreds of components in a building, providing comfort and safety while using the minimum amount of energy possible. Mechanical equipment with variable speed motors use one-third less energy than it did just five years ago. Our services ensure that everything in the building continues running at optimal efficiency. Customers such as school districts and government buildings often don't have the budgets to pay up-front for energy efficiency improvements. We provide them with performance contracting solutions under which the facility improvements are funded over time out of the energy and operational savings generated by the project. We guarantee the savings, so the customer can be assured of reaching the promised reductions. Improvements can reduce energy consumption by as much as 50 percent. Johnson Controls is a long recognized leader in developing environmentally friendly "green" buildings that are energy efficient, use less water and reduce waste. Our involvement with green buildings enables us to redefine building performance in terms of environmental and economic returns.

Our residential comfort systems improve home comfort and energy efficiency. For the North American residential market we provide air conditioning and heating systems under the York®, Luxaire® and Coleman® brand names. A new gas furnace modulates airflow to closely match the amount of heat needed, creating more consistent air temperatures and lower noise with a 95 percent energy efficiency rating.

Our Building Efficiency headquarters in Milwaukee, Wisconsin was one of the world's first certified green buildings when it opened in 2002, and we've continually made improvements to its energy and environmental performance. It is LEED Gold certified. Our Corporate HQ campus in Glendale, Wisconsin was recently upgraded and expanded and is recognized as the largest concentration of LEED Platinum buildings in existence. In addition, our Burscheid, Germany facility uses on-site renewable energy and the Red Oak, Iowa manufacturing facility won the 2010 Department of Energy "Save Energy Now" award for implementing energy savings activities discovered through an energy audit. All of these activities and other efficiency improvements continue to drive us towards our commitment of reducing GHG intensity across all of our operations. Also, we continue to implement energy efficiency upgrades at our manufacturing plants, generating millions of dollars a year in reduced utility bills and reducing greenhouse gas emissions.

We are working with the Clinton Climate Initiative's Energy Efficiency Building Retrofit Program which is dedicated to reducing energy consumption and GHG emissions in existing public and private buildings worldwide. Through this program, Johnson Controls was selected by a number of building owners as one of the energy services companies to proceed to a detailed study or contract phase on projects around the world.

**HYBRID VEHICLE BATTERIES** - Our commitment to improving energy efficiency doesn't stop at buildings. We are positioned to be the leading supplier of lithium-ion battery technology for the next generation of hybrid vehicles. Lithium-ion batteries will begin to replace the nickel metal-hydride battery chemistry found in hybrid vehicles on the road today. Currently, we are the world's leading manufacturer of lead acid batteries producing more than 130 million per year. In addition to manufacturing, we've led the development of a reverse distribution collection infrastructure and are the global leader in closed loop lead acid battery recycling. That means that each time we drop off new batteries at a customer's site, we pick up the used batteries and deliver them to a recycling center. Our ongoing efforts have helped to make lead acid batteries the most recycled product in the United States with 97% of all used batteries being recycled. Each new battery that is produced contains between 60 and 80% recycled lead and plastic while the acid is converted into raw materials that can be used in detergents and cleaners.

Our commitment to safely recycling and manufacturing batteries goes well beyond the borders of the United States. We use the same closed loop recycling process in Canada, Brazil, Mexico, and Europe. Our new recycling facility in Garcia, Mexico meets the new U.S. EPA standards for lead emissions. In addition to that, we are building a state of the art recycling facility in South Carolina that will also exceed the new government regulations, ensuring the safety of our people and the planet.

JCI has also developed a new patented stamped grid technology that improves a lead acid batteries performance and extends battery life. The production process is virtually waste free, with unused materials continually being recycled into the manufacturing process. In addition to this, it uses 20% less energy to produce than a traditional grid, reducing GHG emissions while improving product performance.

Beyond the manufacture of traditional lead acid batteries, the Power Solutions division is working hard to develop advanced technology products to work in Start-Stop, hybrid, and electric vehicles. Our new AGM battery is used in Start-Stop vehicles and improves fuel efficiency & supports emissions reductions of 5 – 12% by turning off the vehicle when it is at idle. In 2011, we produced 3.2M AGM batteries for the European market with opportunities for growth in the North America and China.

Our state of the art Li-Ion batteries are now manufactured at our new Holland, Mich. plant. Not only are we developing this advanced emissions reducing technology but we are also actively using it as part of our operations by putting hybrid electric vehicles on the road. Currently JCI's commercial fleet has more than 500 hybrid electric vehicles in use, reducing our transportation emissions footprint and demonstrating the success of our advanced technology products.

**RENEWABLE ENERGY** - The global demand for onsite renewable energy by building efficiency customers is increasing as fossil fuels increase in price and concern grows about the economic and environmental impact. Johnson Controls is responding by combining renewable technologies such as biomass, geothermal, solar and wind power with innovative energy efficiency strategies. The result is more environmentally friendly and economical energy supply options for our customers.



#### EMISSIONS, EFFLUENTS, and WASTE:

With our web-based Corporate Health, Environmental and Safety System (CHESS), we report and monitor data on regulatory compliance, waste disposal, energy consumption, and work-related injuries. CHESS allows executives and managers to monitor company-wide performance.

We continue to partner with our suppliers to ensure that they are adopting sustainable practices.

#### COMPLIANCE:

The Company's operations and facilities have been, and in the future may become, the subject of formal or informal enforcement actions or proceedings for noncompliance with such laws or for the remediation of Company-related substances released into the environment. Such matters typically are resolved by negotiation with regulatory authorities that result in commitments to compliance, abatement or remediation programs and, in some cases, payment of penalties. Historically, neither such commitments nor such penalties have been material. Our Form 10K Report provides specifics and is attached for review.

#### TRANSPORT:

One of our major goals includes finding new opportunities to help customers succeed by creating "smart" environments. In terms of vehicles, this means creating products that bring value today -- reducing weight, optimizing cost and providing sustainable solutions that generate consumer appeal.

#### RECOGNITION:

Through the demonstration of these and other activities, JCI has been recognized within the sustainability community in a variety of ways. For the fifth consecutive year, JCI has made the list of the "World's Most Ethical Companies" as ranked by the Ethisphere Institute and for six years running is considered one of the "100 Best Corporate Citizens" by Corporate Responsibility Magazine and in 2011 received the #1 ranking in this list. The company was also named Energy Star Partner of the year by the U.S. EPA. We are also one of a select few in the Auto Parts and Tires category to be rated as a SAM Gold Class Leader in sustainability for the past four years. In total, we have been named to 20 different sustainability indices, recognizing our commitment to social and environmental leadership. Indices include: the Dow Jones Sustainability North America Index, the Dow Jones Sustainability World Index and the FTSE4Good Social Index. Johnson Controls was listed last year on the Carbon Disclosure Project's (CDP) GHG Disclosure Index: the S&P 500 Carbon Disclosure Leadership Index.

#### OVERALL:

Sustainability is a common thread through everything we do at Johnson Controls. Our innovative advanced technology products, our manufacturing processes, plant & corporate operations, and our employees activities all work towards creating a more comfortable, safe and sustainable world.

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#### Supporting Documentation:

Suppliers Standard Manual	Page #: <a href="#">View</a>
Accenture sustainability report featuring JCI	Page #: <a href="#">View</a>
2011 BRT sustainability report	Page #: <a href="#">View</a>
Un Global Compact and New OneReport Tool	Page #: <a href="#">View</a>
Carbon Disclosure Project	Page #: <a href="#">View</a>
EPA Climate Leaders	Page #: <a href="#">View</a>
Clinton Climate Initiative news release	Page #: <a href="#">View</a>
Carbon Counter	Page #: <a href="#">View</a>
JCI Vision and Values Web Link	Page #: <a href="#">View</a>
2011 Business & Sustainability Report	Page #: <a href="#">View</a>

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#### Additional Comments

Johnson Controls, Inc. demonstrates leadership in transparency and disclosure by using tools such as OneReport COP Publisher to improve the quality and efficiency of the communication processes and reporting practices. See Supporting Documents section.

Johnson Controls is committed to continuously improving the environmental impact of our own operations. This includes the performance of our facilities, our procurement strategy and the use of commodities and resources.

We continue to find new ways to put structure around our sustainability focus. In 2009, we launched a Global Environmental Sustainability Council (GESC) to lead our efforts to reduce our environmental footprint, gain competitive advantage through environmentally responsible products and services, and improve the eco-efficiency of the supply chain.

Johnson Controls' Global Purchasing Council (GPC) focuses on promoting sustainability within the supply chain. We work with more than 300,000 direct and indirect suppliers throughout the world, and expect them to conduct their operations in a socially and environmentally sustainable manner. The GPC has developed environmental requirements that state all suppliers must comply with applicable laws and regulations, as well as our social and environmental standards. We use a variety of tools to assess suppliers including background checks, self-assessment surveys, site visits and audits.

We have an enterprise-wide supply chain standard that provides guidance to our procurement teams on the environmental and social performance of suppliers. This includes details on labor, discrimination, freedom of association, health and safety, the environment, management systems and ethics. The standard was developed in partnership with key customers, socially responsible investment funds and non-government organizations.

Johnson Controls is a member of the Carbon Disclosure Project's Corporate Supply Chain Program, which is comprised of more than 31 multinational companies dedicated to managing and reducing GHG emissions within their supply chain. Over the last year, we have increased our requests to suppliers to report their GHG emissions and reduction strategies.



# Environmental Performance Indicators

## Aspect: Materials

### Materials Used GRI EN1

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Materials / Materials Used GRI EN1

Materials used by weight or volume. See Indicator Protocol for guidance on calculation.

	Unit	2011	2010	2009	<u>C1</u>
Non-renewable materials	% by weight	<50%	<50%	<50%	<u>C2</u>
Direct materials used					

#### C1

The sheer volume and complexity of materials used, makes it extremely difficult to report the total volume or weight of materials used in our manufacturing products. However, by far the largest amount of materials used, by weight is battery lead.

#### C2

By increasing our global recycling capabilities, we aim to provide half of the lead we use each year from recycling. This increase will come from both developing new recycling facilities as well as expanding existing facilities. In Mexico, we have constructed a new battery recycling facility to double our recycling output in the country. We are building a battery recycling facility in Florence, SC, in the United States.

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#### Supporting Documentation:

Case Study- Eco-Friendly Seats	Page #:	<a href="#">View</a>
Suppliers Standard Manual	Page #: Chapter 11	<a href="#">View</a>
Johnson Controls Natural Fiber Use - SPE Automotive Award 20...	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: all	<a href="#">View</a>
Case Study Natural Fibers	Page #:	<a href="#">View</a>
Case Study Natural Oil Polyols for seat foam	Page #:	<a href="#">View</a>

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#### Additional Comments

Johnson Controls uses a variety of materials in manufacturing automotive interiors, car batteries and HVAC systems, etc. It simply is not practical or of business value for a large, diverse and global corporation to track and roll-up such data. The following is provided in attempt to answer the question about material usage that in our opinion is far more relevant than what is being asked.

AUTOMOTIVE EXPERIENCE - produces interior systems for passenger cars and light trucks. The significant materials purchased include:

- Aluminum and alloys
- Steel, including cold rolled steel tubing
- Miscellaneous metals for component parts and fasteners
- Upholstery goods such as plastic, leather and cloth
- Fiberglass
- ABS plastic
- Polypropylene
- Vinyl including polyvinyl chloride
- Copper and aluminum wiring
- Rubberized hair and coconut fibers for seating
- Bulk chemicals: methanol, diethanolamine, xylene, n-hexane, toluene, phenol, polyols, silicones, catalysts, and adhesives, isocyanates (methylene-bis-phenylisocyanate, toluene diisocyanate, etc.)

POWER SOLUTIONS - uses materials for automotive battery production that include:

- Lead from primary and secondary (recycled) metal smelters
- Sulfuric acid
- Plastic for battery casings

We continue to be the global leader in closed-loop, lead-acid battery recycling. We have helped make lead-acid automotive batteries the most recycled consumer product in the United States. In North America, 97 percent of lead-acid batteries are recycled, and 98 percent of the material in the batteries is reused.

By increasing our global recycling capabilities, we aim to provide half of the lead we use each year from recycling. This increase will come from both developing new recycling facilities as well as expanding existing facilities. In Mexico, we have constructed a new battery recycling facility to double our recycling output in the country. We are building a battery recycling facility in South Carolina in the United States.

The implementation of our EcoSteps program continues to increase recycling rates of automotive batteries in Europe. EcoSteps is modeled after our

United States recycling program and enables consumers to take spent car batteries to any automotive retail location or mechanic to be recycled.

We continue to support the Chinese government in its effort to develop the country's future battery recycling policies to ensure the proper and responsible handling of lead.

BUILDING EFFICIENCY makes electric and electronic products for air-conditioning, refrigeration, heating and other equipment using materials that include:

- Miscellaneous metals for component parts
- Chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs)
- Aluminum and copper wiring
- Non-CFC solvents

Materials purchased by all three businesses to support administrative, building maintenance and transportation related activities include:

- Non-CFC solvents
- Water
- Non-CFC solvents
- Natural gas
- Electricity
- Liquefied natural gas (forklift fuel)
- Gasoline and diesel fuel
- Refrigerants
- Cleaning products
- Stationery and paper products
- Computer equipment hardware and software
- Office furniture
- Electrical equipment (printers, fax machines, photocopiers, microwave ovens, dishwashers)
- Foods and beverages

Quantities of each material purchased are tracked mostly at the facility level. Proper material selection is critical to product quality and to protection of the environment. We commonly procure materials with the following guidelines in mind:

- Use non- or less toxic material available
- Increase the use of easy-to-recycle materials
- Select recycled over virgin materials whenever possible
- Reduce total consumption and minimize waste through employee training and process improvements
- Purchase energy-efficient (Energy Star or EU labeled) equipment whenever appropriate.

In addition, we created a Design for Sustainability team, comprised of key design personnel from each business to investigate ways to generate less waste and use less materials, as well as energy and water, in the manufacture of our products. It also includes investigating the up- and downstream impact of our products. Eventually, we hope to have data from all three businesses to allow us to monitor and report on our successes.

## Use of Recycled Input GRI EN2

### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Materials / Use of Recycled Input GRI EN2

Percentage of materials used that are recycled input materials.

Recycled Input Materials	2011	2010	2009	<u>C1</u>
Volume:				
% used:	>85%	>85%	>85%	<u>C3</u>
<input checked="" type="checkbox"/> Publicly disclosed: Please specify: See our web site <a href="http://www.johnsoncontrol...">http://www.johnsoncontrol...</a>				

**C1**

Based on weight of input materials (e.g., lead). A more practical explanation of our use of recycled materials is discussed below.

**C3**

Considering the diversity of materials purchased to manufacture automotive interiors, car batteries and HVAC systems, it is extremely difficult to provide a reasonable estimate of the percentage of materials recycled. However, Johnson Controls is the leading manufacturer of automotive lead acid batteries. Considering the relative weight of lead in comparison to other materials used, and the high degree of recycled lead used in battery manufacturing, we estimate over >85% (based on weight) of materials used are recycled input materials.

#### Supporting Documentation:

Case Study- Eco-Friendly Seats	Page #:	<a href="#">View</a>
Johnson Controls Natural Fiber Use - SPE Automotive Award 20...	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 16-19	<a href="#">View</a>
Case Study Natural Fibers	Page #:	<a href="#">View</a>
Case Study Natural Oil Polyols for seat foam	Page #:	<a href="#">View</a>

#### Additional Comments

Johnson Controls recognized decades ago the environmental and business benefits of reducing waste. For example, the company continues to enhance its reverse distribution collection infrastructure to promote battery recycling. In the U.S. market, 99% of lead acid batteries are recycled, and 95% of the material in the batteries is reused. Johnson Controls was instrumental in setting up the industry's closed-loop battery recycling program. Johnson Controls has been an industry leader in using recycled lead, with a focus on safety and sustainability. In 2008, we launched our EcostepS battery recycling program in Europe. Today, the recycling rate of battery lead is far higher than for any other recyclable commodity including newspapers, aluminum cans, and plastic and glass bottles. Recognizing the benefits, 48 states require lead-acid batteries to be recycled through a take-back program. Refinements in the process allow for plastic battery cases to be recycled, along with any scrap lead from the production floors and lead particles captured in environmental control equipment. The materials are returned to manufacturers who use them in new batteries and other products such as X-ray shielding. Innovations in battery design to facilitate disassembly continue, along with development of higher-voltage batteries to accommodate the higher power demands of future vehicles and allow for new electronic steering, braking and engine functions to improve fuel efficiency and reduce emissions. Our automotive interiors business uses large amounts of recycled material in many applications within vehicle interiors. Areas that use recycled material include: acoustical applications (absorbers, headliners, dampers, barriers), structural applications (door panels, package trays, seats, trim, air ducts, door bolsters), safety applications (energy absorption countermeasures, pillar trim, door panels), comfort applications (seating pads, trim covers, heating/ventilating/air conditioning). At the just-in-time manufacturing sites worldwide, Johnson Controls reuses shipping containers wherever possible. This significantly reduces waste, costs, and landfill space requirements.

In our Automotive Experience unit in Europe, a Green Team of Johnson Controls experts has developed ELV goals that include recycling waste when economical (or using it as an energy source), using recyclables to make interior components, eliminating materials that contain heavy metals, and reducing emissions from car interior materials (targeting zero). The team also focuses on waste stream reduction and environmentally-friendly product design.

In partnership with Ford Motor Company, Johnson Controls developed a seat cooling system that reduces fuel consumption by lowering overall vehicle and air conditioner usage. Further, Johnson Controls developed ECO-Cor, an advanced material made from recycled materials that can be used in automotive interior components, such as door panels. In addition to its waste reductions benefits, ECO-Cor has the advantage of reduced weight, which contributes to fuel efficiency.

Punching waste from the instrument panel is first ground and the different fractions segregated. The fiber-reinforced plastic component is then used to produce the air duct for the same vehicle. This reprocessing reduces scrap waste by more than 200 tons per year. We expect this process to have many more applications.

In another process, we use wood-fiber mats called Fibrowood in producing the seat back panels of a luxury vehicle. The punching waste that accumulates in production of these parts is crushed, mixed with polypropylene pellets, and further processed as injection-molded components. These materials are presently used for the fastening hooks of the seat back panel. We also use recycled natural fiber materials to manufacture arm rests, using recycled production waste created during the manufacture of a door panel substrate. This reduces waste by more than 50 tons per year. Other examples of successful waste-to-raw-material conversion include:

- Scrap tinted plastic sold to manufacturers for recycling into building products.

- Fabrics and thermoplastics sold back to manufacturers for re-blending.
- Cardboard sold for recycling into paper.
- Vinyl sold to manufacturers for making floor mats and rubber hose.

## Aspect: Energy

### Direct Energy Use GRI EN3

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Energy / Direct Energy Use GRI EN3

Direct energy consumption by primary energy source.

Unit (joules or multiples of joules): Gigajoules	2011	2010	2009	
Biofuels	<28,000	<28,000	<28,000	<a href="#">C2</a>
Ethanol	<28,000	<28,000	<28,000	<a href="#">C3</a>
Hydrogen	<7,000	<7,000	<7,000	<a href="#">C4</a>
Total direct consumption of renewable primary energy	<28,000	<28,000	<28,000	<a href="#">C8</a>
Coal	<7,000	<7,000	<7,000	<a href="#">C9</a>
Natural gas	6,333,226	6,193,986	6,169,290	<a href="#">C10</a>
Fuel distilled from crude oil	2,675,383	2,677,161	2,755,085	<a href="#">C11</a>
Total direct consumption of non-renewable primary energy	<9,008,373	<8,871,147	<8,924,375	
Total direct consumption of primary energy	9,008,609	8,871,147	8,924,375	<a href="#">C16</a>
Publicly disclose a breakout of the sources of the renewable energy used (link / document attached):	No			

#### C2

Data provided is based on best estimates, since these data are not collected company-wide.

#### C3

Data provided is based on best estimates, since these data are not collected company-wide.

#### C4

Data provided is based on best estimates, since these data are not collected company-wide.

#### C8

Data provided is based on best estimates, since these data are not collected company-wide.

#### C9

Data provided is based on best estimates, since these data are not collected company-wide.

#### C10

Natural gas data for 'rest of world' facilities incorporates consumption data estimates for locations where data was not yet collected.

#### C11

Includes gasoline, diesel (light fuel oil), heavy fuel oil, jet fuel, and propane/LPG.

#### C16

Trend increased in 2008 due mainly to acquisitions (i.e, Plastech, etc.)

#### Supporting Documentation:

Case Study-JCI HQ LEED Platinum	Page #:	<a href="#">View</a>
CO2 Certificate Lorry-rail	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 38-47	<a href="#">View</a>
Transport: JCI Energy Efficient Fleet	Page #:	<a href="#">View</a>
Transport: DOE National Clean Energy Fleets Partnership	Page #:	<a href="#">View</a>

#### Additional Comments

\* Making Our Operations Sustainable - Johnson Controls is committed to continuously improving the environmental impact of our own operations. This includes the performance of our facilities, our procurement strategy and the use of commodities and resources.

\* Johnson Controls workplaces - We expect our office and manufacturing facilities to be energy-efficient, use less water and minimize waste. Our energy focus includes improved energy efficiency, use of renewable energy and the purchase of green power.

We are using our own information technology, including the Energy and Emissions Management System, to record, track, forecast and report energy use and GHG emissions across our global operations.

At our Corporate and Power Solutions headquarters campus in Milwaukee, we are using our new Gridlogix En-Net and Sustainability Manager™ to integrate solar energy generation subsystems with our Metasys® building management system to provide real-time monitoring, metering and control.

The implementation of our Energy Hunt program continues across participating manufacturing facilities globally. This employee training and continuous improvement program drives culture change towards more efficient energy use and waste elimination. Since its implementation in 2009, 788 low- or no-cost projects resulted in energy and operational savings of over \$19.6 million USD. A further of approximately 900 projects are still in progress or planned to be implemented in 2012.

\* Building a Sustainable Campus. The Johnson Controls Corporate and Power Solutions headquarters campus in Milwaukee completed a \$73 million renovation and achieved the world's first multi-building Leadership in Energy and Environmental Design (LEED) platinum-certified campus. LEED is the Green Building Council rating system for sustainability; platinum is its highest certification level. The 33-acre site is home to almost 900 employees, and showcases the energy-efficient and sustainable building products and services that we provide to customers worldwide, including:

- Roof-mounted solar thermal panels producing hot water for the majority of the campus
- 1,452 ground-mounted solar photovoltaic panels generating up to 250 kilowatts of electricity, and reducing greenhouse gas emissions by 1.1 million pounds a year
- Geothermal heat pumps connected to 272 underground wells providing both heating and cooling water supply—reducing winter heating and summer chiller operating costs by at least 20 percent
- 30,000-gallon cistern capturing rainwater for use in restroom systems, reducing water consumption by 77 percent
- Participation by women- and minority-owned contractors and suppliers at more than 20 percent
- Locally harvested and manufactured materials account for more than 25 percent of construction and renovation materials

In the last year, the site hosted thousands of visitors from around the world.

An initiative at our Holme factory, located in Denmark, has made the switch from fossil fuel to wet biomass, a renewable energy source. The factory, which manufactures chillers and screw compressor units, needed to replace its over 40-year-old boilers because of their increasing age, declining performance, and the high cost of heavy fuel oil. The Energy, Environment & Solutions team in Europe worked to design and implement a solution based on a biomass boiler, which is CO<sub>2</sub> neutral, thanks to the use of biomass from local Danish forests managed in a sustainable way. The solution is able to reduce the polluting emissions by two-thirds compared to the previous boilers. The overall investment of 13,135,402 DKK - Danish Krone (over \$2.5 million USD) will yield a simple payback in approximately 3.5 years. In addition, the project will lead to a total yearly energy expenditure reduction of 60 percent, and a total CO<sub>2</sub> reduction of 1,120 tons/year.

Fifty Percent Renewable Energy Used by Automotive Plant. In March 2009, our new automotive seating and door panel plant in West Point, Georgia, started operations using 50 percent of its energy from renewable sources including hydro, biomass, solar and wind. Compared to traditional energy, these green energy sources will save the emission of nearly 7,500 metric tons of carbon dioxide over the next six years—the equivalent of planting nearly 200,000 trees.

Our Building Efficiency division has also started supporting our green power commitment by procuring enough renewable energy certificates (RECs) to cover the electricity consumption of three of its manufacturing sites in the US. This green power amounts to 40,000 metric tons of carbon dioxide per year—which is the equivalent to the emissions from approximately 7,300 passenger vehicles.



**Indirect Energy Use GRI EN4**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Energy / Indirect Energy Use GRI EN4**

Indirect energy consumption by primary source.

Unit (joules or multiples of joules):	2011		2010		2009				
Gigajoules									
Renewable Indirect Sources	Total Used	1,668,961	Corresponding primary energy consumed in its production	Total Used	1,586,702	Corresponding primary energy consumed in its production	Total Used	1,425,049	Corresponding primary energy consumed in its production
Solar									<u>C3</u>
Wind									<u>C4</u>
Geothermal									<u>C5</u>
Hydro energy		1,589,957			1,511,592			1,357,591	<u>C6</u>
Biomass-based intermediate energy									
Hydrogen-based intermediate energy									
Solar/Wind/Geothermal		79,004			75,110			67,458	<u>C9</u>
Total									
Non-Renewable Indirect Sources	Total Used	8,251,041		Total Used	7,859,404		Total Used	7,068,643	
*Electricity		6,656,094			6,328,029			5,683,332	
*Heating and cooling									
*Steam		44,492			57,338			61,448	
Nuclear energy		1,549,225			1,474,037			1,323,862	<u>C17</u>
*Fuel									
Total Indirect		9,920,003			9,446,106			8,493,692	
*% of total operational spending on energy (most recent reporting year):		% 20							<u>C23</u>
<input checked="" type="checkbox"/>									<u>C24</u>

Publicly disclose a breakout of renewable energy sources used (please specify):							
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**C3**  
Solar/Wind/Geothermal are combined below.

**C4**  
See Solar/Wind/Geothermal are combined below.

**C5**  
Solar/Wind/Geothermal are combined below.

**C6**  
According to the global renewable energy share used to generate electricity from the IEA's Renewables in Global Energy Supply 2007, available as an attachment in this section.

**C9**  
According to the global renewable energy share used to generate electricity from the IEA's Renewables in Global Energy Supply 2007, available as an attachment in this section.

**C17**  
According to the global renewable energy share used to generate electricity from the IEA's Renewables in Global Energy Supply 2007, available as an attachment in this section.

**C23**  
As a percentage of the company's working capital from the Annual Form 10K Report.

**C24**  
According to the global renewable energy share used to generate electricity from the IEA's Renewables in Global Energy Supply 2007, available as an attachment in this section.

**Supporting Documentation:**

IEA - Renewables in Global Energy Supply 2007 Page #: [View](#)  
 2011 Business & Sustainability Report Page #: 38-47 [View](#)

**Additional Comments**

In response to increasing global demand for renewable energy, Johnson Controls, Inc. is expanding its business direction in the areas of solar, biomass, wind, waste to energy, landfill gas to energy, geothermal, combined heat & power (CHP) and other renewable sources and fuel cells as energy supply options for customers.

We expect demand from businesses and organizations for onsite renewable energy to escalate as fossil fuels increase in price and concern grows about their economic and environmental impact. We believe the real opportunity involves combining renewable technologies with innovative energy efficiency strategies and aggressively working to develop renewable offerings to state, local and Federal government agencies, school districts, hospitals, and private industry.

We firmly believe the marketplace is ready to commit to renewables. The investment we are now making is timely and positions the Company to take advantage of the significant growth that the renewable energy industry is experiencing. Johnson Controls already has implemented several renewable projects for its customers. Below is a sample of a few of the technologies that have been installed and a brief description of a sample project:

\* Geothermal: Utah Department of Corrections. This heating plant project includes an onsite geothermal well that provides building heat for prison cell blocks, a furniture manufacturing shop, and a dormitory. It also heats water for use in showers, the kitchen and laundry systems. The waste water is piped to a neighboring tropical fish farm and a nearby wetland.

\* Wind Turbines: Erie Community Unit School District. Johnson Controls will be using wind energy generation to decrease the school district's purchased electrical energy consumption by 87 percent, representing approximately \$5.5 million in total energy savings over 30 years. A 1.2 megawatt wind turbine and tubular wind tower, along with an electrical distribution system, will provide energy to the elementary, middle and high schools.

\* Solar: Denver Federal Center. Johnson Controls partnered with the U.S. General Services Administration and incorporated innovative strategies such as updating an existing solar domestic water heating system and improving an irrigation control system.

\* Biomass Boilers: Indiana Department of Corrections. Johnson Controls is installing four industrial-grade biomass boilers and fuel delivery systems, which will use an estimated 1.3 million bushels of Indiana corn per year. The improvements are forecasted to save about 6.8 million kilowatt hours of electricity each year – the environmental equivalent of more than 2,800 passenger cars not being driven for one year.

\* Digester Gas Cogeneration Plant: Back River Wastewater Treatment Plant. Johnson Controls is working on a 3 megawatt combined heat and power plant that will generate more than 2.4 megawatts of electricity per year, generate steam to offset process heating requirements making more gas available for use in the plant, and produce hot water for use in the boiler.

\* Building a Sustainable Campus - The Johnson Controls Corporate and Power Solutions headquarters campus in Milwaukee has completed a \$73 million renovation and achieved the world's first multi-building Leadership in Energy and Environmental Design (LEED) platinum-certified campus. LEED is the Green Building Council rating system for sustainability; platinum is its highest certification level. The 33-acre site is home to almost 900 employees, and showcases the energy-efficient and sustainable building products and services that we provide to customers worldwide, including: • Roof-mounted solar thermal panels producing hot water for the majority of the campus • 1,452 ground-mounted solar photovoltaic panels generating up to 250 kilowatts of electricity, and reducing greenhouse gas emissions by 1.1 million pounds a year • Geothermal heat pumps connected to 272 underground wells providing both heating and cooling water supply—reducing winter heating and summer chiller operating costs by at least 20 percent

• 30,000-gallon cistern capturing rainwater for use in restroom systems, reducing water consumption by 77 percent • Participation by women- and minority-owned contractors and suppliers at more than 20 percent • Locally harvested and manufactured materials account for more than 25 percent of construction and renovation materials.

\* Fifty Percent Renewable Energy Used by Automotive Plant - In March 2009, our new automotive seating and door panel plant in West Point, Georgia, started operations using 50 percent of its energy from renewable sources including hydro, biomass, solar and wind. Compared to traditional energy, these green energy sources will save the emission of nearly 7,500 metric tons of carbon dioxide over the next six years—the equivalent of planting nearly 200,000 trees.

Our Building Efficiency division has also started supporting our green power commitment by procuring enough renewable energy certificates (RECs) to cover the electricity consumption of three of its manufacturing sites in the US. This green power amounts to 40,000 metric tons of carbon dioxide per year—which is the equivalent to the emissions from approximately 7,300 passenger vehicles.

Further, an initiative at our Holme factory, located in Denmark, has made the switch from fossil fuel to wet biomass, a renewable energy source. The factory, which manufactures chillers and screw compressor units, needed to replace its over 40-year-old boilers because of their increasing age, declining performance, and the high cost of heavy fuel oil. The Energy, Environment & Solutions team in Europe worked to design and implement a solution based on a biomass boiler, which is CO<sub>2</sub> neutral, thanks to the use of biomass from local Danish forests managed in a sustainable way. The solution is able to reduce the polluting emissions by two-thirds compared to the previous boilers. The overall investment of 13,135,402 DKK - Danish Krone (over \$2.5 million) will yield a simple payback in approximately 3.5 years. In addition, the project will lead to a total yearly energy expenditure reduction of 60 percent, and a total CO<sub>2</sub> reduction of 1,120 tons/year.

## Energy Saved GRI EN5

### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Energy / Energy Saved GRI EN5

Energy saved due to conservation and efficiency improvements.

Unit (in joules or multiples of joules): % Gigajoules/Million \$USD Revenue	2011	2010	2009	<u>C1</u>
Total energy saved	23%	12%	1%	<u>C2</u>
<input checked="" type="checkbox"/> Publicly disclosed. Please specify: This report and to CDP				

#### C1

These data were normalized to better represent actual consumption as compared to significant growth.

#### C2

Amounts shown represent the percent of energy saved since 2002. Considering only electricity and natural gas savings.

#### Supporting Documentation:

Case Study Bregel Building	Page #: <a href="#">View</a>
WEC Gold Medal for International Achievement in Sustainable ...	Page #: <a href="#">View</a>
McKinsey Quarterly JCI reference - page 9	Page #: <a href="#">View</a>
Case Study-JCI HQ LEED Platinum	Page #: <a href="#">View</a>
CO2 Certificate Lorry-rail	Page #: <a href="#">View</a>
Carbon Disclosure Project S&P 500 Report 2011	Page #: <a href="#">View</a>
Carbon Counter	Page #: <a href="#">View</a>
2010 U.S. DOE "Save Energy Now" award for JCI Red Oak manufa...	Page #: <a href="#">View</a>
2010 Glendale campus LEED Platinum rating	Page #: <a href="#">View</a>
Transport: JCI Energy Efficient Fleet	Page #: <a href="#">View</a>
Transport: DOE National Clean Energy Fleets Partnership	Page #: <a href="#">View</a>
Carbon Disclosure Project	Page #: <a href="#">View</a>

#### Additional Comments

\* Johnson Controls, Bregel Technology Center, Milwaukee, Wisconsin, USA - The Milwaukee Johnson Controls Building Efficiency headquarters was one of the first LEED certified buildings in the world, at the Silver level. It then became the first ever to be re-certified to LEED-Gold under the existing building standard. A mix of sustainable technologies and effective operational procedures are providing \$333,000 in annual savings.

\* Building a Sustainable Campus - The Johnson Controls Corporate and Power Solutions headquarters campus in Milwaukee completed a \$73 million renovation and achieved the world's first multi-building Leadership in Energy and Environmental Design (LEED) platinum-certified campus. LEED is the Green Building Council rating system for sustainability; platinum is its highest certification level. The 33-acre site is home to almost 900 employees, and showcases the energy-efficient and sustainable building products and services that we provide to customers worldwide, including:
 

- Roof-mounted solar thermal panels producing hot water for the majority of the campus
- 1,452 ground-mounted solar photovoltaic panels generating up to 250 kilowatts of electricity, and reducing greenhouse gas emissions by 1.1 million pounds a year
- Geothermal heat pumps connected to 272 underground wells providing both heating and cooling water supply—reducing winter heating and summer chiller operating costs by at least 20 percent
- 30,000-gallon cistern capturing rainwater for use in restroom systems, reducing water consumption by 77 percent
- Participation by women- and minority-owned contractors and suppliers at more than 20 percent
- Locally harvested and manufactured materials account for more than 25 percent of construction and renovation materials

 In the last year, the site hosted thousands of visitors from around the world.

In 2007, Johnson Controls created a cross-business unit team – including Six Sigma black belts, energy engineers, plant managers and others – to accelerate and broaden a program to replace existing lights with high-efficiency models. Working across divisions and geographies in North America, the teams identified more than \$5M in investments that will pay for themselves in less than two years. The fact that these retrofits actually generate better and more attractive lighting didn't hurt either. Teams across Johnson Controls are now looking beyond lighting, trying to identify high-impact projects that save money and energy.

The implementation of our Energy Hunt program continues across participating manufacturing facilities globally. This employee training and continuous improvement program drives culture change towards more efficient energy use and waste elimination. Since its implementation in 2009, 788 low- or no-cost projects resulted in energy and operational savings of over \$19.6 million USD. A further of approximately 900 projects are still in progress or planned to be implemented in 2012.

In 2010, Johnson Controls Power Solutions business earned the Department of Energy (DOE) "Save Energy Now" award, which recognizes manufacturing facilities that have implemented significant savings through an energy assessment. Johnson Controls' Red Oak, Iowa facility achieved the award by saving more than 10,100 million British thermal units (MMBTU) adding up to 9.9 percent of total energy savings. The award represents cross business collaboration at Johnson Controls in which the company's Building Efficiency business worked with Power Solutions business, targeting its Red Oak battery manufacturing facility to identify opportunities to save energy. The company conducted a 3-day audit in June 2009, using the results to implement a long-term energy-saving initiative. As a result of the audit, Johnson Controls implemented three processes by April 2010 that saved almost 10 percent of the company's natural gas use at the plant.

As a leading supplier of battery systems for hybrid electric vehicles, Johnson Controls is committed to designing and delivering increasingly

sustainable products, services and solutions that will help its customers improve their energy efficiency, reduce their carbon footprint, and achieve their environmental goals. Leading by example, Johnson Controls has implemented several greenhouse gas reduction strategies in its global fleet of 19,000 vehicles. It first introduced hybrid electric vehicles into its fleet in 2009. Today, it operates more than 500 hybrids, each reducing greenhouse gas (GHG) emissions by 30%, and together saving \$500,000 in fuel costs during the first two-and-a-half years of operation. In 2011, it deployed 20 all-electric vans, which are estimated to achieve a 61% GHG reduction per vehicle. Other strategies include the use of CNG vans, and higher MPG vans and trucks. In 2012, Johnson Controls will pilot the use of telematics —allowing them to better collect and share geographic and other data with drivers—and continue with the deployment of additional alternative fuel vehicles, including propane-fueled units. Johnson Controls joined the National Clean Energy Fleets Partnership through the U.S. Dept of Energy in February 2012.

**Product Energy Saved GRI EN6**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Energy / Product Energy Saved GRI EN6**

Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.

<p>Existing initiatives to reduce the energy requirements of major products/product groups or services:                  Johnson Controls Building Efficiency Energy Solution business helps customers achieve considerable cost and energy savings through Energy Savings Performance Contracting projects. BE Energy Solutions helps customers identify energy efficiency opportunities at their site and through the implementation of a bundle of facility improvement and energy conservation measures JCI guarantees to save a project specific amount of energy spend. The savings from these projects help pay for the project's initial investment. For the US and Canada, BE Energy Solutions closely tracks active guaranteed energy savings. Since January 2000, JCI has helped its variety of customers save 168,400,000 GJ in energy, which translates to the avoidance of more than 17 million metric tons CO<sub>2</sub>e (See Carbon Counter link below) Annual data is collected for the active portfolio of projects to update this statistic. This annual detail is stated in the reporting fields of this section.</p> <p>In response to increasing global demand for renewable energy, Johnson Controls, Inc. is expanding its business direction in the areas of solar, biomass, wind, waste to energy, landfill gas to energy, geothermal, combined heat &amp; power (CHP) and other renewable sources and fuel cells as energy supply options for customers.</p> <p>We expect demand from businesses and organizations for onsite renewable energy to escalate as fossil fuels increase in price and concern grows about their economic and environmental impact. We believe the real opportunity involves combining renewable technologies with innovative energy efficiency strategies and aggressively working to develop renewable offerings to state, local and federal government agencies, school districts, hospitals, and private industry.</p> <p>We firmly believe the marketplace is ready to commit to renewables. The investment we are now making is timely and positions the Company to take advantage of the significant growth that the renewable energy industry is experiencing. Johnson Controls already has implemented several renewable projects for its customers. Below is a sample of a few of the technologies that have been installed and a brief description of a sample project:</p> <ul style="list-style-type: none"> <li>• Geothermal: Utah Department of Corrections. This heating plant project includes an onsite geothermal well that provides building heat for prison cell blocks, a furniture manufacturing shop, and a dormitory. It also heats water for use in showers, the kitchen and laundry systems. The waste water is piped to a neighboring tropical fish farm and a nearby wetland.</li> <li>• Wind Turbines: Erie Community Unit School District. Johnson Controls will be using wind energy generation to decrease the school district's purchased electrical energy consumption by 87 percent, representing approximately \$5.5 million in total energy savings over 30 years. A 1.2 megawatt wind turbine and tubular wind tower, along with an electrical distribution system, will provide energy to the elementary, middle and high schools.</li> <li>• Solar: Denver Federal Center. Johnson Controls partnered with the U.S. General Services Administration and incorporated innovative strategies such as updating an existing solar domestic water heating system and improving an irrigation control system.</li> <li>• Biomass Boilers: Indiana Department of Corrections. Johnson Controls is installing four industrial-grade biomass boilers and fuel delivery systems, which will use an estimated 1.3 million bushels of Indiana corn per year. The improvements are forecasted to save about 6.8 million kilowatt hours of electricity each year – the environmental equivalent of more than 2,800 passenger cars not being driven for one year.</li> <li>• Digester Gas Cogeneration Plant: Back River Wastewater Treatment Plant. Johnson Controls is working on a 3 megawatt combined heat and power plant that will generate more than 2.4 megawatts of electricity per year, generate steam to offset process heating requirements making more gas available for use in the plant, and produce hot water for use in the boiler.</li> </ul>				
<p>Unit (in joules or multiples of joules):    Gigajoules</p>	<p>2011</p>	<p>2010</p>	<p>2009</p>	<p><u>C2</u></p>

Reduction in energy requirements of products and services	>19,611,100	>17,740,000	>15,088,400	<u>C3</u>
Assumptions about consumptions or normalization factors: Johnson Controls products and services are reducing energy consumption significantly. The detailed tracking of projects by our BE Energy Solutions team has helped quantify the annual regional energy savings JCI helps its customers achieve through its products and services. These estimates were computed by applying average emission factors and rates for the US and Canada.				

**C2**

Our products and services have a dramatic impact on reducing energy requirements for us and our customers. The magnitude of these reductions can be estimated for the US and Canada through the detailed performance contracting project tracking.

**C3**

These annual GJ values represent the guaranteed energy savings for performance based contracts Johnson Controls implements in the US and Canada. These energy amounts come from the electricity and natural gas the Johnson Controls' Building Efficiency Energy Solutions business helps customers save every year. For 2011 this value represents the reduction of 1,968,500 Metric Tons CO2e for customers. These annual values are closely tracked and represent only a small amount of energy reductions associated with our products and services, since it is a regional value. At minimum Johnson Controls has helped its customers save that much energy.

**Supporting Documentation:**

Case Study: Manhattan Landmark Modernizes Systems while Pres...	Page #:	<a href="#">View</a>
Case study: Teamwork and Systems Integration Help Build a Hi...	Page #:	<a href="#">View</a>
WEC Gold Medal for International Achievement in Sustainable ...	Page #:	<a href="#">View</a>
EPA announcement: National Partnership for Environmental Pri...	Page #:	<a href="#">View</a>
McKinsey Quarterly JCI reference - page 9	Page #:	<a href="#">View</a>
Case Study Green Compass	Page #:	<a href="#">View</a>
Case Study Brengel Building	Page #:	<a href="#">View</a>
Case Study SEEC	Page #:	<a href="#">View</a>
Case Study High Performance Green Buildings	Page #:	<a href="#">View</a>
Case Study Utility Bill Pay System	Page #:	<a href="#">View</a>
Case Study National Geographic Building	Page #:	<a href="#">View</a>
Case Study Fairmont Le Château Frontenac,	Page #:	<a href="#">View</a>
Case Study - IDEAs - Net Zero Building	Page #:	<a href="#">View</a>
Case Study: Working Showcase Teams Energy Efficiency with Pr...	Page #:	<a href="#">View</a>
Carbon Disclosure Pjt -Corp Supply Chain Rpt on JCI-2008	Page #:	<a href="#">View</a>
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CO2 Certificate EWALS Green Certificate	Page #:	<a href="#">View</a>
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Energy Indicator news release	Page #:	<a href="#">View</a>
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News Release: Energy Efficiency Survey	Page #:	<a href="#">View</a>
News Release: Clinton Initiative	Page #:	<a href="#">View</a>
2010 EPA Energy Star Partner of the Year (Mar 2010)	Page #:	<a href="#">View</a>
2010 ICE program 10 yr announcement (Dec 2010)	Page #:	<a href="#">View</a>
2010 ICE program Chile (July 2010)	Page #:	<a href="#">View</a>
Carbon Counter	Page #:	<a href="#">View</a>
Transport: JCI Energy Efficient Fleet	Page #:	<a href="#">View</a>
Transport: DOE National Clean Energy Fleets Partnership	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 10-20, 38-47	<a href="#">View</a>

**Additional Comments**

Johnson Controls provides a variety of advanced products, services and technologies for an assortment of applications that include reducing GHGs. Some examples follow.

**BATTERY TECHNOLOGY** -our Power Solutions business is developing two advanced battery technologies involving nickel metal hydride and lithium-ion for hybrid-electric vehicles (HEVs) that will provide higher power and lower weight for HEV's in the next decade.

**Energy & Operational Efficiency Retrofits** – We optimize and modernize our own and customer's facilities by introducing proven technologies and process improvements that lower energy, operating and capital costs while simultaneously improving indoor environments and ensuring these facilities' impact on the outdoor environment is minimized. We align facilities with core business objectives and evaluate using a wide array of systems, equipment and processes in order to identify energy and operational efficiency opportunities that will improve overall facility performance. We begin by addressing the two most common root causes of excessive costs: 1) aging, inefficient or misapplied building technologies; and, 2) undefined or poorly aligned service levels. Typical improvements include enhancements to heating, ventilating and air-conditioning systems, lighting and electrical systems, control systems, motors and pumps, and eliminating leaks and waste. For example, most fan systems are oversized by 60% while chillers are often 50-200% oversized. Features of the program include: investment-grade audits of resource consuming systems, benchmarking of a facilities' energy usage and equipment efficiency, identifying solutions based on best practices and various key performance indicators to prioritize specific energy and cost-saving projects, installing equipment and processes needed to meet the overall business objectives.

**Best Practice Sharing** – Johnson Controls continues to initiate efforts to bring innovations in energy efficiency into the marketplace. Our long standing commitment to improving the indoor and outdoor environment has led us to assume active roles in a number of environmental groups, associations and

government-sponsored programs in which we share and learn many new ideas including those that will help reduce GHG emissions. Through knowledge sharing and partnering, we are helping our customers achieve their environmental goals. In the process of helping our clients obtain recognition, we've also been fortunate to receive recognition for our client's successes. Examples of alliances, education programs, etc. are discussed in the following paragraphs.

- **Supplier Partnership for the Environment (SP)** - We are a founding member of this group, which is an innovative partnership between automobile original equipment manufacturers and their suppliers and the Environmental Protection Agency (EPA). SP addresses the goals of the membership by creating new and innovative business-centered approaches to environmental protection that improve the environment while providing value throughout the automobile supply chain. SP provides a forum for automotive and vehicle suppliers for sharing environmental best practices.
- **The Alliance for Sustainable Built Environments (ASBE)** - In 2003, Johnson Controls and five other international building industry manufacturers, who practice and are recognized for leadership in sustainability banded together to form ASBE. Members committed to an aggressive, coordinated campaign to inform other companies on how to make their facilities economically and environmentally sustainable. The alliance serves to inform and demonstrate that sustainability is a viable and profitable business strategy. More information about ASBE can be found at [www.greenerfacilities.org](http://www.greenerfacilities.org). Since the 2003 initiation, the group has grown and there are now 8-likeminded companies that are active members: Forbo Flooring, Johnson Controls, JohnsonDiversey, Kohler, Milliken Carpet, Owens Corning, Philips Lighting, USG.
- **ENERGY STAR** – ENERGY STAR® is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy designed to help all save money and protect the environment through energy efficient products and practices. While largely implemented in North America, other countries use its standards. Organizations that join follow a proven, cost effective strategy to save money by reducing the energy consumption of their buildings. Participants receive national and local recognition while saving money and reducing pollution. In 1993, EPA honored our strides to conserve energy through more efficient lighting by naming us the first Green Lights Ally of the Year. We believed that we could make further strides in our own energy efficiency; and in 1995, our efforts and dedication to improving our facilities gained us recognition as a Charter ENERGY STAR Buildings Showcase Facility and a 1999 ENERGY STAR Buildings Ally of the Year. We have since earned the label for many of our building and became Partner of the Year in 2001. Also, we have helped dozens of customers join the ENERGY STAR Buildings partnership and receive the prestigious ENERGY STAR Label for Buildings.
- **Energy Efficiency Forum** - The annual Energy Efficiency Forum, co-sponsored by Johnson Controls and the United States Energy Association, takes place every June in Washington D.C.. In 2008, the keynote speaker was Pulitzer Prize-winning, New York Times columnist Thomas Friedman, author of *The World is Flat*. In addition to providing an overview of his upcoming book *Hot, Flat and Crowded*, Friedman discussed the global implications of energy policy, the economy and environment with Robert K. Watson, founder of the U.S. Green Building Council's LEED Green Building Rating System, and David B. Goldstein, co-director of the Natural Resources Defense Council's Energy Program. Previous Energy Forum speakers include U.S. Energy Secretary Samuel Bodman, German Ambassador Klaus Schiaroth, President George W. Bush and Sen. Hillary Clinton. The event provides an opportunity to discuss and introduce new programs with more than 300 industry professionals and other government policy makers. Our close partnership with the EPA has compelled the agency to announce several major new initiatives at the annual Energy Efficiency Forum. The Energy Efficiency Forum provides EPA and others an opportunity to discuss and introduce new programs with more than 300 industry professionals and other government policy makers.
- **U.S. Green Building Council** - We have been a very active participant of this nonprofit organization since its inception and currently are represented on the board of directors. We found in the U.S. Green Building Council a common theme and similar mission to our own core values: to promote the design, construction, and operation of buildings that are environmentally responsible, profitable and healthy places to live and work. The Council has brought the building industry together by forming a comprehensive effort to provide direction, at all levels, on environmental building, design, product standards, system integration, environmental efficiency and energy conservation. We are actively involved in the development of Leadership in Energy and Environmental Design (LEED), the most comprehensive rating system for designing and constructing green buildings. The certification process helps participants maximize building efficiencies, achieve optimal economic and environmental performance, use building site, assets and materials creatively and be inspired by the natural environment in landscaping, recycling efforts and more. The Johnson Controls Building Efficiency Headquarters in Milwaukee, Wisconsin – the Brengel Technology Center – was one of the first 12 buildings certified under the LEED for New Construction standards, then it was re-certified at a higher level under LEED for Existing Buildings. Now we are helping our customers to meet LEED standards by providing our diverse technical expertise throughout the building process. Connections through the Council mean that we know and work with today's leading environmentalists and top building design professionals. We put that expertise to work for our customers, guiding them on the path to become more environmentally friendly.
- **GreenCompass™** - We have developed software that makes LEED building certification simpler and less expensive through a web-based software application hosted at [www.mygreencompass.com](http://www.mygreencompass.com). The program takes best sustainability practices and helps facility owners assess multiple buildings, evaluate return on investment, manage green building projects and prepare and submit the LEED certification application. The system has been in use for over three years and has been used to score, evaluate cost effective improvements, and certify hundreds of buildings in the USA and Canada. One module includes the Assessment/ROI Planner that automatically scores a project against the most current LEED-NC (new construction) or LEED-EB (existing building) standards. It ranks potential LEED credits so building owners can determine the best green features consistent with their budgets and desired environmental and social returns. The program calculates potential saving streams based on an existing building's size and illustrates every credit's financial impact on both first costs and ongoing operations and maintenance. The tool also creates an extensive scope of work report, embedded with the LEED Reference Guide information for each credit. These guides provide an overview and points per credit, documentation requirements, summary of reference standard (where applicable), environmental importance, recommended design strategies and technologies, potential design synergies and trade-offs, economics (where available), calculation methods and formulas, resources and definitions, and case studies (where available). A second module, the Project Management/Certification Section provides comprehensive project development and management functions by organizing tasks and responsibilities to properly manage workflow, maintains electronic work schedules for subcontractors, and archives building data. Finally, GreenCompass acts as an electronic repository of all the documentation needed to submit a LEED certification application using the required USGBC letter templates that can be loaded onto the tool.
- **Sustainable Energy Education & Communications (SEEC)**- In 2006, Johnson Controls launched a Web-based version of its Sustainable Energy Education & Communications (SEEC) employee training and communications program. Each SEEC module takes a different topic related to sustainability, such as energy, water, transportation or supply chain. The program also provides history, statistics and solutions using real-life business and community examples. Each module takes less than an hour to complete. A quiz following each module measures participant understanding. The program includes communication materials to promote the modules to employees prior to their participation. Additional materials are available for external communications; special event planning and functional product tie-ins. SEEC also can help companies achieve credits for Leadership in Energy and Environmental Design (LEED®) certification from the U.S. Green Buildings Council. Developed by Johnson Controls in conjunction with the National Energy Foundation, SEEC applies the Guidelines for Excellence of the North American Association for Environmental Education (NAAEE). The NAAEE defines six key characteristics of high quality environmental education materials: fairness and accuracy, depth, building skills, focus on action, instructional soundness and usability.



- Energy Smart Schools - We also support the DOE's EnergySmart Schools program, a Rebuild America campaign to help schools save on energy costs and reinvest in needed building improvements. The EnergySmart Schools program strives to improve the learning environment of schools through day lighting, better temperature control, improved air quality and other elements related to buildings and bus fleets; and to increase student, teacher, and community awareness of energy and related issues including financial management, air quality, climate change, and new technologies.
- Academy of Energy Education - The Academy is a joint effort between Johnson Controls and the National Energy Foundation, a non-profit organization devoted to the development of instructional materials and the implementation of innovative teacher training and student programs relating mostly to energy efficiency and reducing energy costs. The Academy functions as a partnership between a local Johnson Controls office and the local school district. It's a proven way to provide curriculum-enhancing programs that combine the study of science, energy, and math with real-world experience. All Academy programs are designed for use throughout the school year and include lesson plans, classroom materials, posters, built-in student and teacher recognition, incentives, and more. Participating teachers can receive one or two semester hours of graduate credit that counts toward an advanced degree, re-certification, maintaining licensing, and salary increases. This is administered by Utah State University, located in Logan, Utah. The Academy offers a wide range of curriculum for students of all ages, starting in Kindergarten and continuing all the way through senior year in high school. High school seniors can participate in a career exploration program via Johnson Controls branch offices. Several internship programs also are available at the college undergraduate level.
- Igniting Creative Energy Challenge - The Challenge is an educational competition sponsored and funded through a grant by Johnson Controls, Inc. Since first launching 9 years ago, the Challenge has included over 15,000 student participants. Students in grades K-12 in the U.S. and Canada, and since 2 years ago in Chile, are encouraged to submit essays, stories, artwork, photographs, music, video, websites, or science project ideas that pertain to energy usage in the home, school or community. Judges consists of more than 25 professionals nationwide with backgrounds in science, math, music, art, and gifted and talented education, as well as environmental industry experts. Most recently we have added Philips Electronics as an active partner in this program. The program is administered by The National Energy Foundation (NEF), a 501(c)(3) non-profit organization dedicated to the development, dissemination, and implementation of supplementary educational materials, programs and courses that relate primarily to energy, water, natural resources, science and math, technology, conservation and the environment. Additional support is provided by The United States Energy Association (USEA), a member of the World Energy Council, and is composed of approximately 150 public and private energy-related organizations, corporations and government agencies.
- Solutions Navigator™ - Johnson Controls Sustainability Solutions Navigation Sessions provide a structured, interactive process for quickly assessing sustainability needs and practices. Solutions Navigation Sessions help clients address a wide range of sustainability issues ranging from the design and construction of a "green" building, the efficiency improvement of a portfolio of facilities or the development of an organization-wide sustainability strategic plan. Johnson Controls has a long history of bringing innovation and improvement to both public and private-sector organizations. Based on proven results, Solutions Navigation Sessions help clients identify the best opportunities for improving the sustainability of their organizations while positively impacting the "triple bottom line." Navigation Sessions are based on Six-Sigma methodologies, facilitated by certified consultants and make use of a specially designed "game board" assessment tool called the Solutions Navigator™ Navigation Sessions are appropriate for groups ranging from five to fifty individuals. During Navigation Sessions, participants first prioritize a comprehensive set of sustainability-related needs based on importance and current satisfaction. These needs address a broad range of organizational issues including environmental stewardship, social responsibility and economic prosperity. Participants then assess their organization's effectiveness in implementing a variety of sustainability practices including management and strategy, environmental design, operational efficiency, social development, metrics and reporting. The primary benefit is rapid, cross-functional prioritization of sustainability needs and improvement practices. Additional benefits include exposure to industry best practices and expert recommendations for measuring and improving sustainability across the organization. These recommendations are supported by benchmark data from representative organizations participating in previous Solutions Navigation Sessions. Session deliverables include a comprehensive report summarizing the results of the needs and practices assessment and recommendations for improvement. The results can be compared across individual departments and divisions or benchmarked against similar organizations. The net result is improved sustainability of organizations and the communities where they live and work.

The U.S. Environmental Protection Agency (EPA) recognized Johnson Controls, Inc. with a 2010 ENERGY STAR Partner of the Year Award for its contributions to reducing greenhouse gas emissions through its energy efficient products and services. Johnson Controls, an ENERGY STAR partner since the program started in 1992, is being honored for its work in efforts to help buildings meet ENERGY STAR guidelines for energy efficiency.

In 2009, Johnson Controls launched a major initiative to integrate ENERGY STAR programs into the services it provides to its customers. The company trained approximately 425 field personnel in North America on ENERGY STAR tools and applications. To complement this training, it added several new tools to facilitate ENERGY STAR benchmarking of its customer's buildings and interpret the results. During that time, Johnson Controls benchmarked more than 900 buildings through the ENERGY STAR Portfolio Manager tool. Johnson Controls also used ENERGY STAR in its internal branch operations in its "Energy and Sustainability Champions" project. Teams of field employees benchmarked 16 North American branch offices using ENERGY STAR Portfolio Manager. These teams then developed plans to further improve energy and environmental performance of these branches. The ENERGY STAR Partner of the Year Awards are given to a variety of organizations to recognize their efforts to improve energy efficiency and reduce pollution, resulting in significant cost savings. Award winners are selected from more than 17,000 organizations that participate in the ENERGY STAR program. Last year alone, with the help of ENERGY STAR, Americans saved \$17 billion on their energy bills and reduced greenhouse gas emissions equivalent to those of 30 million vehicles.

"Johnson Controls is leading the way in creating and implementing solutions to climate change through greater energy efficiency," said Gina McCarthy, EPA Assistant Administrator for Air and Radiation. "Johnson Controls has helped its customers understand how they can help protect our environment while saving energy and money."

**Reduce Indirect Energy GRI EN7**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Energy / Reduce Indirect Energy GRI EN7**

Initiatives to reduce indirect energy consumption and reductions achieved.

<p>Existing initiatives to reduce indirect energy use: Our overall strategy is to promote energy efficiency as the smart approach for reducing GHG emissions. This strategy includes developing new tools to credibly track GHG emissions and offering/developing cost effective products and services to reduce energy consumption and GHG emissions. Our strategy applies to our internal activities and those of our customers. For example, we continue to conduct ENERGY STAR audits. We are generally ranked high compared to all buildings nationwide. Even more impressive, eight of the 24 offices qualified for the prestigious ENERGY STAR label.</p> <p>In addition, Johnson Controls joined the U.S. Environmental Protection Agency (EPA)'s Climate Leaders program in 2003. Even when this program is no longer in place, this organization helped us better understand risks from GHG emissions emitted from our operations and identify cost-effective reduction opportunities.</p> <p>This voluntary reporting program helped us commit to: 1) Develop a corporate-wide GHG inventory of the 6 major greenhouse gases and report progress annually based on global GHG protocols and guidance; 2) Develop a corporate GHG Inventory Management Plan in order to institutionalize the inventory process; and 3) Establish an aggressive corporate-wide GHG emissions reduction goal for our global operations.</p> <p>Johnson Controls has pledged to reduce its global GHG emissions by 30 percent per million dollar in revenue from 2008 to 2018. This goal builds on our previous global goal that followed the same 30% intensity reduction from 2002 to 2012, and that was achieved in 2008, year which became the company's new baseline. Along with the new GHG goal, JCI has established metrics and goals around energy, water, waste, environmental management and sustainable product design.</p> <p>From 2002 to 2010, our energy usage and greenhouse gas emissions data within the United States were independently reviewed by WSP Group, a subcontractor hired by EPA Climate Leaders. Lessons learned from the audits were applied to our Inventory Management Plan that was used to calculate our global energy use and GHG emissions. Starting with our 2011 data, Bureau Veritas, an independent auditor recognized by the Carbon Disclosure Project, audited our GHG emissions data per ISO Standard 14064-3, Greenhouse gases - Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions. They also audited our water data. The objective of the audits is to provide further confidence that our reported energy, GHG emissions and water data has a low margin of error. The certificates for these most recent audits are attached (NOTE at this writing the certificates have yet to be received from the auditor but will be posted when received.)</p> <p>In addition, our Power Solutions group has implemented PowerFrame battery manufacturing technology, which is dramatically reducing GHG emissions by eliminating inefficient machines and thus using significantly less fuel.</p>				
<p>Unit (in joules or multiples of joules):    gigajoules</p>	2011	2010	2009	
<p>Reduction of indirect energy used in energy-intensive materials</p>	In progress	In progress	In progress	<u>C3</u>
<p>Reduction of indirect energy used in subcontracted production</p>	In progress	In progress	In progress	<u>C4</u>
<p>Reduction of indirect energy used in business-related travel</p>	see EN29	see EN29	see EN29	
<p>Reduction of indirect energy used in employee commuting</p>	NA	NA	NA	<u>C6</u>
<p>Assumptions and methodologies used to calculate indirect energy use, and indicate source of information: Assumptions and methodologies use to calculate our energy use is documented in our Inventory Management Plan that underwent a third party review by EPA Climate Leaders for all U.S. sources. Starting with our 2011 data, we used Bureau Veritas, a third party auditor recongized by</p>				

the Carbon Disclosure Project to validate our energy, greenhouse gas emissions and water use data.				
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**C3**

GHG emissions. We are working with other companies to get our supply chain reporting into the CDP system, which will likely take years.

**C4**

Johnson Controls is a member of the Carbon Disclosure Project's Supply Chain Leadership Collaboration that is tasked with getting our suppliers to identify their energy consumption and GHG emissions. We are working with other companies to get our supply chain reporting into the CDP system, which will likely take years.

**C6**

Employee commuting data is not included in our Scope 3 (indirect) energy consumption/ emission estimates.

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**Supporting Documentation:**

Case Study: Manhattan Landmark Modernizes Systems while Pres...	Page #: <a href="#">View</a>
Case study: Teamwork and Systems Integration Help Build a Hi...	Page #: <a href="#">View</a>
Leonardo Academy report: The Energy Savings and Emission Red...	Page #: <a href="#">View</a>
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Case Study: Working Showcase Teams Energy Efficiency with Pr...	Page #: <a href="#">View</a>
Case Study -Efficiency & Sustainability in Logistics	Page #: <a href="#">View</a>
Community investment solar educ Fortune article JCI Milw Are...	Page #: <a href="#">View</a>
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Case Study (JCI web) Energy Efficiency & Sustainability	Page #: <a href="#">View</a>
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**Additional Comments**

Many of the case studies noted include technologies that are being applied internally and with our supply chain. See our web site regarding Energy Efficiency & Sustainability.

**INTERNALLY:**

Johnson Controls is committed to continuously improving the environmental impact of our own operations. This includes the performance of our facilities, our procurement strategy and the use of commodities and resources. We expect our office and manufacturing facilities to be energy-efficient, use less water and minimize waste. Our energy focus includes improved energy efficiency, use of renewable energy and the purchase of green power.

We are using our own information technology, including the Energy and Emissions Management System, to record, track, forecast and report energy use and GHG emissions across our global operations. At our Corporate and Power Solutions headquarters campus in Milwaukee, we are using our new Gridlogix En-Net and Sustainability Manager™ to integrate solar energy generation subsystems with our Metasys® building management system to provide real-time monitoring, metering and control.

The implementation of our Energy Hunt program continues across participating manufacturing facilities globally. This employee training and continuous improvement program drives culture change towards more efficient energy use and waste elimination. Since its implementation in 2009, 788 low- or no-cost projects resulted in energy and operational savings of over \$19.6 million USD. A further of approximately 900 projects are still in progress or planned to be implemented in 2012.

Introducing proven technologies and process improvements that lower energy, operating and capital costs also help improve indoor environments and ensure that the impact these facilities have on the outdoor environment is minimized. We align facilities with core business objectives and evaluates them using a wide array of systems, equipment and processes to identify energy and operational efficiency opportunities that will improve overall facility performance.

The company begins by addressing the two most common root causes of excessive costs:

- aging, inefficient or misapplied building technologies; and,
- undefined or poorly aligned service levels.

Typical improvements include enhancements to heating, ventilating and air-conditioning systems, lighting and electrical systems, control systems, motors and pumps, and eliminating leaks and waste. Features of the program include: investment-grade audits of resource consuming systems, benchmarking of a facilities' energy usage and equipment efficiency, identifying solutions based on best practices and various key performance indicators to prioritize specific energy and cost-saving projects, installing equipment and processes needed to meet the overall business objectives.

The Johnson Controls Building Efficiency headquarters -- the Brengel Technology Center -- was one of the first LEED-certified green buildings in the world, and was the first to be re-certified under the LEED for Existing Buildings rating. The company's corporate headquarters in Glendale, Wisc. is has a LEED Platinum certification -- the highest designation available.

In addition we have an active Design for Sustainability (DfS) actively looking to find ways of reducing energy use during the manufacturing process. The team has already implemented new processes to review designs as relates to sustainability for all new products.

**EXTERNALLY:**

Supply chain - Our Global Purchasing Council (GPC) focuses on promoting sustainability within the supply chain. We work with more than 300,000

direct and indirect suppliers throughout the world, and expect them to conduct their operations in a socially and environmentally sustainable manner. A few years ago, the GPC developed environmental requirements that state all suppliers must comply with applicable laws and regulations, as well as our social and environmental standards. We use a variety of tools to assess suppliers including background checks, self-assessment surveys, site visits and audits. We have an enterprise-wide supply chain standard that provides guidance to our procurement teams on the environmental and social performance of suppliers. This includes details on labor, discrimination, freedom of association, health and safety, the environment, management systems and ethics. The standard was developed in partnership with key customers, socially responsible investment funds and non-government organizations. Johnson Controls is a member of the Carbon Disclosure Project's Corporate Supply Chain Program, which is comprised of more than 31 multinational companies dedicated to managing and reducing GHG emissions within their supply chain. Over the last year, we have increased our requests to suppliers to report their GHG emissions and reduction strategies.

## Aspect: Water

### Water Withdrawal GRI EN8

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Water / Water Withdrawal GRI EN8

Total water withdrawal by source.

Report in cubic meters per year (m3/year)	2011	2010	2009	2008	
*Surface water, including water from wetlands, rivers, lakes, and oceans	<40,000	<40,000	<40,000	<40,000	
Ground water	<40,000	<40,000	<40,000	<40,000	<u>C3</u>
Rainwater collected directly and stored	<40,000	<40,000	<40,000	<40,000	<u>C4</u>
Waste water from another organization	<40,000	<40,000	<40,000	<40,000	
*Municipal water supplies or other water utilities	5,488,767	5,117,165	4,654,683	4,645,550	
*Total water from all other sources:					
*Total water withdrawal (volume)	5,488,767	5,117,165	4,654,683	4,645,550	
Normalized withdrawal (include unit)	135	149	163	121	<u>C9</u>
Consecutive years of data (including the most recent year) for which the company discloses data:	4				
Publicly disclose:					
<input checked="" type="checkbox"/> Total water use <input checked="" type="checkbox"/> Normalized total water use <input type="checkbox"/> Water use at any level other than enterprise (including facility, business unit, region, etc.) <input type="checkbox"/> Total wastewater discharge <input type="checkbox"/> Wastewater discharge at any level other than enterprise (including facility, business unit, region, etc.) <input checked="" type="checkbox"/> Water use at non-US facilities <input type="checkbox"/> Wastewater discharge at non-US facilities		Specify document / link:			

#### C3

Most water is obtained from municipal water supplies or other water utilities. Direct water withdrawal from this source is estimated to be less than one percent of the total amount withdrawn.

#### C4

Our Milwaukee Headquarters campus recently completed a major renovation and includes capturing storm water runoff from parking lots and other surfaces. The water is reused for toilet flushing, reducing our use of fresh water by 362,000 gallons per year.

#### C9

cubic meters/Million \$USD Revenue

#### Supporting Documentation:

GEMI -Collecting the Drops Page #: [View](#)  
 Case Study - Water Solutions web site Page #: [View](#)  
 Case Study - Water Conservation Page #: [View](#)  
 2011 Business & Sustainability Report Page #: 40 [View](#)

#### Additional Comments

Except for Power Solutions, our businesses use minimal amounts of water for manufacturing. Most is used for drinking and sanitary purposes. Other significant uses are for cooling and cleaning. Power Solutions uses about one gallon of water mixed with acid for each battery manufactured.

Efforts to collect water use data were initiated globally in 2003. Each year, the number of facilities reporting increases and will continue to improve so

that we may trend usage for future reports. Water conservation efforts are primarily managed at the facility level, but more focus on water use is increasing as data becomes more available.

Our publicly stated goal for water reduction: Water - reduce energy consumption by 10% per dollar revenue from 2008 to 2018. See our Business & Sustainability report for our sustainability scorecard with these environmental goals.

**Water Sources Affected GRI EN9**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Water / Water Sources Affected GRI EN9**

Water sources significantly affected by withdrawal of water.

Water source name	Withdrawals account for 5% or more of the annual average volume	Recognized by professionals to be particularly sensitive as a rare, threatened, or endangered system or because it supports a particular endangered species of plant or animal	Is a Ramsar-listed wetland or a nationally or internationally proclaimed conservation area	Size of water source (in cubic meters (m3))	Biodiversity value	<u>C1</u>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

**C1**  
None of our water sources are significantly affected by withdrawal of water

**Supporting Documentation:**

- Case Study High Performance Green Buildings      Page #: [View](#)
- Case Study Utility Bill Pay System                      Page #: [View](#)
- Case Study Sustainability Navigator                    Page #: [View](#)
- Clinton Climate Initiative news release              Page #: [View](#)
- Case Study (JCI web): Water Technology Services   Page #: [View](#)
- Case Study (JCI web) Investing in Wastewater      Page #: [View](#)

**Additional Comments**

Note case studies above that describes but a few of our efforts to reduce water use by our customers.

Facility siting and facility acquisitions undergo a due diligence process that to date has helped avoid situations where water usage would pose a significant impact to the environment. In addition, our overall processes use a relative small quantity of water and practices are continuously being applied to minimize usage.

Nevertheless, Johnson Controls continues to offer services to promote water conservation through awareness, technologies and monitoring. As noted on our web site, Johnson Controls helps water providers and consumers reduce water usage, increase efficiency of the systems that distribute and use water, and create healthy, sustainable and green environments. We do this with a creative funding tool that allows customers to take on the costly projects immediately.

**Water Reused GRI EN10**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Water / Water Reused GRI EN10**

Percentage and total volume of water recycled and reused.

Report in cubic meters (m3)		2011	2010	2009	
Total volume of water recycled/reused					
Recycled water as a percentage of total water withdrawal		<10%	<10%	<10%	
Water recycling program exists:	Yes				
Total amount of recycled water used is publicly disclosed (if yes, specify link/attachment):					
The percentage of total water use that is satisfied through the use of recycled water is publicly disclosed:	Yes				

**Supporting Documentation:**

- Case Study - Back River Waste Water      Page #: [View](#)
- Case Study York Test Lab Saves Water      Page #: [View](#)
- Case Study-Water Meters- Anderson, Indiana      Page #: [View](#)
- Case Study-Water Meters-compton, CA      Page #: [View](#)
- Case Study-Water Meters-Cumberland, MA      Page #: [View](#)
- Case Study-Water Meters-Laurel, Montana      Page #: [View](#)
- Case Study-Water Meters-Tyler, TX      Page #: [View](#)
- Case Study - Water Solutions web site      Page #: [View](#)
- Case Study-Greening Public Housing      Page #: [View](#)

**Additional Comments**

York Test Lab Water Savings Sustainability Project - To support the JCI sustainability goals, the York test lab established a team to identify, quantify and assign value for possible water savings opportunities. Based on total cost and time-to-implement identified best short term opportunity in York's 'Building 50 Water Cooled Chiller Lab' where we test our highest capacity chillers. As the lab is presently configured testing these chillers requires significant amounts of water draining directly to the sites industrial waste stream.

ACTIONS IMPLEMENTED - Design a portable transfer pump cart and install required facility piping to:

- reclaim water from chillers after testing is complete
- recover water form facility piping prior to cleaning of pump strainers during routine preventative maintenance
- use facility water in lieu of city water to provide cooling for water cooled motors and oil coolers.

As a result of this project alone, we are currently saving an estimated 456,600 gallons per year



**Aspect: Biodiversity**

**Biodiverse Land GRI EN11**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Biodiversity / Biodiverse Land GRI EN11**

Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

Geographic location	Subsurface and/or underground land that may be owned, leased or managed	Position in relation to protected area (in the area, adjacent to, or containing portions of the protected area) and high biodiversity value area outside protected areas	Type of operation (office, manufacturing/production, or extractive)	Size of operational site in km2	Biodiversity value characterized by: 1) the attribute of the protected area and high biodiversity value area outside protected area, and 2) listing of protected status	<u>C1</u>
Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.	Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.	Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.	Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.		Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.	

**C1**

Johnson Controls, Inc. does not own or operate facilities in or near protected areas or in biodiversity-rich habitats.

**Additional Comments**

Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.

## Impact on Biodiversity GRI EN12

### **5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Biodiversity / Impact on Biodiversity GRI EN12**

Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats and thus our activities, products and services are non-significant on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

Johnson Controls is committed to responsible land use that promotes biodiversity and nature conservation. When we acquire businesses that own sites with existing environmental issues, we are aggressive in restoring them to productive uses. Our efforts always comply with regulatory requirements. Our land acquisitions are rather rare, but when such acquisitions are proposed, our environmental and legal experts evaluate the community, environmental and other issues that may arise and make every attempt to ensure minimal impact to the environment and community.

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#### **Additional Comments**

This question really does not apply to Johnson Controls.

**Restored Habitats GRI EN13**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Biodiversity / Restored Habitats GRI EN13**

Habitats protected or restored.

Geographic location	Size (in km2 if larger than one km2)	Success of the restoration was/is approved by independent professionals	<u>C1</u>
Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.		Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.	
<p>Partnerships with 3rd parties to protect or restore habitat areas not listed above</p> <p><b>BIODIVERSITY:</b>                      For the most part, our facilities, services and products have relatively little direct impact on critical habitats. However, we recognize biodiversification benefits all species, including mankind, by contributing to oxygen generation, carbon sequestration, soil stabilization and creating habitats for a variety of animals and plants. Through our Blue Sky Involve Program, Johnson Controls encourages its employees to participate in community efforts, including those promoting biodiversity. For example, Johnson Controls and BBC recently partnered with The Woodland Trust to plant native trees and hedges at the Ochils in Scotland, where today, like the rest of Scotland, less than 1% of the original forests survive. Beginning over 2000 years ago, trees were cut for fuel and timber, and to convert the land to agriculture as well as deliberately burned to eradicate 'vermin' such as the wolf. Over the centuries, the forest shrank as the human population grew, and to satisfy the needs of industry, particularly after exhausting the timber supply in England. The widespread introduction of sheep and a large increase in the numbers of red deer ensured that once the forest was cleared, it did not return.</p> <p>The Woodland Trust has been conserving woodland for more than 30 years and is now recognized as the leading voluntary-sector organization devoted to the conservation of the UK's woodland. The Woodland Trust has been granted the 50K award by Biffa Award and the 17,500 trees are currently being planted at the Ochils in Scotland. Johnson Controls is a proud supporter of the Woodland Trust and is most proud of its employees who help support the organization and its efforts in Scotland.</p>			

**C1**

Johnson Controls is unaware of any significant impacts on natural habitats resulting directly from its activities.

**Additional Comments**

Johnson Controls is unaware of any significant impacts on natural habitats resulting directly from its activities.

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Biodiversity / Biodiversity Strategy GRI EN14**

Strategies, current actions, and future plans for managing impacts on biodiversity.

Johnson Controls, Inc. does not own or operate facilities in biodiversity-rich habitats and thus our activities, products and services are non-significant on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

Johnson Controls is committed to responsible land use that promotes biodiversity and nature conservation. When we acquire businesses that own sites with existing environmental issues, we are aggressive in restoring them to productive uses. Our efforts always comply with regulatory requirements. Our land acquisitions are rather rare, but when such acquisitions are proposed, our environmental and legal experts evaluate the community, environmental and other issues that may arise and make every attempt to ensure minimal impact to the environment and community.

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**Supporting Documentation:**

FIT Conference-2007 Sustainability Page #: [View](#)

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**Additional Comments**

This question does not really apply to Johnson Controls activities and products as relates to specific impacts on biodiversity. However, Johnson Controls remains active in understanding its role in the environment and participates in professional meetings and conferences to learn more ways to promote sustainability, including biodiversity.

**Endangered Species GRI EN15**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Biodiversity / Endangered Species GRI EN15**

Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

Habitat affected by operations that include species on the IUCN Red List and on national conservation lists	# of critically endangered species	# of endangered species	# of vulnerable species	# of near threatened species	# of least concern species	<u>C1</u>
Johnson Controls, Inc. does not own or operate facilities in or near protected areas or biodiversity-rich habitats.						

**C1**

To the best of our knowledge, Johnson Controls operations and activities do not directly affect any IUCN Red List species or national conservation list species.

**Additional Comments**

This question does not apply to Johnson Controls operations and activities.

## Aspect: Emissions, Effluents, and Waste

### Direct, Indirect Greenhouse Gas GRI EN16

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Direct, Indirect Greenhouse Gas GRI EN16

Total direct and indirect greenhouse gas emissions by weight.

Direct and Indirect Greenhouse Gas (GHG) Emissions (in metric tonnes CO2 equivalent)	2011	2010	2009	2008	Company has targets 2018 for year:	<u>C1</u>
CO2 Direct	607,517	582,985	592,651	629,407		
CO2 Indirect Scope 2	1,481,243	1,464,689	1,324,734	1,535,827		
CH4 Direct	213	214	220	243		
N2O Direct	807	834	797	1,181		
HFCs Direct	218,230	222,417	144,410	113,479		
PFCs Direct	0	0	0	0		
CF6 Direct	0	0	0	0		
Subtotal Direct (Scope 1)	826,767	806,450	738,079	744,310		
Scope 1 data coverage (e.g. as % of revenues, employees, etc...):	100%	100%	100%	100%		<u>C10</u>
Scope 1 estimated total (for 100% data coverage)	0	0	0	0		
Scope 1 emissions intensity per 100K revenue	2.03	2.35	2.59	1.94		
Total direct GHG emissions factored against base figure (please specify base figure here, e.g., revenue, volume or production, floor space area, etc): metric tons CO2-e/Million USD\$ in Revenue	20.3	23.5	25.9	19.4		
Subtotal Indirect (Scope 2)	1,481,243	1,464,689	1,324,734	1,535,827		
Scope 2 data coverage (e.g. as % of revenues, employees, etc...):	100%	100%	100%	100%		<u>C15</u>
Scope 2 estimated total (for 100% data coverage)	0	0	0	0		
Scope 2 emissions intensity per 100K revenue	3.63	4.27	4.65	4.00		
Total Direct and Indirect GHG Emissions	2,308,010	2,271,140	2,062,813	2,280,137		
Subtotal Scope 3 (from GRI EN17 "GHG Scope 3 Emission")	79,396	72,972	50,256	65,646		<u>C19</u>
Total GHG Emissions	2,387,406	2,344,112	2,113,069	2,345,783		
Estimates for Direct GHG derived from (if applicable):						
Estimates for Indirect GHG derived from (if applicable):						

Please explain trend and performance against target (Total GHG): Our goal is to reduce our GHG emissions by 30 percent per million dollar in revenue from 2008 to 2018.						
GHG emission data publicly available: Yes						
Public disclosure includes:		Specify document(s)/link(s):				
<input checked="" type="checkbox"/> Total Direct CO2 emissions Direct CO2 emissions at any level other than enterprise (including facility, business unit, region, etc.) <input checked="" type="checkbox"/> Total Indirect CO2 emissions Indirect CO2 emissions at any level other than enterprise (including facility, business unit, region, etc.) <input checked="" type="checkbox"/> CO2 emissions at non-US facilities <input checked="" type="checkbox"/> Total Direct GHG emissions Direct GHG emissions at any level other than enterprise (including facility, business unit, region, etc.) <input checked="" type="checkbox"/> Total Indirect GHG emissions Indirect GHG emissions at any level other than enterprise (including facility, business unit, region, etc.) <input checked="" type="checkbox"/> GHG emissions at non-US facilities						
Consecutive number of years of total direct GHG emissions data publicly disclosed (including the most recent year): 10						
*GHG emission data prepared in accordance with GHG Protocol (indicate scope 1,2, or 3 and explain in Additional Comments) Yes						<u>C28</u>
*Additional or alternative GHG emission calculation methodology/protocol/standard used (upload Web address/document and explain in Additional Comments) Yes						

**C1**

Johnson Controls (JCI) has pledged to reduce its global GHG emissions by 30 percent per million dollar in revenue from 2008 to 2018.

**C10**

% of operationally controlled sites

**C15**

% of operationally controlled sites

**C19**

This portion of Scope 3 concerns employee business travel only.

**C28**

All reported GHG values computed in accordance to WRI's GHG Protocol and The Climate Registry's General Reporting Protocol.

**Supporting Documentation:**

2011 Business & Sustainability Report Page #: 28-33 [View](#)  
Carbon Disclosure Project Page #: [View](#)

**Additional Comments**

Johnson Controls (JCI) has pledged to reduce its global GHG emissions by 30 percent per million dollar in revenue from 2008 to 2018. This new goal builds on our previous global goal that followed the same 30% intensity reduction from 2002 to 2012, and that was achieved in 2008, year which became the company's new baseline. Along with the new GHG goal, JCI has established metrics and goals around energy, water, waste, environmental

management and sustainable product design.



**Other Indirect Greenhouse Gas GRI EN17**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Other Indirect Greenhouse Gas GRI EN17**

Other relevant indirect greenhouse gas emissions by weight.

Estimated coverage (%) of total revenue in most recent reporting year	100					<a href="#">C1</a>
Other Relevant Indirect Greenhouse Gas (GHG) Emissions (in tonnes CO2 equivalent)	2011	2010	2009	2008		<a href="#">C2</a>
CO2 Ind. Scope 3	78,641	72,238	49,618	64,945		
CH4 Ind. Scope 3	41	40	35	38		<a href="#">C4</a>
N2O Ind. Scope 3	714	694	604	663		<a href="#">C5</a>
HFCs Ind. Scope 3	0	0	0	0		<a href="#">C6</a>
PFCs Ind. Scope 3	0	0	0	0		<a href="#">C7</a>
CF6 Ind. Scope 3	0	0	0	0		<a href="#">C8</a>
Total Ind. Scope 3	79,396	72,972	50,256	65,646		

**C1**

Scope 3 data provided is for employee travel and include greenhouse gas emissions resulting from rental cars, commercial flights, and expensed mileage traveled for business purposes.

**C2**

Recalculated business travel emissions following the GHG Protocol and EPA Guidance on Commuting, Business Travel, and Product Travel.

**C4**

CH4 emissions reported in the unit of measure: Metric Tons of CO2e

**C5**

N2O emissions reported in the unit of measure: Metric Tons of CO2e

**C6**

Emissions from this source are none to negligible.

**C7**

Emissions from this source are none to negligible.

**C8**

Emissions from this source are none to negligible.

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**Supporting Documentation:**

Carbon Disclosure Pjt -Corp Supply Chain Rpt on JCI-2008	Page #:	<a href="#">View</a>
Case Study Brengel Building	Page #:	<a href="#">View</a>
Case Study-JCI HQ LEED Platinum	Page #:	<a href="#">View</a>
2012 JCI Letter to Suppliers about GHG Reporting	Page #:	<a href="#">View</a>
Case Study Low Carbon Innovation pg 113	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 28-33	<a href="#">View</a>
Carbon Disclosure Project	Page #:	<a href="#">View</a>

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**Additional Comments**

We continue to encourage telephone and video conferencing to reduce travel. We have videoconferencing facilities throughout the world that are used by our employees. Further, we anticipate that our travel-related emissions will decrease as commercial airlines and car rental agencies adopt more efficient aircraft and vehicles. Johnson Controls is studying ways to acquire reliable data and to reduce emissions related to employee commuting, supplier emissions, waste disposal, and services such as shipping, courier delivery, printing and other outsourced services. At present, it remains a challenge to acquire accurate data for such emissions because most are beyond our control.

## 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Greenhouse Gas Reductions GRI EN18

Initiatives to reduce greenhouse gas emissions and reductions achieved.

Theme	Description of initiative/activity	Reductions in GHG/CO2 emissions achieved	% Total emissions	Investment in USD (currency):	Start date of initiative	Duration of initiative (years)	
Fuel switching (e.g. investment in 'green electricity')	<p>MARINE AIR GROUND TASK FORCE TRAINING COMMAND TWENTY-NINE PALMS, CALIFORNIA - Located at the end of the electrical distribution line, the base experienced frequent power disruptions due to the energy crisis in California resulting in staggering electricity costs. The goal was to increase power reliability, become more self-sufficient from locally distributed power, increase usage of renewable energy resources, and create a higher quality indoor environment. Furthermore, it was challenged with a presidential order to reduce energy consumption by 35 percent by 2010 and strive for at least 15 percent of its energy supply from renewable resources.</p> <p>In 1998, Johnson Controls, Inc. was awarded a contract that included five chiller plant upgrades that was subsequently amended to include an Energy Savings Performance Contract (ESPC) in which energy reductions and other performance criteria are guaranteed. The contract involved the design and construction of a \$16 million seven-megawatt dual fuel cogeneration system, more than three miles of high-pressure gas lines, and resulted in an annual cost savings of approximately \$5.8 million paid back in less than four years. ESPCs allow federal agencies to fund improvements from guaranteed energy savings and energy-related operational savings. The revenue stream from the cogeneration portion of the project provided the financing for additional upgrades, including the world's largest 8-acre, track-able 1.2-MW photovoltaic (PV) system installed on a federal facility, three chiller plants, and several other critical infrastructure improvements saving the base an additional \$1.1 million each year.</p>	Yes	% ~35	>\$16 million	1998	>15	
Research & development in low carbon technologies	LITHIUM-ION HYBRID VEHICLE BATTERIES - Johnson Controls-Saft Advanced Power Solutions opened a lithium-ion automotive battery manufacturing facility in Nersac, France, dedicated to the manufacture of advanced lithium-ion batteries for hybrid, plug-in,	Yes	% NA	>\$25 million	2007	TBD	

	<p>fuel cell and electric vehicles and is the first of its kind in the world.</p> <p>Johnson Controls-Saft initially invested euro 15 million in the facility, which is producing batteries for global automotive customers. It has been built to be scaleable, so that as demand increases it can increase production capacity to meet customer and market demands.</p> <p>In addition to the plant in Nersac, Johnson Controls-Saft has research and development centers in Milwaukee, USA and Bordeaux, France; as well as system engineering, testing and integration centers in Milwaukee, USA; Hanover, Germany; and Shanghai, China.</p> <p>Johnson Controls-Saft is a joint venture that has brought together Johnson Controls -- the world's leading supplier of automotive batteries and a company deeply experienced in integrated automotive systems solutions -- with Saft, an advanced energy storage solutions provider with extensive Li-ion battery expertise.</p>					
<p>Production of low carbon technologies</p>	<p>ADVANCED BATTERIES AND POWER MANAGEMENT SYSTEMS - Johnson Controls is applying its long-term knowledge, proprietary technology, and research and development strengths to develop for hybrid vehicles. Here are some examples:</p> <ul style="list-style-type: none"> <li>• Advanced lead-acid batteries are now capable of supporting a wide array of 14-volt, 42-volt, and "mild" hybrid applications found in many new vehicles. Two energy-saving absorbent glass mat (AGM) solutions currently are available from Johnson Controls – Vlies.tec™ and Optima®.</li> <li>• PowerWatch™ technology from Johnson Controls provides a crucial solution to the advanced power management requirements inherent in hybrid-electric vehicles. It offers significant enhancements in overall vehicle performance, including fuel economy, emissions, and battery and electrical system diagnostics and maintenance. The system communicates with the battery and tracks engine inputs to manage the way electricity is moved around the car. It can reduce emissions by 1 to 2 percent by switching off the charging load to the alternator when the battery doesn't need more electricity.</li> <li>• The Power Solutions unit based in Hanover, Germany, has supplied nickel metal hydride (NiMH) batteries in Europe for more than a decade. These batteries are used in automotive applications and for electric and hybrid-electric buses.</li> <li>• Johnson Controls recently created a new, lower-cost NiMH battery pack for heavy-duty bus applications.</li> <li>• Johnson Controls offers both cylindrical cell and advanced 7.2 volt prismatic module configurations of NiMH technology for hybrid applications in the</li> </ul>	<p>YES</p>	<p>% TBA</p>	<p>&gt;\$1 billion</p>	<p>Decades</p>	<p>TBD</p>

	<p>passenger car, light truck, and sport utility vehicle segments.</p> <ul style="list-style-type: none"> <li>• In early 2004, the U.S. Advanced Battery Consortium awarded a contract to Johnson Controls for the development of an abuse-tolerant, long-life lithium-ion battery. The project targets power storage devices for hybrid-electric passenger cars and commercial vehicles.</li> <li>• Power Solutions is implementing PowerFrame battery manufacturing technology, it is dramatically reducing our GHG emissions by eliminating inefficient machines and thus using significantly less fuel. We estimate that the process will achieve an annual GHG reduction of more than 7,700 tons.</li> </ul>						
Generation of renewable energy	<p>ERIE COMMUNITY UNIT SCHOOL DISTRICT NO. 1 ERIE, ILLINOIS - In 2006, Erie Community Unit School District No. 1, which serves Whiteside, Rock Island and Henry counties in Illinois, constructed a 1.2 megawatt wind turbine and tubular wind tower and an electrical distribution system. This single wind turbine, which is the first in the state to help power multiple buildings for a school district, provides energy to the elementary, middle and high schools and the high school annex facility.</p> <p>The wind-generated energy solution is designed to decrease the school district's purchased electrical energy consumption by 87 percent, which represents approximately \$5.5 million in total energy savings over 30 years. Also, the school district anticipates another \$3 million or more in net revenue over the life cycle of the unit by selling any excess energy to the local energy provider for placement on the Commonwealth Edison's distribution grid.</p> <p>The wind turbine project was supported by a construction grant totaling \$720,000 from the Illinois Clean Energy Community Foundation. Johnson Controls assisted with obtaining the grant and constructed the wind turbine.</p> <p>Real-time remote monitoring and operation of the turbine's energy production is possible through a Direct Digital Control system. An extension of this feature will enable the community to monitor actual energy consumption through the Internet. In addition, upgrades to the school facilities will bring this information into the classrooms via the school's intranet.</p> <p>Johnson Controls and the school district will collaborate to conduct an education and communication program on the renewable energy project. The school district has submitted a proposal for an EPA Environmental Education Grant to help fund wind energy curriculum for students in the district and surrounding area, teacher training, and community outreach.</p>	Yes	% ~87	\$720,000	2006	~30	

Product/service innovation	<p>SCHLITZ AUDUBON NATURE CENTER, MILWAUKEE, WISCONSIN</p> <p>The mission of the Schlitz Audubon Nature Center is to promote an appreciation, understanding and stewardship of our natural heritage through environmental education and sanctuary preservation. It was only natural, then, for the Center to build its new Dorothy K. Vallier Environmental Learning Center with environmental sustainability in mind. With the assistance of Johnson Controls, Inc., the Center achieved a Gold LEED rating upon construction of the facility. The Center contracted Johnson Controls as the commissioning agent for the LEED certification process. A Johnson Controls LEED accredited professional and project engineer worked directly with the Center's design-build team throughout the entire process, ensuring proper implementation and complete documentation.</p> <p>Green features of the building include:</p> <ul style="list-style-type: none"> <li>• Magnetic contacts on the operable windows help enable the use of natural ventilation. The contacts are tied into a Johnson Controls Metasys® building management system. If a window is opened, the system will automatically shut down the HVAC in that zone to save energy.</li> <li>• The Metasys system monitors and controls a series of heat pumps and heat recovery units associated with a geothermal system that uses 90 groundwater wells and the earth's temperature to provide heating and cooling, lessening dependence on fossil fuels. In addition, fans and motor-driven windows in the building's cupola and auditorium are integrated with the system. Fans are switched on and windows are opened automatically to exhaust the building overnight or when activated by carbon dioxide sensors.</li> <li>• Specially designed and placed window systems reduce energy needed for lighting.</li> <li>• A 10-kilowatt photovoltaic solar power system supplies a significant portion of the building's electricity.</li> <li>• Low-flow plumbing reduces water usage.</li> </ul>	Yes	% TBD	NA	2004	TBD	
Carbon capture and storage (sequestration)	<p>SEQUESTRATION:</p> <p>Although our core business includes energy efficiency technologies, products and services that help reduce existing greenhouse gas emissions (GHGs), we recognize that creating carbon sinks is essential for sequestering the anthropomorphic produced carbon dioxide and other GHGs already present in the atmosphere.</p> <p>Johnson Controls and BBC recently partnered with The Woodland Trust to plant native trees and hedges at the Ochils</p>	Yes	% TBD	NA	2007	TBD	

	<p>in Scotland. The effort promotes community awareness by involving school children from six local schools which provides them an appreciation of the outdoors and teaches them ways to take action for their environment. In Scotland, trees were cut for fuel and timber, and to convert the land to agriculture. Over the centuries, the forest shrank as the human population grew and to satisfy timber needs after exhausting the timber supply in England. The widespread introduction of sheep and a large increase in the numbers of red deer ensured that once the forest was cleared, it did not return. Today less than 1% of the original forests survive, but fortunately efforts are underway to replant through such efforts. The Woodland Trust is the UK's leading charity dedicated solely to the protection of our native woodland heritage and has successfully reforested over 3,200 hectares into new native woodland. Johnson Controls is very proud to be a part of this program.</p>						
*Demand-side management (e.g. working with customers)	<p>ENERGY AUCTIONS: Johnson Controls helps organizations take advantage of the deregulated energy marketplace by using reverse energy auctions to drive down the price paid for electricity and gas by having marketers compete for the client's load. We work with the building owner to develop load profiles and develop energy specifications which are posted on the Internet and then invite suppliers of natural gas and electricity to bid against each other. We can facilitate reverse auctions in which sellers offer progressively lower, competitive bids until the buyer selects one that meets its needs. Recently a health system in New Jersey used this process to save \$3.1 million in energy costs with the help of Johnson Controls.</p>	YES	% TBD	NA	2002	TBD	
New business model (e.g. switch from manufacturing to service model)	<p>CLINTON CLIMATE INITIATIVE - We are working with the Clinton Climate Initiative's Energy Efficiency Building Retrofit Program which is dedicated to reducing energy consumption and GHG emissions in existing public and private buildings worldwide. Through this Program, Johnson Controls was selected by a number of building owners as one of the energy services companies to proceed to a detailed study or contract phase on projects around the world.</p>	YES	% TBD	NA	2008	TBD	
Breakthrough project - any initiative resulting in >25% reduction in total emissions	<p>MINAS BASIN PULP &amp; POWER CO., HANTSPORT, NOVA SCOTIA Family-owned and operated Minas Basin Pulp &amp; Power Company Ltd. produces 100 percent recycled paperboard products. In a time when dramatic increases in energy prices and overhead costs have forced many manufacturers of pulp and paper to close their plants or move production overseas, Minas Basin</p>	YES	% TBD	NA	2003	TBD	

	<p>has found a way to generate significant energy savings and avoid becoming another casualty within the industry. The company recently completed an innovative paper machine exhaust heat recovery project with Johnson Controls. This solution recovers waste heat from a variety of sources within the plant and distributes the recovered heat through heat exchangers back to the mill's production process and auxiliary systems currently consuming steam. Additionally, this solution returns "free" clean hot water for industrial processes and building heating.</p> <p>This solution efficiently recovers up to 85 percent of the heat energy in hot waste gas or industrial process exhaust gas streams. It can be installed as a replacement technology for conventional smoke stacks or chimneys in industrial and institutional central heating/power plants, and for combined heat recovery and air pollution control from hot gases emitted from burning natural gas and fuel oils.</p> <p>Overall, industrial drying processes are very expensive because they consume significant amounts of energy. The recovery of waste heat energy from dryer exhausts through the application of heat recovery technology provides the opportunity to significantly lower production costs, improve return on investment and reduce emissions. The solution is projected to help Minas Basin reprocess enough waste heat to reduce energy consumption by 25 percent – significantly decreasing energy costs for the company. Additional environmental benefits include reducing sulfur dioxide, carbon dioxide and nitrogen oxide emissions.</p> <p>Minas Basin is believed to be the first pulp and paper facility in North America to utilize this specific form of waste heat recovery technology.</p>					
Other	<p>NORWALK HOSPITAL, NORWALK, CONNECTICUT</p> <p>Norwalk Hospital is a private, not-for-profit, voluntary acute care community hospital in Fairfield County, Conn. By utilizing the performance contracting financing method, the hospital was able to fund \$10.2 million in capital improvements through annual energy and operational savings created by Johnson Controls.</p> <p>To improve operations and enhance the comfort of patients and staff, the hospital desired facility improvements, such as installing a new chiller exclusively for operating rooms. However, making these improvements in a timely manner – and with minimal expense – was important to the hospital's continued financial success. In addition to the new operating room chiller, Johnson Controls replaced two chillers, upgraded lighting throughout the</p>	YES	% TBD	NA	2005	TBD

	<p>hospital, and performed numerous other energy efficiency improvements. Johnson Controls also installed water conservation equipment, implemented a medical waste management program, and signed an energy utility procurement consulting agreement to help drive down the unit costs of providing energy, as well as purchasing gas for the hospital's cogeneration plant.</p> <p>As a result of these measures, Johnson Controls has guaranteed savings of nearly \$1.2 million annually for 10 years. The hospital will also benefit from approximately \$1 million in utility rebates from Connecticut Light &amp; Power Co. Norwalk Hospital, therefore, is able to maximize current spending and preserve capital for other improvements and hospital investments. After installation of all improvements, the project will result in a 28 percent reduction of the combined utility bills for gas, oil, electricity and water. The lower energy consumption is equivalent to powering 958 houses for a year, removing the emissions of 1,641 cars from the road, and planting nearly 300,000 trees.</p>						
Other	<p>SUSTAINABLE ENERGY EDUCATION &amp; COMMUNICATIONS (SEEC) is an employee training and communications program developed by Johnson Controls. It includes a 10-module series of lessons that show how employees can find financial, environmental and social benefits at work and home. SEEC can help companies achieve innovation credits for LEED® (Leadership in Energy and Environmental Design) certification from the U.S. Green Building Council. It also includes a customizable communications package to showcase each company's accomplishments, including LEED and ENERGY STAR® achievements.</p>	YES	% TBD	NA	2006	NA	
Other	<p>SUSTAINABILITY NAVIGATOR: Johnson Controls Sustainability Navigator is a game board-inspired planning tool designed to engage cross-functional teams in a structured, interactive process for quickly assessing sustainability-related needs and practices. The tool helps address a wide range of sustainability issues including designing and building green facilities, improving the efficiency of portfolios of facilities or developing organization-wide sustainability strategic plans. Columbia St. Mary's Hospital in Milwaukee used Sustainability Navigator to plan its new \$417 million facility.</p>	YES	% TBD	NA	2006	NA	
Operations covered (in percent)	% 100						



**Supporting Documentation:**

Case Study Green Compass	Page #:	<a href="#">View</a>
Case Study Brengel Building	Page #:	<a href="#">View</a>
Case Study - IDEAs - Net Zero Building	Page #:	<a href="#">View</a>
Case Study: Working Showcase Teams Energy Efficiency with Pr...	Page #:	<a href="#">View</a>
Case Study: Manhattan Landmark Modernizes Systems while Pres...	Page #:	<a href="#">View</a>
Case Study High Performance Green Buildings	Page #:	<a href="#">View</a>
Case Study -Efficiency & Sustainability in Logistics	Page #:	<a href="#">View</a>
Case Study-JCI HQ LEED Platinum	Page #:	<a href="#">View</a>
Case Study Low Carbon Innovation pg 113	Page #: 113	<a href="#">View</a>
Case Study- Reduce Carbon Footprint	Page #:	<a href="#">View</a>
Clinton Climate Initiative news release	Page #:	<a href="#">View</a>
Case Study-Greening Public Housing	Page #:	<a href="#">View</a>
2010 U.S. DOE "Save Energy Now" award for JCI Red Oak manufa...	Page #:	<a href="#">View</a>
Case Study (JCI web) Energy Efficiency & Sustainability	Page #:	<a href="#">View</a>
Sustainability Reporting and Policies- JCI website	Page #:	<a href="#">View</a>
Transport: JCI Energy Efficient Fleet	Page #:	<a href="#">View</a>
Transport: DOE National Clean Energy Fleets Partnership	Page #:	<a href="#">View</a>
Carbon Disclosure Project	Page #:	<a href="#">View</a>

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**Additional Comments**

We expect our office and manufacturing facilities to be energy-efficient, use less water and minimize waste. Our energy focus includes improved energy efficiency, use of renewable energy and the purchase of green power.

We are using our own information technology, including the Energy and Emissions Management System, to record, track, forecast and report energy use and GHG emissions across our global operations. At our Corporate and Power Solutions headquarters campus in Milwaukee, we are using our new Gridlogix En-Net and Sustainability Manager™ to integrate solar energy generation subsystems with our Metasys® building management system to provide real-time monitoring, metering and control.

Our Energy Hunt program is being implemented across participating manufacturing facilities. This employee training and continuous improvement program drives culture change towards more efficient energy use and waste elimination.

As a leading supplier of battery systems for hybrid electric vehicles, Johnson Controls is committed to designing and delivering increasingly sustainable products, services and solutions that will help its customers improve their energy efficiency, reduce their carbon footprint, and achieve their environmental goals. Leading by example, Johnson Controls has implemented several greenhouse gas reduction strategies in its global fleet of 19,000 vehicles. It first introduced hybrid electric vehicles into its fleet in 2009. Today, it operates more than 500 hybrids, each reducing greenhouse gas (GHG) emissions by 30%, and together saving \$500,000 in fuel costs during the first two-and-a-half years of operation. In 2011, it deployed 20 all-electric vans, which are estimated to achieve a 61% GHG reduction per vehicle. Other strategies include the use of CNG vans, and higher MPG vans and trucks. In 2012, Johnson Controls will pilot the use of telematics —allowing them to better collect and share geographic and other data with drivers—and continue with the deployment of additional alternative fuel vehicles, including propane-fueled units. Johnson Controls joined the National Clean Fleets Partnership through the U.S. Dept. of Energy in February 2012.

Ozone-Depleting Emissions GRI EN19

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Ozone-Depleting Emissions GRI EN19**

Emissions of ozone-depleting substances by weight.

	2011		2010		2009		2008		
Ozone-depleting substances	Emitted (in tonnes)	Emitted in tonnes CFC-11 equivalent)	Emitted (in tonnes)	Emitted in tonnes CFC-11 equivalent)	Emitted (in tonnes)	Emitted (in tonnes CFC-11 equivalent)	Emitted (in tonnes)	Emitted (in tonnes CFC-11 equivalent)	
Annex A - Group I Chlorofluorocarbons: CFC-11, CFC-12, CFC-113, CFC-114 and CFC-115	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<u>C3</u>
Annex A - Group II Halons: halon 1211, halon 1301 and halon 2402	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<0.01	<u>C4</u>
Annex B - Group I Other fully halogenated CFCs: CFC-13, CFC-111, CFC-112, CFC-211, CFC-212, CFC-213, CFC-214, CFC-215, CFC-216, CFC-217	0	0	0	0	0	0	0	0	<u>C5</u>
Annex B - Group II Carbon Tetrachloride	0	0	0	0	0	0	0	0	<u>C6</u>
Annex B - Group III 1,1,1-trichloroethane (methyl chloroform)	0	0	0	0	0	0	0	0	<u>C7</u>
Annex C - Group I HCFCs	13.1	0.7	11.3	0.6	47.1	2.4	77.3	3.9	
Annex C - Group II HBFCs	0	0	0	0	0	0	0	0	<u>C9</u>
Annex E Methyl Bromide	0	0	0	0	0	0	0	0	<u>C10</u>
Total ozone-depleting emissions	<13.1	<0.7	<11.3	<0.6	<47.1	<2.4	<77.3	<3.9	<u>C11</u>
Estimated data coverage (%) for most recent reporting year	100								<u>C12</u>
Target for most recent reporting year Target is to reduce ODSs emissions to lowest level possible.									
Please explain trend and achievement against target:									

<p>Dramatic company growth has resulted in more facilities as well as amount and types of manufactured products, etc. When normalized to sales our overall ODS emissions are relatively insignificant and change just slightly each year.</p>									
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**C3**  
 Most Annex 1 Group 1 ODCs are present in seal systems such as purchased refrigerators, water coolers, etc. These products are sent for proper recycling at the end-of-life and refrigerants contained would be completely recycled. The amount of emissions shown would be extremely low amounts associated with the leakage associated with normal use.

**C4**  
 Halon is present in some of our fire suppression systems and is usually only emitted to suppress a fire or due to an accidental release which rarely occurs. Overall our Halon emissions are very small.

**C5**  
 To the best of our knowledge, Annex B, Group 1 ODSs are absent from all of our products and all know equipment owned by Johnson Controls.

**C6**  
 Carbon tetrachloride is a prohibited chemical within Johnson Controls, which means it cannot be used or purchased.

**C7**  
 This chemical was eliminated from use in 2000.

**C9**  
 This chemical is not purchased or used by Johnson Controls.

**C10**  
 This chemical is not purchased or used by Johnson Controls.

**C11**  
 These fugitive emissions are derived from the use of R-22 only.

**C12**  
 Data includes refrigerant losses from our HVAC manufacturing facilities (York). Revisions for historic estimated data were made and values were updated.

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**Supporting Documentation:**  
 Carbon Disclosure Project Page #: [View](#)

**NOx, SOx & Other Air Emissions GRI EN20**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / NOx, SOx & Other Air Emissions GRI EN20**

NOx, SOx, and other significant air emissions by type and weight.

Unit (in kilograms or in multiples such as tonnes):	kg	2011	2010	2009	2008	Target (year):	
SOx emissions		1,205	1,104	1,091	1,245		<u>C2</u>
Data Coverage (e.g. revenue, employees, etc.) as % of:		100%	100%	100%	100%		<u>C3</u>
Estimated total direct SOx emissions		1,205	1,104	1,091	1,245		<u>C4</u>
Specify the base factor:		Million USD	Million USD Revenue	Million USD Revenue	Million USD Revenue		
<input type="checkbox"/> Do not track							
NOx emissions		200,790	183,983	181,890	207,578		<u>C8</u>
Data Coverage (e.g. revenue, employees, etc.) as % of:	100%	100%	100%	100%	100%		
Estimated total direct NOx emissions		200,790	183,983	181,890	207,578		
Specify the base factor:		Million USD	Million USD Revenue	Million USD Revenue	Million USD Revenue		
<input type="checkbox"/> Do not track							
Particulate matter emissions		15,261	13,984	13,825	15,777		
Persistent organic pollutant (POP) emissions		0	0	0	0		
<input type="checkbox"/> Do not track							
Volatile organic compound emissions		11,062	10,136	10,021	11,436		<u>C18</u>
Data coverage (e.g. revenue, employees, etc.) as % of:	100%	100%	100%	100%	100%		
Specify the base factor:		0.3	0.3	0.4	0.3		
<input type="checkbox"/> Do not track							
Hazardous air pollutant emissions		Unavailable	16,193,414	14,491,350	17,551,136		<u>C24</u>
Stack and fugitive emissions		288,318	209,207	206,827	236,036		
Normalized stack and fugitive emissions		5.60	6.10	7.26	6.15		

Dust Emissions (unit of measure):						<u>C29</u>
Other: Not applicable						<u>C30</u>
Data coverage (e.g. revenue, employees, etc.) as % of:						
Emissions publicly disclosed (attach/specify link/document):						
<input checked="" type="checkbox"/> Total SOx emissions <input type="checkbox"/> SOx emissions at any level other than enterprise (including facility, business unit, region, etc.) <input type="checkbox"/> SOx emissions at non-US facilities <input checked="" type="checkbox"/> Total NOx emissions <input type="checkbox"/> NOx emissions at any level other than enterprise (including facility, business unit, region, etc.) <input type="checkbox"/> NOx emissions at non-US facilities <input type="checkbox"/> Total NMVOC emissions <input type="checkbox"/> NMVOC emissions at non-US facilities <input type="checkbox"/> NMVOC emissions at any level other than enterprise (including facility, business unit, region, etc.)						

**C2**

SOx data includes data from Natural Gas Emission source and other direct sources.

**C3**

SOx data includes data from Natural Gas Emission source and other direct sources.

**C4**

SOx data includes data from Natural Gas Emission source and other direct sources.

**C8**

NOx data includes data from Natural Gas Emission source and other direct sources.

**C18**

VOC data includes data from Natural Gas Emission source.

**C24**

HAPS data is US data only. HAPS data for 2011 has not yet been calculated as the data is extracted from Toxic Release Inventories (TRI) reports, which are not gathered for reporting until 2012.

**C29**

See PM emissions data reported above. Fugitive dust is not significant during the operation of our facilities.

**C30**

Not applicable

**Supporting Documentation:**

2011 HAPs & VOCs by business Page #: [View](#)

2011 Stack & Fugitive Emissions Page #: [View](#)

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Water Discharge GRI EN21**

Total water discharge by quality and destination.

Unit: Cubic Meter	2011		2010		2009		
<input checked="" type="checkbox"/> †Company can identify discharges of water from operations by destination, treatment and quality using standard effluent parameters.	Planned and unplanned water discharges	Volume of effluents or process water in discharges (if applicable indicate parameters): m3	Planned and unplanned water discharges	Volume of effluents or process water in discharges (if applicable indicate parameters): m3	Planned and unplanned water discharges	Volume of effluents or process water in discharges (if applicable indicate parameters): m3	<u>C2</u>
Destination: Public Owned waster water treatment plants	See References-releases	NA	Public Owned waster water treatment plants	NA	Public Owned waster water treatment plants	See References-releases	
Destination: Area surrounding waste permitted water treatment plant	See References-releases	NA	Area surrounding waste permitted water treatment plant	NA	Area surrounding waste permitted water treatment plant	See References-releases	
Destination: All	See References-releases	<5,487,272	All	<5,117,165	All	<4,654,683	
Treatment method: permitted wastewater treatment plants	permitted wastewater treatment plants	NA	permitted wastewater treatment plants	NA	permitted wastewater treatment plants	NA	
Treatment method: Public Owned waster water treatment plants	Public Owned waster water treatment plants	NA	Public Owned waster water treatment plants	NA	Public Owned waster water treatment plants	NA	
Treatment method: All	See References-releases	<5,487,272	All	<5,117,165	All	<4,654,683	
Water discharge reused by another organization	NA		NA		NA		<u>C11</u>

**C2**  
Discharge data maintained at the facility level and not rolled-up for global reporting.

**C11**  
Such data is collected only at the facility level. Amount reused would likely be small in comparison to totals.

**Supporting Documentation:**

- 2007 NOVs, Permit exceedences and Releases Page #: [View](#)
- 2008 NOVs, Permit exceedences and Releases Page #: [View](#)
- 2009 NOVs, Permit exceedences and Releases Page #: [View](#)
- 2010 NOVs, Permit exceedences and Releases Page #: [View](#)

**Additional Comments**

Sewage and stormwater represent the major types of discharges from our manufacturing plants and office complexes.

Wastewater from Power Solutions facilities is treated and tested before discharged. Discharge results are monitored and reported in accordance with applicable permit requirements. We reuse and recycle water whenever possible. Our battery plants have several recycle systems in place such as (1) closed loop acid recycle system – acid is reused to achieve the desired acid concentration; and (2) pasting recycle systems where acid and oxide form paste within a closed loop system that minimized releases into the wastewater treatment system. Also, battery wash water is contained and recycled back to acid mixing, except where detergents are used that involves treatment before discharge.

**Total Waste GRI EN22**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Total Waste GRI EN22**

Total weight of waste by type and disposal method.

Unit: US tons/sales in million US dollars						
How the method of disposal was determined: Waste data collected internal system(s) that is maintained by facility personnel. We also included data provided by waste contractors who broker and track some wastes.						
Waste by method of disposal					Data Coverage	
2011	Hazardous	Non-hazardous	Total	2011 Target	% / % of (e.g. revenues)	<u>C4</u>
Compost	0.000	0.031	0.031			
Reuse	0.000	0.000	0.000			
Recycling	0.228	2.539	2.767			
Recovery	0.399	1.190	1.589			
Incineration	0.000	0.000	0.000			
Incineration for energy recovery	0.027	0.333	0.360			
Landfill	1.823	1.684	3.507		Due to a change in waste categorization from non-hazardous to hazardous by the government in Mexico, waste streams from our sites in that country were affected, causing a shift of waste volume from the non-hazardous landfilled to the hazardous landfilled category. This FY2011 reporting year will be the transition year. We anticipate observing a consistent trend for upcoming years.	
Deep well injection	0.000	0.004	0.004			
On-site storage	0.000	0.000	0.000			
					Total waste coverage: % / % of	
2011 Total	2.477	5.781	8.258	see C4 comment	Total amount of waste generated from 2010 to 2011 increased by 21%, intensity data indicates a 2% increase, which is primarily the result of an increase in 2011 revenues.	
Target:	see C17 comment					<u>C17</u>



2010	Hazardous	Non-hazardous	Total	Target for 2010	% / % of (e.g. revenues)	
Compost	0.000	0.018	0.018			
Reuse	0.000	0.000	0.000			
Recycling	0.219	2.158	2.377			
Recovery	0.388	2.042	2.430			
Incineration	0.000	0.000	0.000			
Incineration for energy recovery	0.011	0.271	0.282			
Landfill	0.287	2.685	2.972			
Deep well injection	0.000	0.005	0.005			
On-site storage	0.000	0.000	0.000			
					Total waste coverage: % / % of	
2010 Total	0.905	7.179	8.084		Total amount of waste generated from 2009 to 2010 increased by 20%, intensity data indicates a slight decrease, which is primarily the result of an increase in 2010 revenues.	
Target:	see C31 comment					<u>C31</u>
2009	Hazardous	Non-hazardous	Total	2009 Target	% / % of (e.g. revenues)	
Composting	0.000	0.034	0.034			
Reuse	0.000	0.000	0.000			
Recycling	0.097	2.855	2.952			
Recovery	0.005	1.775	1.780			
Incineration	0.00	0.00	0.00			
Incineration for energy recovery	0.075	0.445	0.520			
Landfill	0.218	4.280	4.498			
Deep well injection	0.00	0.00	0.00			
On-site storage	0.00	0.00	0.00			
					Total waste coverage: % / % of	
2009 Total	0.395	9.389	9.784		Total amount of waste generated from 2008 to 2009 decreased by over 14%, although intensity data indicates an increase, which is primarily the result of lower 2009 revenues.	

Target:						
2008	Hazardous	Non-hazardous	Total	2008 Target	% / % of (e.g. revenues)	
Composting	0.000	0.067	0.067			
Reuse	0.000	0.000	0.000			
Recycling	0.135	2.473	2.608			
Recovery	0.001	1.727	1.728			
Incineration	0.000	0.000	0.000			
Incineration for energy recovery	0.017	0.373	0.390			
Landfill	0.200	3.332	3.532			
Deep well injection	0.00	0.00	0.00			
On-site storage	0.00	0.00	0.00			
					Total waste coverage: % / % of	
2008 Total	0.353	7.973	8.326	Currently being redefined	Although less total waste generated as compared to last year, data indicate an increase in hazardous waste amounts. We suspect the increase is related to having better data as the expanded use of a subcontractor who is helping us track and dispose of our wastes. In addition, we are currently in the process of redefining our targets for waste and expect to have them available for next year's GRI Report.	
Target:						
<input checked="" type="checkbox"/> Total Hazardous Waste generated is publicly disclosed (link / attachment provided):						

C4

Company stated goal for Waste - reduce wastes sent to landfill or incinerated for disposal by 20% per dollar revenue from 2008 to 2018.

C17

Company stated goal for Waste - reduce wastes sent to landfill or incinerated for disposal by 20% per dollar revenue from 2008 to 2018.

C31

Company stated goal for Waste - reduce wastes sent to landfill or incinerated for disposal by 20% per dollar revenue from 2008 to 2018.

**Supporting Documentation:**

2011 Waste Summary for EN22\_Final REV.pdf Page #: [View](#)

**Additional Comments**

Johnson Controls recognized decades ago the environmental and business benefits of reducing wastes. For example, the company continues to enhance its reverse distribution collection infrastructure to promote battery recycling. Today, the recycling rate of battery lead is far higher than for any other recyclable commodity including newspapers, aluminum cans, and plastic and glass bottles. In the U.S. market, 99% of lead acid batteries are recycled, and 95% of the material in the batteries is reused. Johnson Controls was instrumental in setting up the industry's closed-loop battery recycling program. Johnson Controls has been an industry leader in using recycled lead, with a focus on safety and sustainability. Recognizing the benefits, 48 states require lead-acid batteries to be recycled through a take-back program. Refinements in the process allow for plastic battery cases to be recycled, along with any scrap lead from the production floors and lead particles captured in environmental control equipment. The materials are returned to manufacturers who use them in new batteries and other products such as X-ray shielding. Innovations in battery design to facilitate disassembly continue, along with development of higher-voltage batteries to accommodate the higher power demands of future vehicles and allow for new electronic steering, braking and engine functions to improve fuel efficiency and reduce emissions. In 2008, we launched our EcostepS battery recycling program in Europe. Our automotive interiors business uses large amounts of recycled material in many applications within vehicle interiors. Areas that

use recycled material include: acoustical applications (absorbers, headliners, dampers, barriers), structural applications (door panels, package trays, seats, trim, air ducts, door bolsters), safety applications (energy absorption countermeasures, pillar trim, door panels), comfort applications (seating pads, trim covers, heating/ventilating/air conditioning). At the just-in-time manufacturing sites worldwide, Johnson Controls reuses shipping containers wherever possible. This significantly reduces waste, costs, and landfill space requirements. In Johnson Controls-owned buildings, as well as hundreds of its customer sites, old fluorescent light bulbs are sent to certified processors for metal recovery and recycling. Johnson Controls also uses only low-mercury bulb and electronic solid state switches instead of mercury relays in most applications.

As part of Johnson Controls' waste reduction efforts, by-products are analyzed for possible recycling or for sale as raw materials. We sell scrap tinted plastic to manufacturers for recycling into building products, sell fabrics and thermoplastics back to manufacturers for re-blending and recovery, sell plastic regrind on the open market or donate it to local universities for plastics engineering programs, and recover used oils for recycling.

**Significant Spills GRI EN23**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Significant Spills GRI EN23**

Total number and volume of significant spills.

Volume unit: gallons					
Recorded significant spills	Total number	Total volume			
2011	0	see documents below for details			<u>C3</u>
2010	3	see documents below for details			
2009	3	see documents below for details			
2008	3	see documents below for details			
Spills reported in the recent annual financial statement	Location of spill	Volume of spill	Spill material	Impact of spill	<u>C8</u>
			<input type="radio"/> Oil <input type="radio"/> Fuel <input type="radio"/> Wastes <input type="radio"/> Chemicals <input type="radio"/> Other		
			<input type="radio"/> Oil <input type="radio"/> Fuel <input type="radio"/> Wastes <input type="radio"/> Chemicals <input type="radio"/> Other		
			<input type="radio"/> Oil <input type="radio"/> Fuel <input type="radio"/> Wastes <input type="radio"/> Chemicals <input type="radio"/> Other		
			<input type="radio"/> Oil <input type="radio"/> Fuel <input type="radio"/> Wastes <input type="radio"/> Chemicals <input type="radio"/> Other		

			<input type="radio"/> Oil <input type="radio"/> Fuel <input type="radio"/> Wastes <input type="radio"/> Chemicals <input type="radio"/> Other		
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**C3**

There were no spills requiring notification to any regulatory agency.

**C8**

It is assumed by financial report means Form 10-K or other SEC filings in which there was NONE. No spills to date had a significant impact on the Johnson Controls finances or to local environment/ community. Nonetheless, to ensure transparency, we are reporting all "reportable spills", which we define as a spill or release that requires reporting to a regulatory agency.

**Supporting Documentation:**

- Crisis Management Information Page #: [View](#)
- 2008 NOVs, Permit exceedences and Releases Page #: [View](#)
- 2009 NOVs, Permit exceedences and Releases Page #: [View](#)
- 2010 NOVs, Permit exceedences and Releases Page #: [View](#)
- 2011 NOVs, Permit exceedences and Releases Page #: [View](#)
- 2011 10K Report Page #: [View](#)

**Additional Comments**

Within the last five years there have been no spills deemed as having a significant impact on the environment or having a materially adverse effect on the Company's financial position, results of operations or cash flows.

A Crisis Management Plan is in place to ensure emergencies and other unanticipated events are properly addressed to minimize impact to our employees, customers and Johnson Controls.

**Hazardous Waste GRI EN24**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Hazardous Waste GRI EN24**

Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

Unit: kilograms	2011	2010	2009	<u>C1</u>
Total weight of hazardous weight transported	258,348,699	96,129,013	101,209,040	<u>C2</u>
Total weight of imported hazardous waste	258,348,699	96,129,013	101,209,040	<u>C3</u>
Total weight of exported hazardous waste	258,348,699	96,129,013	101,209,040	<u>C4</u>
Total weight of treated hazardous waste	258,348,699	96,129,013	101,209,040	<u>C5</u>
Percentage of transported waste shipped internationally: <5%				

**C1**

Estimates of these data were gathered in compliance with the Basel Convention, as applied to hazardous wastes transported, imported, exported or treated by Johnson Controls, Inc. Due to JCI's internal reporting schedules, some of this data is collected and reported on a calendar year basis.

**C2**

In 2011, Johnson Controls, Inc. ("JCI") transported, imported, exported and/or treated approximately 258,348,699 kg of hazardous waste. NOTE: Transport of most Basel Convention materials by weight is between JCI facilities; therefore, the total weight of transported, imported, exported and treated wastes are all the same.

**C3**

In 2011, Johnson Controls, Inc. ("JCI") transported, imported, exported and/or treated approximately 258,348,699 kg of hazardous waste. NOTE: Transport of most Basel Convention materials by weight is between JCI facilities; therefore, the total weight of transported, imported, exported and treated wastes are all the same.

**C4**

In 2011, Johnson Controls, Inc. ("JCI") transported, imported, exported and/or treated approximately 258,348,699 kg of hazardous waste. NOTE: Transport of most Basel Convention materials by weight is between JCI facilities; therefore, the total weight of transported, imported, exported and treated wastes are all the same.

**C5**

In 2011, Johnson Controls, Inc. ("JCI") transported, imported, exported and/or treated approximately 258,348,699 kg of hazardous waste. NOTE: Transport of most Basel Convention materials by weight is between JCI facilities; therefore, the total weight of transported, imported, exported and treated wastes are all the same.

**Additional Comments**

In compliance with the Basel Convention and other relevant environmental laws and regulations, JCI implements environmentally sound management of hazardous wastes and other wastes by taking all practicable steps to ensure that they are managed in a manner that is protective of human health and the environment. For the transport of all wastes, JCI hires reputable, conscientious and safe freight forwarders to carry the wastes, whether such wastes will be recycled or permanently disposed. All carriers are required to be licensed and insured for moving hazardous waste and dangerous goods. Every precaution is taken to protect the environment and workers in transporting hazardous wastes and other wastes. JCI implements a "cradle-to-grave" process, tracking all waste that leaves U.S. soil until such wastes': (1) full environmentally sound recovery; or (2) disposal in a manner that is protective of human health and the environment.

## 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Emissions, Effluents, and Waste / Water Discharge Impact GRI EN25

Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

Johnson Controls performs no activities that would directly and significantly affect wetland ecosystems, including the Ramsar-listed wetlands. We support Ramsar's aim, which is the "the conservation and wise use of all wetlands through local, regional and national actions and international cooperation, as a contribution towards achieving sustainable development throughout the world" (Ramsar COP8, 2002).

Wastewater from Power Solutions facilities is treated and tested before discharged. Discharge results are monitored and reported in accordance with applicable permit requirements. We reuse and recycle water whenever possible. Our battery plants have several recycle systems in place such as (1) closed loop acid recycle system – acid is reused to achieve the desired acid concentration; and (2) pasting recycle systems where acid and oxide form paste within a closed loop system that minimized releases into the wastewater treatment system. Also, battery wash water is contained and recycled back to acid mixing, except where detergents are used that involves treatment before discharge.

Because our production processes use little water, opportunities for water recycling are limited. Most of are water is used for sanitation and is discharged to publicly owned wastewater treatment facilities, which typically treat it and recycle it to the environment.

We are working with several customers to improve water quality and reduce costs associated with water use. Our recent focus has been on reducing inflow/infiltration (I/I) to sanitary sewage piping systems, either through remediation or in-situ replacement. This coincides with U.S. Environmental Protection Agency's enforcement actions against combined sewer overflows (CSO), which can be caused in part by clear water entering sewer systems. We are working directly with Consoer Townsend Envirodyne (a division of AECOM), which helped the City of Nashville, Tennessee, USA, to reduce its annual I/I by nearly 50 percent through remediation of 77 miles of the city's manifold system. These reduced liquids received at the treatment plant by more than 3.2 billion gallons annually, at a treatment cost saving of \$1.58/thousand gallons. This enabled the local jurisdiction to remove 33 miles of the Cumberland River from the EPA's list of polluted streams. We are promoting this same type of analysis and effort in other municipalities, including Rock Hill, South Carolina, USA.

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### Supporting Documentation:

Case Study: Manhattan Landmark Modernizes Systems while Pres...	Page #: <a href="#">View</a>
Case Study City of Laurel Water Meters	Page #: <a href="#">View</a>
Case Study-JCI HQ LEED Platinum	Page #: <a href="#">View</a>
Case Study-Water Meters- Anderson, Indiana	Page #: <a href="#">View</a>
Case Study-Water Meters-compton, CA	Page #: <a href="#">View</a>
Case Study-Water Meters-Cumberland, MA	Page #: <a href="#">View</a>
Case Study-Water Meters-Laurel, Montana	Page #: <a href="#">View</a>
Case Study-Water Meters-Tyler, TX	Page #: <a href="#">View</a>
Case Study - Water Solutions web site	Page #: <a href="#">View</a>
Case Study-Preventing Water Losses web link	Page #: <a href="#">View</a>
Case Study - Water Conservation	Page #: <a href="#">View</a>
Case Study Empire State Building	Page #: <a href="#">View</a>
Case Study (JCI web): Water Technology Services	Page #: <a href="#">View</a>
Case Study (JCI web) Investing in Wastewater	Page #: <a href="#">View</a>

## Aspect: Products and Services

### Mitigate Product Impact GRI EN26

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Products and Services / Mitigate Product Impact GRI EN26

Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

As one of the world's largest consumer of lead for our lead acid batteries, we make sure we are mitigating the impact of using lead as a raw material. We do this through lead recycling. Automotive batteries are one of the most highly recycled products used by consumers. In the U.S. market, 99% of lead acid batteries are recycled, and 95% of the material in the batteries is reused. Johnson Controls was instrumental in setting up the industry's closed-loop battery recycling program. Johnson Controls has been an industry leader in using recycled lead, with a focus on safety and sustainability.

In the United States, closed loop battery recycling is well established. Here's how it works. A Johnson Controls truck leaves one of our battery manufacturing plants with a load of new batteries. When those batteries are dropped off at a customer site, the truck picks up the old, spent batteries. Those batteries are delivered to a smelter, where the plastic cases are ground down for later re-use in new battery cases, the lead plates are removed and melted down into ingots. The truck leaves the smelter with a load of recycled lead, and delivers it back to our battery plant where the lead is turned into a key component of a new battery. While the process is somewhat different in Europe, the result is much the same: re-use of the major battery components again and again. Asia's auto battery industry is quickly developing as more and more autos are produced. Currently, there is a fragmented infrastructure for the recycling of the increasing number of used batteries. In 2007, Johnson Controls led a delegation of Chinese officials on a two-week tour of battery recycling and production sites in Europe and North America to help educate them on the cost saving and environmental benefits of these proven recycling processes. In 2008, we launched our EcostepS battery recycling program in Europe.

Johnson Controls develops automotive interior components that make cars more fuel efficient and easier to recycle at the end of their useful lives. These include lightweight seats and components that help fuel consumption while meeting the requirements of the U.S. National Highway Transportation Safety Act. Our automotive group uses a product Safety Sign-off process in product development to review progress in meeting regulatory, customer and due care requirements through the start of production. After launch of a new product, a systematic review is performed to identify and resolve quality issues that may have safety and environmental implications. In our European operations, a GREEN Team focuses on waste stream reduction and environmentally-friendly design. As part of our waste reduction efforts, we analyze for possible recycling or for sale as raw materials. The Design Guidelines outlined by the GREEN Team include: selection of the optimal material for recyclability, weight and emissions, reduction of multiplicity of materials, compatibility of materials, no hazardous materials, and design optimal for disassembly for end of life vehicle recycling.

The Compliance X-Sight database was used to collect and analyze data from hundreds of suppliers. These analyses helped ensure that we comply with our customers' specifications and with government initiatives, such as the End-of-Life Directive in Europe. We recently replaced this system with the International Material Data System (IMDS) database to collect chemical content information from our suppliers for all parts. Data from the system are used to ensure that our parts conform to the Global Automotive Declarable Substances List (GADSL, see [www.gadsl.org](http://www.gadsl.org)). This list includes chemicals that have been banned or restricted for use on automotive parts voluntarily or through regulation (including the EU "End of Life of Vehicle" regulation) in any of the major global automotive markets. Refer to the GADSL web site for chemicals that are banned or restricted, including the reason for restriction.

Life-cycle management. Life-cycle management involves a complete examination of a product's environmental and economic effects throughout its lifetime, including new material extraction, transportation, manufacturing, use, recycling and disposal. Our commitment to life-cycle management of our products includes:

- Setting waste-into-landfill reduction goals.
- Developing recyclable post-industrial and post-consumer materials through relationships with manufacturers and material converters.
- Integrating recycled materials into our product lines.
- Helping our customers and suppliers recycle, reclaim and integrate.

In 2009, we launched a Global Environmental Sustainability Council (GESC) to lead our efforts to reduce our environmental footprint, gain competitive advantage through environmentally responsible products and services, and improve the eco-efficiency of the supply chain. The GESC includes executives from all three business units, as well as representatives from legal; public affairs; and health, safety and environment. The focus of the GESC includes compliance, metrics, public affairs and design for sustainability (dfs)

Design-for-sustainability continues to gain momentum within our company. Our Automotive Experience business, for example, continues to develop and implement design processes that promote sustainable products. We are testing an economic input-output life cycle assessment tool from Carnegie Mellon University to estimate embedded energy and carbon content within our products. This tool and other design-for-sustainability resources and practices are being implemented to reduce energy use and carbon emissions. In addition, our Technology & Advanced Development group is exploring a portfolio of "green" materials. We also are broadening our focus to include Life Cycle Assessment (LCA) protocols, with an ultimate goal of developing processes that reduce the cost, risk and environmental impact of our products.

Johnson Controls is committed to continuously improving the environmental impact of our own operations. This includes the performance of our facilities, our procurement strategy and the use of commodities and resources. We expect our office and manufacturing facilities to be energy-efficient, use less water and minimize waste. Our energy focus includes improved energy efficiency, use of renewable energy and the purchase of green power.



We are using our own information technology, including the Energy and Emissions Management System, to record, track, forecast and report energy use and GHG emissions across our global operations. At our Corporate and Power Solutions headquarters campus in Milwaukee, we are using our new Gridlogix En-Net and Sustainability Manager™ to integrate solar energy generation subsystems with our Metasys® building management system to provide real-time monitoring, metering and control.

Our new automotive seating and door panel plant in West Point, Georgia, started operations using 50 percent of its energy from renewable sources including hydro, biomass, solar and wind. Compared to traditional energy, these green energy sources will save the emission of nearly 7,500 metric tons of carbon dioxide over the next six years

Our Energy Hunt program is being implemented across participating manufacturing facilities. This employee training and continuous improvement program drives culture change towards more efficient energy use and waste elimination.

Our Global Purchasing Council (GPC) leads efforts to improve sustainability within our supply chain. Johnson Controls works with more than 300,000 direct and indirect suppliers around the world and expects them to conduct their operations in a socially and environmentally sustainable manner. We use a variety of tools to assess suppliers, including background checks, self-assessment surveys, site visits and audits.

Developed in partnership with key customers, socially responsible investment funds and non-governmental organizations, our company-wide supply chain standards provide guidance to our procurement teams on the environmental and social performance of suppliers. This guidance includes details on labor, discrimination, freedom of association, health and safety, the environment, management systems and ethics.

In 2011, we participated in the corporate supply chain program of the Carbon Disclosure Project (CDP) for the third consecutive year. The program is recognized as the leading initiative for assessing greenhouse gas emissions in supply chains. Our businesses invited more than 140 suppliers to submit data, which provides an understanding of the emissions associated with each supplier. Similarly, we submitted data at the request of ten of our customers.

We continue to use the Johnson Controls Supplier Sustainability Rating System, a tool designed to promote sustainability in our supply chain and help us discover new opportunities. In 2011, we recognized suppliers with the highest scores at an awards banquet.

We also recognize suppliers for reporting greenhouse gas (GHG) emissions to the CDP and for implementing various social and environmental initiatives.

Some of the initiatives that we are pursuing to encourage greater supplier participation include:

- Broadening alternative waste disposal programs throughout our supply chain to reduce and redirect manufacturing waste (recycling, incineration, etc.).
- Enhancing recycled materials use in direct and indirect materials, particularly paper, resin and plastics.
- Continuing to purchase “green energy,” while reducing costs through negotiated energy procurement.
- Participating in the U.S. Environmental Protection Agency’s SMARTWAY program to further reduce logistics-related GHG emissions.

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#### Supporting Documentation:

Sustainable Energy Solutions overview: Why you should select...	Page #:	<a href="#">View</a>
Case Study City of Laurel Water Meters	Page #:	<a href="#">View</a>
FIT Conference-2007 Sustainability	Page #:	<a href="#">View</a>
WEC Gold Medal for International Achievement in Sustainable ...	Page #:	<a href="#">View</a>
Case Study Brengel Building	Page #:	<a href="#">View</a>
Case Study Sustainability Navigator	Page #:	<a href="#">View</a>
Case Study - IDEAs - Net Zero Building	Page #:	<a href="#">View</a>
Case Study - BIOMASS	Page #:	<a href="#">View</a>
Case Study - Digester Gas	Page #:	<a href="#">View</a>
Case Study -GEOTHERMAL	Page #:	<a href="#">View</a>
Case Study - LANDFILL GAS	Page #:	<a href="#">View</a>
Case Study - PHOTOVOLTAIC	Page #:	<a href="#">View</a>
Case Study - WIND POWER	Page #:	<a href="#">View</a>
Case Study- Eco-Friendly Seats	Page #:	<a href="#">View</a>
Case Study -Efficiency & Sustainability in Logistics	Page #:	<a href="#">View</a>
Case Study-JCI HQ LEED Platinum	Page #:	<a href="#">View</a>
EACUBO Conference on- Greening the College Campus	Page #:	<a href="#">View</a>
Clinton Climate Initiative news release	Page #:	<a href="#">View</a>
News Release: Clinton Initiative	Page #:	<a href="#">View</a>
Case Study- Reduce Carbon Footprint	Page #:	<a href="#">View</a>
Case Study-Preventing Water Losses web link	Page #:	<a href="#">View</a>
Case Study - Water Conservation	Page #:	<a href="#">View</a>
Case Study-Greening Public Housing	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: all	<a href="#">View</a>
Case Study Natural Oil Polyols for seat foam	Page #:	<a href="#">View</a>
Case Study Natural Fibers	Page #:	<a href="#">View</a>
Case Study (JCI web) Energy Efficiency & Sustainability	Page #:	<a href="#">View</a>

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#### Additional Comments

In our automotive experience business, we are championing environmentally conscious practices that reduce carbon emissions and use recycled or recyclable materials. We are focusing on reducing the weight of car seats, which will deliver the greatest sustainability benefits by improving fuel economy, and on using natural materials and designs that are eco-friendly. For example:

FaserTec™ - seat pads, made out of renewable, recyclable coconut fibers and latex, create an ideal seating climate through their highly permeable and moisture absorbing properties. Furthermore, the slim, yet highly stable material enables thin seat design for lower weight.

Ecobond™ headliner - is made up of 50% biomaterials by mass but still provides the strength and performance of traditional materials. The headliner is built with natural fibers, such as hemp, flax and knaf, instead of fiberglass, making for a lightweight, durable product that's also made from sustainable and recyclable materials.

Soy seat pads - are a combination of soy-based foam and conventional polyurethane. We've replaced 5% of the material in some car seats with this soy product to reduce petroleum-based content.

Fibrit™ door panels - make use of wood fibers and wood chips. These components feature substrates made from Fibrit, which is a mixture of wood-fiber pulp, thermoplastic fiber and binding agents.

APSLC seat frames - are lightweight and inexpensive, making them a good technology for global small-car programs. Component weight reductions enable improvements in vehicle fuel efficiency.

In addition, sustainable solutions are frequently shared with various stakeholders through presentations and reports through various professional organizations and forums. See Supporting Documents.

**Sold Products Packaging Reclaimed GRI EN27**

**5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Products and Services / Sold Products Packaging Reclaimed GRI EN27**

Percentage of products sold and their packaging materials that are reclaimed by category.

Category of product sold	% of reclaimed products and their packaging materials in 2011	% of reclaimed products and their packaging materials in 2010	% of reclaimed products and their packaging materials in 2009	How data was collected
Lead acid batteries			>95	Total "junk" batteries returned divided by "new" batteries sold.
Speciality Packaging and films				Applies to customers- see supporting references
pallets				Pallets used to ship materials are reused through a pickup program we established with our suppliers and customers

**Supporting Documentation:**

Case Study - Speciality Packaging and Films Page #: [View](#)  
 Case Study- Eco-Friendly Seats Page #: [View](#)  
 2011 Business & Sustainability Report Page #: 18-21, 44-45 [View](#)

**Additional Comments**

Automotive batteries are one of the most highly recycled products used by consumers. In the U.S. market, 99% of lead acid batteries are recycled, and 95% of the material in the batteries is reused. Johnson Controls was instrumental in setting up the industry's closed-loop battery recycling program. Johnson Controls has been an industry leader in using recycled lead, with a focus on safety and sustainability.

In the United States, closed loop battery recycling is well established. Here's how it works. A Johnson Controls truck leaves one of our battery manufacturing plants with a load of new batteries. When those batteries are dropped off at a customer site, the truck picks up the old, spent batteries. Those batteries are delivered to a smelter, where the plastic cases are ground down for later re-use in new battery cases, the lead plates are removed and melted down into ingots. The truck leaves the smelter with a load of recycled lead, and delivers it back to our battery plant where the lead is turned into a key component of a new battery. While the process is somewhat different in Europe, the result is much the same: re-use of the major battery components again and again. Asia's auto battery industry is quickly developing as more and more autos are produced. Currently, there is a fragmented infrastructure for the recycling of the increasing number of used batteries. In 2007, Johnson Controls led a delegation of Chinese officials on a two-week tour of battery recycling and production sites in Europe and North America to help educate them on the cost saving and environmental benefits of these proven recycling processes. In 2008, we launched our EcostepS battery recycling program in Europe.

In addition, Johnson Controls continues to investigate practices that significantly reduce packaging from its suppliers or what we send to our customers. These investigations have ranged from being very formal, such as a Six Sigma project, to immediate application of simple ideas. In many cases, the information is mostly available at the facility level and is not generally roll-up.

## Aspect: Compliance

### Environmental Law Non-compliance GRI EN28

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Compliance / Environmental Law Non-compliance GRI EN28

Monetary value of significant fines and total number of non-monetary sanctions/convictions for non-compliance with environmental laws and regulations.

Currency: USD	2011	2010	2009	2008	<u>C1</u>
Total monetary value of significant fines	\$31,614	\$0	\$27,100	\$72,255	<u>C2</u>
Total number of non-monetary sanctions	7	5	5	8	<u>C3</u>
Cases brought through dispute resolution mechanisms	<p>1. Nov-10 -BE - York, PA (East York), \$0, Springettsbury Township, Waste water exceedance</p> <p>2. Jan-11 -PS - Portland, OR, \$6,000, Oregon Department of Environmental Quality, release of acid</p> <p>3. Mar-11 -PS - Kernersville, NC, \$7,800, NC Department of Environment, , air Permit Issues</p> <p>4. Aug-11 -PS - Kernersville, NC, \$3,500, NC Department of Environment, air Permit Issues</p> <p>5. Aug-11 -PS - Garcia, Mexico, \$14,314, SEMERNAT (Environmental Minister), vegetation Disturbance</p> <p>6. Aug-12 -PS - Middletown DAP, \$0, Delaware Dept. of Natural Resources and Environmental Compliance, unlicensed transporter</p> <p>7. Sep-11 -PS - Kernersville, NC, \$0, NC Department of Environment, misc RCRA issues.</p>	<p>1. Dec-09 PS - Holland, OH, \$0, Ohio Environmental Protection Agency, Air Permit Issues</p> <p>2. May-10 AE - Greenfield, OH, \$0, Ohio Environmental Protection Agency, Air Permit Issues</p> <p>3. Jul-10 BE - Norman, OK, \$0, City of Norman, Waste water exceedance</p> <p>4. Jul-10 BE - York, PA (Grantley), \$0, Pennsylvania Department of Environmental Protection, Reportable Spill</p> <p>5. Sep-10 PS - Kernersville, NC, \$0, N.C. Department of Environment and Natural Resources, Air Permit Issues.</p>	<p>1. Apr-09, BE - Milwaukie, OR, \$2,100, Oregon Department of Environmental Quality , Hazardous Waste Management</p> <p>2. Apr-09, BE - Durango, MX, \$25,000, FAA, Haz. Materials Shipment</p> <p>3. Apr-09, PS - Oconee, SC, \$0, South Carolina Depart. Health and Envir. Control, Documentation Error</p> <p>4. Jun-09 , PS - Tampa, FL, \$0 FL DEP, Haz. Waste Mgt</p> <p>5. Sept 10, AE - Warren, MI, \$0, Michigan Department of Environmental Quality, Air Permitting Issues</p>	<p>1. Oct-07, PS - Middletown, DE, \$41,000, US EPA, Misc RCRA</p> <p>2. Oct-07, PS - Holland, OH, \$0 , Ohio E PA, Air Permit Exceedance</p> <p>3. Oct-07, PS - Florence, KY, \$0, Kentucky Dept. for Environmental Protection, Misc RCRA</p> <p>4. Nov-07, PS - Middletown, DE, \$0, Delaware Dept. of Natural Resources and Env. Control, Misc RCRA</p> <p>5. Feb-08, BE - Toronto, Canada, \$31,255, Province of Ontario, Equipment Failure caused refrigerant release</p> <p>6. Apr-08, BE - Roswell, GA, \$0, GA Environ. Protection Div., Misc RCRA</p> <p>7. Jun-08, BE - Norman, OK, \$0, City of Norman, Waste water exceedance</p> <p>8. Jul-08, BE - Cantabria, Spain, \$0, Spain EPA, Improper chemical discharge</p>	

**C1**

In all cases corrective actions were implemented and if applicable fines paid.

**C2**

This is the total of all fines. Most are considered "insignificant", although we take all such measures serious no matter the amount of the fine. Corrective actions to prevent a recurrence have been implemented in all cases.

**C3**

In 2008, eight were received and six were without a monetary fine. In 2009, five were received and three were without a monetary fine. In 2010, there were ten all without fines. In 2011, there were seven NOVs in which four involved fines.

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**Supporting Documentation:**

2010 NOVs, Permit exceedences and Releases Page #: [View](#)

2008 NOVs, Permit exceedences and Releases Page #: [View](#)

2009 NOVs, Permit exceedences and Releases Page #: [View](#)

2011 NOVs, Permit exceedences and Releases Page #: [View](#)

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**Additional Comments**

Processes are in place to promote compliance and ensure appropriate corrective actions are implemented immediately for any issue that is regulatory in nature or could pose an environmental impact.

## Aspect: Transport

### Transport Impact GRI EN29

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Transport / Transport Impact GRI EN29

Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

<p>Report the significant environmental impacts of transportation used for logistical purposes and for transportation of members of the organization's workforce. Where quantitative data is not stated, disclose the reason: Greenhouse gas emissions (in carbon equivalent metric tonnes) that related to employee travel via rental cars, commercial travel and use of personal vehicles for company matters are reported in EN17.</p> <p>Johnson Controls monitors and reports its GHG emissions associated with corporate jet use (Scope One) and employee business travel (Scope Three).</p> <p>The distribution of our products is accomplished primarily through freight haulers, mail services and leased vehicles. GHG emissions data for operations controlled by others are often difficult to obtain and tends to be entwined with emissions unrelated to Johnson Controls alone. Until we are able to acquire meaningful data on distribution/logistics related emissions, we will continue to seek transportation cost reductions that are closely linked to fuel consumption and GHG emissions.</p> <p>Johnson Controls was recognized (see attachments below) for its efforts in reducing GHG during the transport of products.</p>	
<p>Indicate the criteria and methodology used to determine which environmental impacts are significant: Methodologies for calculating our GHG emissions are based primarily on The GHG Protocol provided by the World Business Council for Sustainable Development and World Resources Institute. Other factors provided by the EPA and DOE were used as well, but are consistent with those established in the GHG Protocol. The overall process used to collect, validate and estimate emissions are discussed in detail in our Inventory Management Plan (IMP) which has been reviewed by our internal experts and the EPA. We have also shared this plan with other corporations, which are using it as the basis for their GHG emissions programs.</p> <p>Total expense related to logistics is categorized and tracked which is an indicator of GHG emissions. The expense related to logistic's movement is targeted for reduction by reducing total miles involved in product distribution and by increasing our logistics providers required minimum fleet MPG.</p> <p>Carbon, NOx and SOx are commonly traded in various markets in lots involving at least one metric ton. Thus, every attempt is being made to capture and report emissions to within one metric ton.</p>	
<p>Report how the environmental impacts of transporting products, members of the organization's workforce, and other goods and materials are mitigated: Johnson Controls maintains contracts with hundreds of suppliers worldwide. We currently dialogue with several non-governmental organizations (NGOs) to improve oversight of our supplier's social and environmental performance. As a result, we incorporated these requirements into our Suppliers Standard Manual that is posted on our public web site: <a href="http://www.johnsoncontrol...">http://www.johnsoncontrol...</a> The standard includes provisions consistent with the Ten UN Global Compact Principles and key International Labour Organization (ILO) Conventions, and mandates regulatory compliance and promotes good social and environmental stewardship by our employees and suppliers. As our supplier oversight program matures, we intend to investigate how best to incorporate energy and GHG monitoring in the program that we expect will ultimately lead to more business opportunities.</p> <p>We continue to encourage telephone and video conferencing to reduce travel. We have videoconferencing facilities throughout the world that are used by our employees. Over the past year, we have deployed 9 Cisco telepresence video systems in the United States, South America, &amp; EMEA to help improve collaboration and unify the organization. A telepresence video system is a high-end video conferencing system that uses state-of-the-art room designs, video cameras, displays, sound-systems and interactive elements to create the feeling of being "in person" with participants in remote locations. This simple, easy-to-use solution allows employees and other participants to communicate naturally and effectively.</p> <p>Telepresence provides the following benefits:</p> <ul style="list-style-type: none"><li>Corporate travel displacement</li><li>Increased meeting participation and engagement</li><li>Faster decision making</li><li>Enhanced productivity through improved information exchange</li><li>Carbon footprint reduction</li></ul> <p>Further, we anticipate that our travel-related emissions will decrease as commercial airlines and car rental agencies adopt more efficient aircraft and vehicles. Johnson Controls also recently implemented a "Smart Travel" program that focuses on making the employee travel</p>	

experience “greener”. An example includes declining free upgrade offers by rental car agencies as larger vehicles also imply more fuel consumption and therefore larger impact in producing greenhouse gases. We also initiated a survey of major hotel providers to ensure sustainable practices are in use which is used as part of our selection criteria in sourcing. We are working with other major corporations to promote more green choices when our employees travel and have begun offering our products and services to those in the travel industry to allow them to be greener. Additionally, we have instituted new approval processes that require approval by the Vice-President in the employee’s organizational hierarchy to ensure the travel our employees perform is necessary.

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**Supporting Documentation:**

Carbon Disclosure Project Report on S&P 500 comments on JCI ...	Page #: <a href="#">View</a>
Citigroup Report on Johnson Controls	Page #: <a href="#">View</a>
Sustainability Logistics GHG Reduction Update Sept 9 09.ppt	Page #: <a href="#">View</a>
Carbon Trust Standard Certification Letter	Page #: <a href="#">View</a>
CO2 Certificate EWALS Green Certificate	Page #: <a href="#">View</a>
CO2 Certificate Lorry-rail	Page #: <a href="#">View</a>
Transport: JCI Energy Efficient Fleet	Page #: <a href="#">View</a>
Transport: DOE National Clean Energy Fleets Partnership	Page #: <a href="#">View</a>
National Clean Fleets Partnership - JCI joins (2012)	Page #: <a href="#">View</a>
Carbon Disclosure Project	Page #: <a href="#">View</a>

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**Additional Comments**

As a leading supplier of battery systems for hybrid electric vehicles, Johnson Controls is committed to designing and delivering increasingly sustainable products, services and solutions that will help its customers improve their energy efficiency, reduce their carbon footprint, and achieve their environmental goals. Leading by example, Johnson Controls has implemented several greenhouse gas reduction strategies in its global fleet of 19,000 vehicles. It first introduced hybrid electric vehicles into its fleet in 2009. Today, it operates more than 500 hybrids, each reducing greenhouse gas (GHG) emissions by 30%, and together saving \$500,000 in fuel costs during the first two-and-a-half years of operation. In 2011, it deployed 20 all-electric vans, which are estimated to achieve a 61% GHG reduction per vehicle. Other strategies include the use of CNG vans, and higher MPG vans and trucks. In 2012, Johnson Controls will pilot the use of telematics —allowing them to better collect and share geographic and other data with drivers—and continue with the deployment of additional alternative fuel vehicles, including propane-fueled units. Johnson Controls joined the National Clean Fleets Partnership through the U.S. Dept of Energy in February 2012.

## Aspect: Overall

### Environmental Protection Expenditures GRI EN30

#### 5. Management Approach and Performance Indicators / Environmental / Environmental Performance Indicators / Aspect: Overall / Environmental Protection Expenditures GRI EN30

Total environmental protection expenditures and investments by type.

Currency: \$US in millions	2011	2010	2009	<u>C1</u>
Waste disposal				<u>C2</u>
Emissions treatment				<u>C3</u>
Remediation	\$10.7	\$3.4	\$2.3	<u>C4</u>
Prevention				<u>C5</u>
Environmental				<u>C6</u>
Total environmental protection				<u>C7</u>

##### C1

This information is tracked at the facility level and often included in overall operational costs. Reporting Johnson Controls Inc.'s ("JCI") global environmental expenditures as specifically requested per the GRI Guidelines is difficult considering currency differences, inclusion of environmental responsibilities in multiple management and worker positions, and other variables. JCI, however, is committed to enhancing the collection of data relating to environmental protection expenditures and investments. JCI believes this data, and other data related to sustainability and environmental protection, is essential for the following purposes: (1) Benchmarking and assessing sustainability performance with respect to laws, norms, codes, and performance standards; (2) Demonstrating how JCI influences and is influenced by expectations about sustainable development; and (3) Comparing performance within JCI and between different organizations over time.

##### C2

Amounts spent on waste disposal was mostly tracked at the facility level. Currency, bill timing, etc. made collation for accurate data difficult. However, we are using our E2MS to collect the data and expect that we will be reporting total waste costs in future years.

##### C3

These data are part of facility management and are not rolled up.

##### C4

In 2011, JCI spent \$10,700,546 relating to environmental protection and investment at 43 sites: AE-Lexington, TN; AE-Wauseon; AE-Rasmussen; AE-San Bernardo Do Campo; AE-Alternative Energy Resources; BE-Auto-Ion; BE-Goshen Groundwater Investigation; BE-Hartford Oil Spill; BE-Watertown; BE-York Facilities Evaporative; BE-York-Santa Fe Springs; BE-York-Grantley; BE-York-Bristol, VA; Corp.-232/290 Monroe – Saline, MI; Corp.-Hoover Facility (Charlotte, MI); Corp.-HTWP-Thomson, GA; Corp.-Metamora Landfill; Corp.-North Arden, El Monte, CA; Corp-Shiawassee River; Corp.-Snediker Developers; Corp.-Stanley Fowlerville (ACS); PS-Avanti Site; PS-Canby; PS-Florence, KY; PS-Fort Wayne, IN; PS-Garcia, Mexico; PS-Geneva, IL; PS-Headquarters (Glendale, WI); PS-Interstate Lead Site (ILCO); PS-Kernersville, NC; PS-Middletown, DE; PS-New Brunswick, NJ – Delphi; NL Ind./NSNJ Superfund Site-Pedricktown; PS-Oconee Plant; PS-Red Oak, IA; PS-St. Joe, MO (DAP); PS-St. Joe, MO (DC); PS-Tampa, FL; PS-Toledo, OH; PS-Tonolli Corporation Superfund Site; PS-Winston-Salem, NC; and PS-Yuma, AZ. Many of the response costs for cleanup at the above-referenced sites relate to contamination that existed prior to JCI's acquisition and control of such properties. In addition, in many instances, JCI did not cause the contamination at issue. JCI works diligently to support environmental protection and to comply fully with domestic and global environmental regulations.

##### C5

These data are part of facility management and are not rolled up.

##### C6

These data are part of facility management and are not rolled up.

##### C7

The Company's ongoing environmental compliance program often results in capital expenditures. Environmental considerations are a part of all significant capital expenditures; however, expenditures in fiscal 2011 related solely to environmental compliance efforts were not material. It is management's opinion that the amount of any future capital expenditures related solely to environmental compliance will not have a material adverse effect on the Company's financial results or competitive position in any one year.

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#### Supporting Documentation:

2011 10K Report Page #: 48-49 [View](#)

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#### Additional Comments

The following is reported in our 2011 10-K:

#### ENVIRONMENTAL, HEALTH AND SAFETY AND OTHER MATTERS

The Company's global operations are governed by Environmental Laws and Worker Safety Laws. Under various circumstances, these laws impose civil and criminal penalties and fines, as well as injunctive and remedial relief, for noncompliance and require remediation at sites where Company-related



substances have been released into the environment.

The Company has expended substantial resources globally, both financial and managerial, to comply with applicable Environmental Laws and Worker Safety Laws, and to protect the environment and workers. The Company believes it is in substantial compliance with such laws and maintains procedures designed to foster and ensure compliance. However, the Company has been, and in the future may become, the subject of formal or informal enforcement actions or proceedings regarding noncompliance with such laws or the remediation of Company-related substances released into the environment. Such matters typically are resolved by negotiation with regulatory authorities resulting in commitments to compliance, abatement or remediation programs and in some cases payment of penalties. Historically, neither such commitments nor penalties imposed on the Company have been material.

Environmental considerations are a part of all significant capital expenditure decisions; however, expenditures in fiscal 2011 related solely to environmental compliance were not material. At September 30, 2011 and 2010, the Company recorded environmental liabilities of \$30 million and \$47 million, respectively. A charge to income is recorded when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable. The Company's environmental liabilities do not take into consideration any possible recoveries of future insurance proceeds. Because of the uncertainties associated with environmental remediation activities at sites where the Company may be potentially liable, future expenses to remediate identified sites could be considerably higher than the accrued liability. However, while neither the timing nor the amount of ultimate costs associated with known environmental remediation matters can be determined at this time, the Company does not expect that these matters will have a material adverse effect on its financial position, results of operations or cash flows. In addition, the Company has identified asset retirement obligations for environmental matters that are expected to be addressed at the retirement, disposal, removal or abandonment of existing owned facilities, primarily in the power solutions business. At September 30, 2011 and 2010, the Company recorded conditional asset retirement obligations of \$91 million and \$84 million, respectively.

Additionally, the Company is involved in a number of product liability and various other casualty lawsuits incident to the operation of its businesses. Insurance coverages are maintained and estimated costs are recorded for claims and suits of this nature. It is management's opinion that none of these will have a materially adverse effect on the Company's financial position, results of operations or cash flows (see Note 19, Commitments and Contingencies, of the notes to consolidated financial statements). Costs related to such matters were not material to the periods presented.

# Labor Practices and Decent Work

## Labor Practices and Decent Work: Disclosure on Management Approach

### Labor Practices Disclosure on Management Approach GRI LA

#### 5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work: Disclosure on Management Approach / Labor Practices Disclosure on Management Approach GRI LA

##### DISCLOSURE ON MANAGEMENT APPROACH

Concise disclosure on the following Management Approach items with reference to the Labor Aspects listed below. The ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy (in particular the eight core conventions of the ILO) and the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises, should be the primary reference points.

- Employment;
  - Labor/Management Relations;
  - Occupational Health and Safety;
  - Training and Education; and
  - Diversity and Equal Opportunity.
- Equal remuneration for women and men. [G3.1 Reporting Only]

##### SAFETY SUMMARY

Johnson Controls Health and Safety programs are designed to provide a safe working environment. Our programs are behavior-based Health and Safety programs that rely on a systems management approach to ensure compliance and continuous improvement. While compliance with Health and Safety regulations is important and required, our programs reach beyond compliance to influence our Company's culture through employee engagement and leadership behavior. Given the diversity and decentralized nature of our Company, our Health and Safety programs are designed around a global standard with approved variations to address the multiple jurisdictions and regulations, specific hazards and unique working environments of each Business Unit. The way we operate and measure the performance and outcomes of our Health and Safety programs however, is consistent with widely accepted standards and practices that meet or exceed the International Labour Organization's Guidelines for Occupational Health Management Systems (ILO-OSH 2001). Our goal is to achieve and maintain world class safety performance in all of our businesses and operations. Some of the key standards and practices of our programs include:

1. Use of standard US-OSHA definitions to measure injury and illness rates globally. We believe that injury and illness rates based on consistent definitions is an objective measure of success. We are committed to reducing them over the long-term.
2. Use of widely acceptable standards for the most critical safety processes, such as control of hazardous energy and working with hazardous substances. Such standards apply to all of our locations worldwide regardless of local regulatory requirements.
3. Use of established management system techniques to assure that injury rate reductions are real and sustainable.
4. Verifying the accuracy of self-reported safety and health data. Trust but, verify. We use third-party auditors to verify data and the overall effectiveness of Health and Safety programs.
5. Exploring innovative ways to further strengthen our safety culture. The Company's increasing focus on Leading Indicators as a measure of Safety performance and outcomes is an example of this innovation.

Our behavior-based programs take many shapes and forms. Many of the Company's Business Units utilize SafeStart an advanced third party safety awareness training and skills development program. SafeStart teaches individuals to recognize the critical error reduction techniques needed to reduce the risk of injuries in any situation – at work, at home, or on the road. Where SafeStart is not utilized, the Business Units implement other behavior-based safety programs. For example, the Automotive Experience (AE) Business Unit utilizes a Total Safety Culture (TSC) management system to drive behavior based Safety outcomes. This systems approach is similar to the Total Quality Culture management system found in the auto manufacturing industry. At its core, TSC is based on 5 interconnected elements including Workplace Conditions, Leadership in Safety, Management Systems, Behavior Safety, and Employee Involvement. These 5 elements work in conjunction to address workplace behaviors while ensuring compliance.

Johnson Controls has also begun to implement Health and Wellness programs at its major locations. In addition to the traditional workplace Health and Safety programs, the Company's Health and Wellness programs seek to improve employee well-being both within and outside of the workplace. Health and Wellness programs include the establishment of fitness centers, running and walking tracks, weight loss programs, vaccinations, smoking cessation programs and many other health improvement and health prevention programs. Johnson Controls believes that these Health and Wellness programs will continue to be an integral part of the Company's Health and Safety agenda going forward.

Our EEO Policy is reviewed and re-authorized on an annual basis.

#### WORKFORCE DIVERSITY

We follow established processes to achieve diversity goals around the world and to build a culture receptive to diverse ideas, experiences and practices. We offer workshops, websites, and communications to help employees embrace and realize the benefits of workforce diversity. Our people also benefit from opportunities to work outside of their home countries.

Our employees help create an inclusive workforce through initiatives like Employee Affinity Groups. These are employee led, volunteer groups open to all employees with the goal to improve attraction, retention, inclusion, and engagement of a diverse and global workforce. Employee Affinity Groups at Johnson Controls include the Women's Resource Network (WRN), African American Affinity Network (AAAN), Hispanic Affinity Network (HAN), Asia Pacific Affinity Group (APAN), and Young Professionals (SYNERGY) in the United States. All networks are organized by employees and funded by the company. Network leaders are also invited to participate in an annual Affinity Network Leaders Summit to meet with company leadership, acquire leadership skills, and share best practices. All networks go through a chartering process and must develop programming and initiatives in three areas: Impacting the Business, Employee Development, and Community Relations.

Efforts globally include the establishment of several Diversity Councils across Europe, Africa, and Latin America. These teams of diversity champions work actively to improve employee awareness of the advantages of diversity and inclusion, and encourage acceptance for all employees. Example initiatives include distribution of diversity and inclusion newsletters to all employees, development of a diversity and inclusion brochure and training for shop floor employees, and roundtable discussions with country leaders.

Johnson Controls provides equal opportunities regardless of gender, race, age, ethnicity, sexual orientation, disability or religion. We believe respect for the dignity, rights and ambitions of all people is a cornerstone of business excellence. We treat all employees equitably regardless of local economic conditions, traditions and cultures. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement.

Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, the Corporate Vice President of Human Resources monitors implementation and compliance to these policies.

Employees, temporary employees, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant/facility manager, or local human resources manager. Johnson Controls wants to know of any harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

We seek to create an environment that removes barriers and promotes inclusion, fosters effective recruitment, development, motivation and retention so that each is able to maximize his or her contribution to meeting business objectives. To ensure our processes are working properly and that employees, understand our policies and guiding principles around treatment, respectability and integrity, we systematically provide training, gather feedback and take action to improve our work environment. Through our Ethics Helpline monitoring system, we capture all information, investigate, audit and implement improvement actions accordingly.

As a result of the recommendations of a Global Diversity Team, the company has a Diversity and Public Affairs Department which is led by the Vice President of Diversity and Public Affairs, reporting directly to the Chairman and CEO of the company. This position has been in place since 2006. Reporting to the Vice President is an Executive Director of Workforce Diversity, with global responsibilities across all three divisions.

The mission of workforce diversity at Johnson Controls is to create, develop, and fully leverage the strengths of a diverse workforce in order to meet our growth commitments. Strategies in support of this mission fall into four categories: 1) attract and retain the required amount of qualified talent globally, 2) Maintain a workplace where employees are included and passionately engaged, 3) Invite and leverage a variety of perspectives, cultures and experiences for Innovation and 4) Anticipate and manage culture, system, practices and compliance for scalable success – Operational Excellence. The office of Workforce Diversity partners closely with Human Resource and Business leaders across all divisions to meet our diversity and inclusion objectives.

#### SUPPLIER DIVERSITY (Diversity Business Development)

Diversity business development is the set of commercial and purchasing processes that incorporate diverse-owned businesses as elements of our product and services offerings. As such, goal attainment and progress is reviewed and communicated throughout the organization on a monthly basis. We understand that diversity business development is a team effort and requires the support of each Johnson Controls office, facility and account.

Our diversity business initiative is directed by senior management and is integrated into our corporate strategy. Johnson Controls and its customers define diverse suppliers as companies that are certified as owned by minorities or women, and outside the US, those designated by local governments as historically underutilized businesses. We do business with more than 400 diverse suppliers and contractors, representing more than 50 product and service categories.

Since 2003 Johnson Controls has been a member of the elite Billion Dollar Roundtable (BDR), an organization comprised of only 18 U.S. corporations that spend more than \$1 billion annually with minority- and women-owned businesses. The BDR's mission is to drive supplier

diversity excellence through best practice sharing and thought leadership. Additional highlights of Johnson Controls' supplier diversity are included in the Supplier Diversity Fact Sheet.

#### EMPLOYEE ENGAGEMENT AND DEVELOPMENT

As Johnson Controls continues to grow, we believe that attracting, developing, motivating and retaining leaders are key elements of our sustainable and profitable growth. As our business has become more global, we must develop leaders from every part of the world. We understand that like customers, our employees and potential employees have choices of where to work, and we must compete for the best talent. We invest significantly in being an employer of choice, and have developed a system to promote our people's career and personal development while seeking their engagement in our vision, values and objectives. We ensure that our work environments promote excellent performance, teamwork, inclusion, leadership, safety and growth. We encourage community involvement and volunteerism with leadership and environmentally related causes. Employees in North America were given the opportunity to improve their understanding of how they can impact sustainability in their own lives, by participating in our Sustainable Energy Education and Communications (SEEC) program. SEEC is a 10- module series of online lessons that teaches employees to create environment and social benefits at work and at home. It provides information on how saving energy and water, keeping indoor air clean and other sustainable strategies can save money, reduce emissions and help them stay healthy.

Johnson Controls sponsors a variety of formal programs to recognize, reward and motivate employees:

- Extreme Learning Program: Each year a group of 40 high-potential leaders are challenged with solving real-world business problems while building new relationships and experiencing global business issues. The program is in its fifth year.
- Leadership Edge Program: This program annually engages 100 managers from China, Europe and Mexico in a comprehensive active learning program.
- Finance Leadership Development Program (FLDP) – The program identifies and recruits new financial talent and rapidly develops this talent through a series of rotational assignments. We seek high potential individuals capable of rapidly advancing to leadership roles.

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#### Supporting Documentation:

Supplier Diversity Fact Sheet	Page #: <a href="#">View</a>
Diversity - Awards	Page #: <a href="#">View</a>
Health and Safety - Overview.pdf	Page #: <a href="#">View</a>
Health and Safety - Environment_Health_and_Safety_Policy_100...	Page #: <a href="#">View</a>

# Labor Practices and Decent Work Performance Indicators

## Aspect: Employment

### Total Workforce GRI LA1

#### 5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Employment / Total Workforce GRI LA1

Total workforce by employment type, employment contract, and region.

% of operations included in data: 100%	2011	2010	2009	
Employees	69,330	44,000	42,000	<u>C2</u>
Supervised workers	92,670	93,000	88,000	<u>C3</u>
Total workforce	162,000	137,000	130,000	<u>C4</u>
Home country	43,596	39,989	39,736	<u>C5</u>
Employees in OECD countries (include home country if appropriate)	131,005	115,000	109,000	
Employees in non-OECD countries (include home country if appropriate)	30,995	22,000	21,000	
Total permanent employees by employment type	153,245	130,032	122,985	<u>C9</u>
Full-time	159,320	135,713	127,846	
Part-time	2680	1287	2,154	
Total employees by employment contract	91,456	74,645	70,389	<u>C13</u>
Indefinite or permanent contract	83,057	68,193	64,803	<u>C14</u>
Fixed-term or temporary contract	8,399	6,452	5,586	<u>C15</u>
We publicly disclose demographics by:				
<input type="checkbox"/> gender				
<input type="checkbox"/> race				
<input type="checkbox"/> ethnicity				
<input type="checkbox"/> age				

**C2**

"Employees" are the salaried workers.

**C3**

"Supervised workers" are defined as hourly workers.

**C4**

Numbers are from our 10K form.

**C5**

Home country is United States.

**C9**

"Permanent employees" are regular employees.

**C13**

Data reflects the combined metrics for indefinite /permanent and fixed-term / temporary contracts.

**C14**

Estimates based on regular employees in South America, EMEA and Asia.

**C15**

Estimates based on temporary employees in South America, EMEA and Asia.

## Employee Turnover GRI LA2

### 5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Employment / Employee Turnover GRI LA2

Total number and rate of employee turnover by age group, gender, and region.

% of operations included in data: 100%	2011	2010	2009	<u>C1</u>
Total number of employees leaving employment	28,439	26,531	35,331	<u>C2</u>
Rate of employees leaving employment	18.90%	19.87%	26.17%	
Number and rate of employees leaving by gender				
Number of males leaving	19,173	18,280	23,381	
Rate of males leaving	18.02%	18.86%	24.32%	<u>C7</u>
Number of females leaving	9266	8,251	11,949	
Rate of females leaving	21.01%	21.45%	30.76%	<u>C9</u>
Number and rate of employees leaving by age group				<u>C11</u>
Number of <30 age group	10,986	9,502	11,510	
Rate of <30 age group	32.06%	30.95%	38.67%	
Number of 30-50 age group	14,130	13,463	18,470	
Rate of 30-50 age group	15.96%	16.31%	22.92%	
Number of >50 age group	3,323	3,566	5,351	
Rate of >50 age group	12.63%	14.69%	22.71%	
Number and rate of employees leaving by region				
Number leaving in home country	8,012	7,692	12,494	<u>C20</u>
Rate leaving in home country	19.17%	19.30%	30.46%	
Number leaving in OECD countries (include home country if appropriate)	20,919	21,617	30,375	
Rate leaving in OECD countries (include home country if appropriate)	16.89%	18%	25%	
Number leaving in non-OECD countries (include home country if appropriate)	7,520	4,914	4,956	
Rate leaving in non-OECD countries (include home country if appropriate)	28.24%	26%	28%	
<input type="checkbox"/> We publicly disclose information regarding employee-turnover rate				
Link / document:				

C1

Includes North America, Europe, Mid East, Australia, Africa, Asia and South America.

C2

Turnover is calculated by Total Terms divided by an Average Headcount.

**C7**

Turnover is calculated by taking Male terms divided by an Average Male Headcount.

**C9**

Turnover is calculated by taking Female terms divided by an Average Female Headcount.

**C11**

Turnover is calculated by taking the Age group Terms divided by the Age group Headcount.

**C20**

Home Country equals USA.



**Employee Benefits GRI LA3**

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Employment / Employee Benefits GRI LA3**

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. [Identify benefits offered to all employees and indicate whether/where coverage differences exist between full and part-time employees]

<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Life insurance</li> <li><input checked="" type="checkbox"/> Accident insurance</li> <li><input checked="" type="checkbox"/> Disability/invalidity insurance</li> <li><input checked="" type="checkbox"/> Mortgages and loans</li> <li><input checked="" type="checkbox"/> Pension plans/retirement provision</li> <li><input checked="" type="checkbox"/> Maternity and/or paternity leave</li> <li><input type="checkbox"/> Child care</li> <li><input checked="" type="checkbox"/> Employee assistance program</li> <li><input checked="" type="checkbox"/> Job security initiatives for redeployment, including retraining, relocation, work-sharing and outplacement services</li> <li><input checked="" type="checkbox"/> Flexible workschemes and work-sharing</li> <li><input checked="" type="checkbox"/> Recall rights for laid-off employees</li> <li><input checked="" type="checkbox"/> Stock ownership</li> <li><input checked="" type="checkbox"/> Vacation</li> <li><input checked="" type="checkbox"/> Paid sick days</li> <li><input type="checkbox"/> PTO (including vacation and sick days)</li> <li><input checked="" type="checkbox"/> Insurance: Healthcare Employee</li> <li><input checked="" type="checkbox"/> Insurance: Healthcare Family</li> <li><input checked="" type="checkbox"/> Insurance: Healthcare Domestic Partner</li> <li><input checked="" type="checkbox"/> Insurance: Dental</li> <li><input checked="" type="checkbox"/> Insurance: Vision</li> <li><input checked="" type="checkbox"/> Insurance: AD&amp;D</li> <li><input checked="" type="checkbox"/> Insurance: Short Term Disability</li> <li><input checked="" type="checkbox"/> Insurance: Long Term Disability</li> <li><input checked="" type="checkbox"/> Employee Assistance Program</li> <li><input checked="" type="checkbox"/> Education Benefits: Employee</li> <li><input checked="" type="checkbox"/> Education Benefits: Family</li> <li><input type="checkbox"/> Sabbatical Program</li> <li><input checked="" type="checkbox"/> Relocation Assistance</li> <li><input checked="" type="checkbox"/> Work/Life Support Program</li> <li><input checked="" type="checkbox"/> Wellness/Fitness Program</li> <li><input checked="" type="checkbox"/> Onsite Fitness Facilities</li> <li><input checked="" type="checkbox"/> Onsite Recreation Facilities</li> <li><input checked="" type="checkbox"/> Stock Options</li> <li><input checked="" type="checkbox"/> Stock Purchase Plan</li> <li><input type="checkbox"/> Employee Profit Sharing</li> <li><input checked="" type="checkbox"/> Retirement: Defined Benefit Plan</li> </ul>	<p><u>CI</u></p>
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<input type="checkbox"/> Childcare: Other <input checked="" type="checkbox"/> Bereavement Leave <input type="checkbox"/> Others <input type="checkbox"/> No additional benefits offered	Please specify:	
<input checked="" type="checkbox"/> We publicly disclose one or more of the benefits we offer employees (This does not count disclosure found in the company's required filing with the SEC).		<u>C2</u>

**C1**

Domestic partner benefits are provided to employees in cities/regions/states where mandatory. For Onsite Fitness Facilities and Onsite Recreation Facilities, these are provided at some of our work locations, not all.

**C2**

Public disclosure of one or more employee benefits are available on our web site [www.johnsoncontrols.com](http://www.johnsoncontrols.com) under Careers and also in our annual Business & Sustainability Report - see attached link in Supporting References.

**Supporting Documentation:**

2011 Business & Sustainability Report Page #: 30-31, 34-35, 37 [View](#)

**Additional Comments**

In the United States, we provided benefits to employees that amounted to 33 percent of salary. A comparable figure for the rest of the world is not available due to the variety of data systems and privacy laws that prevail in several of the countries in which we are located. The company is committed to paying a prevailing wage to employees. In many parts of the world, we have reduced employee turnover rates by paying more than what is paid to employees at other local companies.

Our compensation and benefits plans are competitive within the markets we serve and reflect the performance of our business and our employees. Employees receive at least the statutory minimum wage or the local prevailing industry wage, whichever is higher. They receive, at a minimum, the legally mandated benefits. Except in extraordinary business circumstances, employees work no more than 48 hours per week and 12 hours overtime or hours established by local law, whichever is less. Overtime compensation complies with applicable laws, and where no laws exist, employees are paid at least their regular hourly compensation. Extraordinary circumstances would include emergencies and the like and is no way indicative of a way to ignore abiding by host country law, since such language is included in most labor laws, guidelines and conventions. Changing our Ethics Policy to include such language does not appear warranted at this time, since we are unaware of any issues related to the current language. Wages are not deducted for disciplinary purposes. We respect employees' freedom of association, including the right to bargain collectively under lawful procedures.

We track benefits as legally mandated and strive to be competitive in all our markets, and as a result often go beyond legal requirements. Here are some examples:

--Employees in Mumbai, India receive a free dental checkup by Colgate Palmolive. Qualified doctors give free consultation on how to protect against tooth decay and maintain a healthy smile. Employees there also have access to a renowned dietician regarding healthy diet habits.

--In Mexico we provide medical treatment to employees and their children as well as dental service in house. Free medicine is provided to employees and their families. In addition, many of our plants hold an annual health week for employees where employees receive different health tests in order to prevent illness, as well as medical information for employees and their families.

--In Hanover, Germany we pay 30,000 euro annually to several family hotels in spas for employees to get medical treatment after hospital stays or surgery. Employees apply for the contribution at the local works council office. Additionally, money is available for employees who are faced with financial hardship due to emergencies (loss of spouse, fire, etc.)

--Our U.S. employees receive a variety of benefits beyond those legally mandated, including college tuition-reimbursement for employees and college scholarships for children of employees. We also provide a company-paid pension as well as a 401(k) with a company match. Below is a table outlining our tuition reimbursement:

**Benefits for Part-time Employees:**

Starting in 2009, employees in the U.S. Part-time Regular non-union employees are eligible for Johnson Controls Health & Welfare Benefits based on number of hours worked per week. These benefits include:

- \* Medical, Dental & Vision
- \* Disability short & long-term
- \* Life (Basic & AD&D)

**Tuition Reimbursement for FY 2011:**

Amount Paid  
FY11 Nontaxable \$3,217,038.10  
FY11 Taxable \$905,645.84

Total Amount Paid \$4,122,683.94

## Aspect: Labor/Management Relations

### Collective Bargaining Coverage GRI LA4

#### 5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Labor/Management Relations / Collective Bargaining Coverage GRI LA4

Percentage of employees covered by collective bargaining agreements

% of workforce covered by collective bargaining agreement	2011	2010	2009	Type of collective bargaining agreement	
Home country	33%	35%	36%	<input type="checkbox"/> national <input checked="" type="checkbox"/> industry <input type="checkbox"/> enterprise	<u>C2</u>
Worldwide	42%	44%	57%	<input checked="" type="checkbox"/> national <input checked="" type="checkbox"/> industry <input checked="" type="checkbox"/> enterprise	<u>C3</u>

#### C2

2011/2010/2009 Home Country = U.S.

#### C3

2011 world-wide metrics do not include home country of U.S. Does include Canada 48%, Mexico 51% and South America 87%. Average total union = 42% Calculated by taking total number of employees in a union divided by total number of employees in those countries. 2009 world-wide metrics do not include home country (U.S.). Does include Canada at 48%, Mexico 48% and South America at 89%.

#### Supporting Documentation:

2011 BE Collective Bargaining Agreements Page #: [View](#)

2011 AE Collective Bargaining Agreements Page #: [View](#)

2011 PS Collective Bargaining Agreements Page #: [View](#)

#### Additional Comments

Attached are listings of our Collective Bargaining Agreements and the Unions associated with these agreements. Please note that we continue to update this section and add any new labor organizations associated with our businesses.

**Notice Operational Changes GRI LA5**

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Labor/Management Relations / Notice Operational Changes GRI LA5**

Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

Minimum number of weeks notice typically provided to employees and their elected representatives prior to the implementation of significant operational charges that could substantially affect them:	1 week to 60 days	<u>C1</u>
For organizations with collective bargaining agreements, are the notice period and/or provisions for consultation and negotiation specified in collective agreements?	No	

**C1**

Within the United States Johnson Controls complies with the WARN Act.

**Additional Comments**

In general, should a plant closing or mass layoff occur at Johnson Controls operations, impacted employees receive 60 days notice in advance of the occurrence. In accordance with federal requirements, Johnson Controls also ensures the collective bargaining unit if applicable, the State dislocated worker unit and appropriate unit of local government are also advised.

Measures frequently taken in connection with redundancies include identifying alternative internal employment opportunities, or provision of outplacement transition services. Johnson Controls ensures compliance with company plan benefit guidelines and local government requirements and creates social plans in cooperation with employee representatives to ensure adequate pay continuation for employees.

Johnson Controls ensures personal employee data is kept confidential, disclosing it only where allowed or required by law or by consent of the person and using it, for the sole purpose of supporting company operations and providing employee benefits. Johnson Controls complies with all local data protection regulations worldwide, including the European Commission's Directive on Data Privacy.

## Aspect: Occupational Health and Safety

### Health & Safety Committees GRI LA6

#### 5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Occupational Health and Safety / Health & Safety Committees GRI LA6

Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

<p>The percentage of the total workforce represented in formal joint management-worker health and safety committees:</p>	<p> <input checked="" type="radio"/> Over 75%  <input type="radio"/> Between 50% and 75%  <input type="radio"/> Between 25% and 50%  <input type="radio"/> Up to 25%  <input type="radio"/> None         </p>	<p><u>C1</u></p>
<p>Explain the level(s) at which the committee(s) typically operates (e.g., at facility level and/or at multi-facility, region, group, or company levels). This may either be a result of a formal policy, procedure, or informal practice within the organization:</p>	<p>The Company maintains and requires Health and Safety Committees at the facility, region, group and company levels. For a more complete description of the Company's Health and Safety Committees, please refer to the Health and Safety Overview document.</p>	

#### C1

% is a conservative estimate, since participation data in such committees is maintained at the facility level.

#### Supporting Documentation:

Health & Safety - BE EMEA Customer Presentation.pdf

Page #: [View](#)

Health and Safety - Overview.pdf

Page #: [View](#)

Health and Safety - Environment\_Health\_and\_Safety\_Policy\_100...

Page #: [View](#)

**Injury Fatality Rates GRI LA7**

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Occupational Health and Safety / Injury Fatality Rates GRI LA7**

Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.

% of workforce covered by this data: 100	Measure	2011	2010	2009	2008	Not tracked		<u>C1</u>
Lost time illness rate						<input checked="" type="checkbox"/>		<u>C2</u>
Lost time injury rate - employees						<input checked="" type="checkbox"/>	2011 Target:	<u>C3</u>
Lost time injury rate - contractors						<input checked="" type="checkbox"/>	2011 Target:	<u>C4</u>
Recordable incident rate	US OSHA Recordable Case Rate	.75	0.79	0.92	1.09	<input type="checkbox"/>	TRIR publicly disclosed (specify doc/link if yes): Yes	
Lost time incident rate	US OSHA Lost Time Days Away Case Rate	.37	0.32	0.35	0.42	<input type="checkbox"/>		
Number of fatalities - employees (work-related)		1	2	2	1	<input type="checkbox"/>	Explanation of trend:	
Number of fatalities - contractors (work-related)		0	1	1	1	<input type="checkbox"/>	Explanation of trend:	
Occupational illness/disease rate (OIFR)						<input checked="" type="checkbox"/>		<u>C9</u>
Alternative management tool, if OIFR is not used: OSHA Recordkeeping Handbook, The Regulation and Related Interpretations for Recording and Reporting Occupational Injuries and Illnesses, publication OSHA 3245-09R 2005.								
								<u>C11</u>
Breakdown by region		2011	2010	2009	2008			
Home country								
Total workforce (employees + supervised workers)	43596							
Independent contractors working on-site to whom the reporting organization is liable for the general safety of the working environment	>100							<u>C15</u>
Injury rate (includes fatalities)		1.24	1.57	1.79	2.31			
Occupational diseases rate:								<u>C17</u>

Lost day rate		.21	0.25	0.23	0.31			
Absentee rate								
OECD countries (including home country if appropriate)								
Total workforce (employees + supervised workers)	131005							
Independent contractors working on-site to whom the reporting organization is liable for the general safety of the working environment	>100							<u>C23</u>
Injury rate		1.03	1.00	1.10	1.3			
Occupational diseases rate								
Lost day rate		.50	0.41	0.40	0.46			
Absentee rate								
Non-OECD countries (including home country if appropriate)								
Total workforce (employees + supervised workers)	30995							
Independent contractors working on-site to whom the reporting organization is liable for the general safety of the working environment	>100							
Injury rate		.23	0.30	0.44	0.53			
Occupational diseases rate								
Lost day rate		.12	0.13	0.19	0.31			
Absentee rate								<u>C35</u>

**C1**

Injury Rate entries include injuries, illnesses and fatalities. Separate numbers for each are not available. Lost day rate is the rate of lost day cases. Most of the data for this question is reported with the exception of contractor data which is simply too complex to report i.e., different reporting systems and reporting rules, which are best monitored at the facility level rather than rolling up into a corporate-wide number. Also, to ensure consistency globally for our internal safety statistics we elected to apply the EPA Recordkeeping Rules to all facilities no matter where located in the world. In doing so we combined illnesses with injury for a total recordable rate, which is explained in this section.

**C2**

Safety incident rates are tracked globally in accordance with the US OSHA Recordkeeping Handbook, The Regulation and Related Interpretations for Recording and Reporting Occupational Injuries and Illnesses, publication OSHA 3245-09R 2005, available at www.osha.gov. Illness and injury rates are combined and reported as recordable and/or lost time incident rates as defined by the recordkeeping criteria. Also, total employees are based on man hours worked, which is a more accurate measure of employee totals, particularly when calculating rates.

**C3**

See C2

**C4**

See C2

**C9**

See C2

**C11**

See C2

**C15**

We employ thousands of contractors globally. We require that all comply with the host country's regulations as well as abide by specific safety requirements as defined by the work being performed and where, etc.

**C17**

See C2  
**C23**  
See C15  
**C35**  
See C2

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**Supporting Documentation:**

Health & Safety - Monthly Global Health & Safety Report Page #: [View](#)

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**Additional Comments**

Johnson Controls Health and Safety standards require each Business Unit to track and report on their rates of injury, occupational diseases, lost days and total number of work-related fatalities. Please refer to the Health and Safety Overview document and to the Monthly Health & Safety Report document for more information.



## Disease Education Programs GRI LA8

### 5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Occupational Health and Safety / Disease Education Programs GRI LA8

Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

Serious Disease Assistance Program Recipients	Education/Training	Counseling	Prevention/Risk Control	Treatment	
Workers	Yes	Yes	Yes	Yes	
Workers' families	Yes	Yes	Yes	Yes	
Community members	Yes	Yes	Yes	Yes	<u>C4</u>
Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases: Johnson Controls employees in the lead-acid battery manufacturing process (Power Solutions) are involved in occupational activities which expose them to lead emissions. The Company has implemented and continues to implement world-class lead emission reduction and capture programs including state of the art equipment and processes. These initiatives have resulted in our employees testing at or below compliance levels and industry standards.					

#### C4

In South Africa, we have partnered with the Automotive Industry Development Centre to help identify best practices to fight against the HIV/AIDS pandemic. Most of the support is aimed at our workforce and their families, but often includes community members.

#### Supporting Documentation:

Disease Prevention Mexico - Human Factor Program	Page #:	<a href="#">View</a>
Health Campaigns - Mexico BE GRI LA8	Page #:	<a href="#">View</a>
Health campaigns Mexico - BE photos GRI LA8	Page #:	<a href="#">View</a>
Disease & Health Education - Mexico - Power Solutions	Page #:	<a href="#">View</a>
Disease & Health Education programs - South Africa	Page #:	<a href="#">View</a>
2009 H1N1 info Mexico AE	Page #:	<a href="#">View</a>
2009 LA8 South Africa health & wellness program	Page #:	<a href="#">View</a>
2009 LA8 Health Fair Mexico BE	Page #:	<a href="#">View</a>
2009 LA8 Influenza info Mexico PS	Page #:	<a href="#">View</a>
2009 LA8 Health campaign photos Mexico BE	Page #:	<a href="#">View</a>
2009 LA8 Health campaigns table Mexico BE	Page #:	<a href="#">View</a>
2009 LA8 Health_Safety SSEMA week photos _ overview AE	Page #:	<a href="#">View</a>
2009 LA8 Influenza vaccine plan PS Mexico English	Page #:	<a href="#">View</a>
2011 Wellness Day Pretoria Plant So. Afr	Page #:	<a href="#">View</a>
2011 Wellness Award ppt So. Afr plant	Page #:	<a href="#">View</a>
2011 Wellness Award HIV Aids Uitenhage plant So. Afr	Page #:	<a href="#">View</a>
2011 Employee assistance programs So. Afr.	Page #:	<a href="#">View</a>
2011 Family Environment & Health activities Latin America	Page #:	<a href="#">View</a>
2011 Wellness Awards Application So. Afr	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 37	<a href="#">View</a>

#### Additional Comments

Johnson Controls provides medical services to assist employees in countries where access to health care may be limited. For example, our medical department in Mexico provides employees and their families services unavailable at local clinics. Doctors from our facilities make "house calls" to employee family residences as needed. We also sponsor educational programs about prevention and treatment of both common and serious diseases. In South Africa, we operate a workplace program in conjunction with the Automotive Industry Development Center to help fight the HIV/AIDS pandemic. The program seeks to reduce infection rates through employee education and creating an environment of openness, disclosure and acceptance. [Excerpt from the JCI 2011 Business and Sustainability Report.]

So. Africa HIV/Aids wellness for employees:

On Friday the 27th of May and 3rd of June 2011, Vacuform 2000 and Johnson Controls in Pretoria undertook their first company wide Wellness Day

with external guest speakers and service providers being on site. In an opening ceremony management representatives encouraged all staff to participate in the wellness activities that day. Based on the HIV&AIDS Policy, management promised complete confidentiality of test results and support to those being infected with HIV. See more details about this wellness day and the results in the document named "2011 Wellness Day Pretoria Plant So. Afr." in the Supporting References.

In our UITENHAGE PLANT in So. Africa, Johnson Controls was a second time winner of the annual SABCOHA ( SA Business Coalition against HIV and Aids ) /PERCCI ( Port Elizabeth Regional Chamber of Commerce ) Wellness Award in the category Medium size company. See Supporting References.

Please see "2011 Wellness Awards application" in Supporting References for a very detailed summary of our wellness testing and education with our employees in So. Africa. This includes HIV/Aids and Tuberculosis information.

**Trade Union Health & Safety GRI LA9**

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Occupational Health and Safety / Trade Union Health & Safety GRI LA9**

Health and safety topics covered in formal agreements with trade unions.

Formal agreements (either local or global) with trade unions cover health and safety:      Yes	<u>C1</u>
If yes, the extent to which various health and safety topics are covered by local and global agreements: Certain Johnson Controls operatons, in particular in the Automotive sector, are subject to collective bargaining agreements including agreements with the United Auto Workers union (UAW). Certain health and safety topics are covered by these agreements.	<u>C2</u>

**C1**

We are unaware of any situation or location in which we have been requested or see a need to enter into a formal agreement with trade organizations representing our workers. Overall, we believe strongly in providing all employees a safe place to work no matter location or union association, etc. Johnson Controls communicates that belief through its Ethics Policy, which applies to all employees and our suppliers.

**C2**

Does not apply

## Aspect: Training and Education

### Average Hours Training GRI LA10

#### 5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Training and Education / Average Hours Training GRI LA10

Average hours of training per year per employee by employee category.

Employee category	2011	2010	2009	<u>C1</u>
Executive and Senior Mgmt	25.5	29.66	17.02	<u>C2</u>
Middle Management	19.78	20.82	22.76	
First Line Manager and Supervisor	20.57	39.61	27.51	
Non-Manager	23.61	12.56	10.27	
Other (Crafts)		3.72	4.27	<u>C6</u>
Overall Average:				

#### C1

Average training hours could fluctuate from year to year depending on specific training initiatives being offered each year.

#### C2

The number of employee training hours is based on a very conservative estimate of training that was documented and retrievable from global systems. Data included in this answer may not capture all training hours globally.

#### C6

May include skilled and non-skilled crafts, technical and sales. 2011 Other was included in Non-Managers.

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#### Supporting Documentation:

2011 PS Training Narrative.docx

Page #: [View](#)

FY11 Sustainability Summary\_ BE Leadership and retention.doc

Page #: [View](#)

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#### Additional Comments

Global Enterprise-wide Development Strategy

High performance at Johnson Controls is an outcome of a person's ability to change, adapt, and grow throughout his or her career. At Johnson Controls, the emphasis is on the value of real-life, real-time learning that enables a person to meet the demands of challenging and changing work.

The company's approach to learning focuses on reinforcing three key principles that are designed to support an individual's effectiveness in his or her current job, and in future situations. Throughout the world, Johnson Controls employees are encouraged to develop behaviors and skills of Leading Self. Behaviors required of all employees for excellent performance and to deliver our values. Leading People, behaviors to engage, motivate and develop our employees and Leading Globally, behaviors to deliver a global strategy.

Education and training provide core knowledge and skills, but the best learning comes from real-life, on-the-job experience. Seek out best practices and suggestions from people throughout the company, and find ways to apply their knowledge and experience to your situation. Find ways to learn and to achieve goals through volunteer activities, participation in community activities and professional organizations, or other off-the-job experiences. By seeking a wide range of experiences, challenges, and lessons, more opportunities are available to gain more knowledge, new perspectives, and greater leadership skills.

Attitude often is the difference between an individual who just "goes through the motions" to meet the minimum expectations at work, and an individual who thrives on the job. Individuals are more likely to thrive when they actively look for challenging job assignments, rather than waiting for opportunities to emerge. They can develop and grow within their existing positions, as well as through new assignments. But, they need to take risks, look for new challenges, and believe that tough situations are also learning opportunities.

It is an expectation at Johnson Controls that all employees take the initiative to direct their own learning. This includes seeking support that is readily

available, through tools, opportunities, and systems. Supervisors, managers, and senior leaders are expected to view the development of others as a top priority. Through real-world work, Johnson Controls offers ample challenges; candid feedback; coaching; mentors; and role models. Also available are technical training through the Johnson Controls Institutes; action learning assignments; teaming experiences; individual development planning; international work experience, and external seminars Johnson Controls Leadership Institutes operate in North America, Europe and Asia and provide technical and leadership training to employees, customers and suppliers who work for or with our products and services. Training is provided in a number of formats to accommodate the learner's style and pace, location, and technological knowledge and access. In 2011, Johnson Controls offered more than 2,500 courses through the Institutes. A program exists that allows for detailed record keeping on training hours per year by employee category. However, in some of Johnson Controls locations, this information is still a manual pull. Employee participation is listed as estimates or may not be available.

Johnson Controls Senior Executive high-potential employees are selected for the eXtreme Learning Program (XLP).

XLP uses an action learning methodology to develop leadership skills. The executives, who are selected from each of Johnson Controls business units and regions, are divided into teams and are given a topic to address that has strategic importance to the Company. Teams research the literature relevant to the topic, benchmark best-in-class companies, and develop a set of recommendations for Johnson Controls. Practical skills in finance, strategy, leadership development, talent management, executive communication skills, and global diversity and inclusion are also offered. The goal of XLP is to develop the next generation of global leaders. To that end, XLP sessions are held in each region in where there exist Johnson Controls locations. Participants each engage in approximately 500 hours of formal learning in addition to hundreds of hours in team interaction.

Johnson Controls also trains employees in environmental, safety and health practices. Automotive Experience, for example, provides environmental training at all levels based on each employee's responsibilities. Johnson Controls has created a new global training tool that describes current principles and policies on environment, health and safety management. The goal is to ensure that employees understand policies and their role in compliance.

More than 51,000 of Johnson Controls managers and salaried employees around the world are trained and required to formally certify with the Ethics Policy annually. During 2011, 100 percent of those required to complete certification did so. Employees for whom certification is not required must demonstrate they know and understand the policy as part of their job.

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Training and Education / Skills Management Program GRI LA11**

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

**Talent Management**

Johnson Controls supports the continued employability of its people. Managers throughout the company engage in comprehensive succession planning on a quarterly basis. Presently, Automotive Experience and Power Solutions target succession planning of all managers from the plant level up to the president. Building Efficiency targets quarterly succession planning from the branch level up to the president. This planning takes place throughout the world. Annually, the CEO convenes several meetings with company leadership to review the enterprise talent. In these meetings, leadership teams from all three business units and corporate officers present critical talent management issues to the CEO, review high-potential talent, discuss strategic talent moves, and gain commitment for their talent management strategy for the coming year. In addition the CEO reviews talent during monthly discussions with Corporate Leader Development. Talent Assessments and Career Development Plans are used to drive development of high-potentials by identifying individual key strengths and areas for improvement, and identifying key events and experiences needed for the development of the individual.

The key strategic issues for our Talent Management Strategy are:

**Leadership:**

-Sufficient leadership bench with the skills, competencies and behaviors to drive organizational growth

**Diverse Global Talent:**

-Build diverse global talent Engaged Employees:

-Clarify goals and drive accountability

-Drive culture changes to increase employee engagement

-Address changing demographics of the workforce

**Development Strategy**

High performance at Johnson Controls is an outcome of a person's ability to change, adapt, and grow throughout his or her career. At Johnson Controls, the emphasis is on the value of real-life, real-time learning that enables a person to meet the demands of challenging and changing work. The company's approach to learning focuses on reinforcing three key principles that are designed to support an individual's effectiveness in his or her current job, and in future situations. Throughout the world, Johnson Controls employees are encouraged to develop by doing, take charge of their learning and growth, and seek support along the way.

**Learning and Education**

Johnson Controls executes the Development Strategy by ensuring that managers and employees are equipped with the tools necessary to continue to learn, grow and develop throughout their careers. Johnson Controls Leadership Institutes operate in North America, Europe and Asia and provide technical and leadership training to employees, customers and suppliers who work for or with our products and services. Training is provided in a number of formats to accommodate the learner's style and pace, location, and technological knowledge and access. Johnson Controls has offered more than 3,000 courses through the Institutes. This represents nearly 40,000 individual student enrollments in Institute course offerings, of which 36,000 were employees.

In 2011, Johnson Controls continued to deploy globally the learning management system for all business units and regions. The learning management system operates as the company's single source for growth and development needs, enabling employees and leaders to take responsibility for becoming highly skilled and more effective. The system allows employees to access the learning catalog and register for classes, launch Web-based training and track learning history. The learning management system is able to provide detailed metrics on company-wide training hours, provide a platform to deliver compliance and regulatory training, and will eventually be integrated with other talent management applications to track skills and competencies of employees. The tool provides managers with access to opportunities to develop the skills they need to be more effective leaders, and provides employees with low-cost, scalable learning opportunities to help develop the expertise they need to do their job.

**Performance Management**

Johnson Controls has a standardized performance management process which includes an annual development plan for all non-production employees globally. This standardization enables improved strategic talent review workflow, career development planning, employee talent profile as well as improved reporting and analysis. Johnson Controls also maintains internal web portal sites dedicated to HR managers, employees and professionals for desktop access to critical HR data that has been translated for global use.

Technical enhancements were made to the performance management system in 2009 and the system was deployed globally to an increased population. Standardized performance management drives consistent processes across the organization and enables Johnson Controls to focus on its strategic Human Resources priorities: engaged employees, flexible global architecture, developed leaders, and diverse global talent. A standard global process and tool allows company goals to be communicated and aligned with business unit and regional goals, positioning Johnson Controls to achieve their goals.

Important key milestones continually met by the global Goals and Performance Appraisal System:

- Available in local language interfaces to support defined language needs (28 languages)
- Global, business unit operational support

- All employees measure progress on behaviors from the Leader Expectations Model \*

\* The Johnson Controls Leader Expectations Model contains behaviors that are valued and expected of high performing employees to support our Vision, values and 10-year marker objectives. The selection of these behaviors were implemented in 2008. These behaviors were added as a component of the performance evaluation. During the goal setting discussion, the employee and supervisor review the behaviors and discuss opportunities for the employee to effectively demonstrate the behaviors on the job. Throughout the performance cycle, the employee and supervisor discuss progress.

#### Targeted Development Programs

Johnson Controls continues to proactively invest in building a strong leadership pipeline for the future. Each year, 40 of the company's high potential leaders are selected to participate in our eXtreme Learning Program (XLP). The XLP program is designed to meet one of our strategic objectives of "Develop the Next Generation of Global Leaders" for our corporation. Teams are assembled to address an area of strategic focus for the company. Throughout the action-learning program, participants build new, professional relationships, confront global business challenges, and provide an actionable recommendation to the executive leadership team. Teams meet and work in a highly focused manner during an eight-month period. During that time, team members have access to individual coaching, assessment and feedback, practical learning, courses, coaching, and more. They visit the Johnson Controls facilities globally, conduct benchmarking studies, do independent research, and interview external business and industry experts. In addition, they have significant opportunities to interact with senior officers and executives of Johnson Controls. A crucial element of the XLP program is that participants experience diversity and cultural immersion. Program participants are diverse, and they have been successful in furthering their careers at the company, developing as future leaders and, in the process, contributing to business success. Since the launch of XLP in 2004, more than 290 global leaders have participated, and many have assumed broader leadership roles at Johnson Controls. Overall, this effort is giving our future leaders a broader look and inviting their input on the future of the company.

Launched in 2007, the Johnson Controls Leadership Edge (JCLE) program is another key action learning program that supports talent development for mid-level, high-potential employees globally. Originally JCLE was established in three regions, China, Europe and Mexico. In 2010 the JCLE program was expanded to North America. Each year, four teams of 6 - 10 employees in the four regions are nominated by their managers to participate in the six month program. Each team is given a topic or special project to research i.e. social responsibility in Latin America, improving cross-functional team work across a region, or environmental sustainability practices, etc. The teams work together and research information for their project both inside JCI and with external companies to find best practices. The teams compile a formal report and present their findings to leadership in their region. The information from the teams is then utilized within the business and recommendations for changes are considered by business units as well as corporate leadership. Learning sessions cover a wide range of topics, including the company goals and strategy; business unit operations, finance-based decision making, inter-cultural effectiveness, leadership, ethics, and effective presentation skills. The program also offers a formal process to have individuals build internal relationships with both their counterparts and leaders in different countries within their region. This becomes a very helpful way for the mid-level leaders to get exposure to executive leadership within the company. Since its inception more than 800 employees have participated. The JCLE program is highly useful as a means to identify and develop mid-level talent; create a talent pipeline of high-potential leaders; retain talent; enable current and future leaders to develop strong, cross-business relationships; and give high-potential leaders broadened visibility, a wider perspective on our business, and access to influential sponsors and mentors.

#### Employability

##### Continued Employability through Internal Posting System -

Johnson Controls has an internal posting system in place throughout the United States, Canada and Europe. This system allows current employees the opportunity to search, review and apply for jobs through a centrally managed web site. Plans for South America and Asia are being formalized.

##### Continued External Employability

The competitive nature of the business requires Johnson Controls to occasionally restructure in order to compete and survive in a rapidly changing, cost-driven customer environment. In alignment with company values, when workforce reductions occur, they are carried out with utmost respect for the individuals concerned.

Measures frequently taken in connection with redundancies include identification of alternative internal employment opportunities and provision for outplacement transition services. Johnson Controls ensures compliance with company plan benefit guidelines and local government regulations.

The company's volunteer programs (Executive Involvement & Steering Program, Community Involvement Program and Blue Sky Involve) offer employees the opportunity to enhance their leadership development skills by volunteering their time and expertise for local non-profit organizations, taking on board roles for associations and non-profits, and managing projects with a team of volunteers. These type of skills are beneficial for the workplace and contribute to a lifelong learning outside of the office environment.

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#### Supporting Documentation:

Global Learning and Development.docx	Page #: <a href="#">View</a>
Blue Sky Involve Fact Sheet	Page #: <a href="#">View</a>
2011 Community Relations activities	Page #: <a href="#">View</a>
JCI Vision and Values Web Link	Page #: <a href="#">View</a>

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Training and Education / Formal Review GRI LA12**

Percentage of employees receiving regular performance and career development reviews.

	2011	2010	2009	CI
Percentage of total employees who received a formal performance appraisal and review	80%	78%	83%	

**CI**

FY 2011 metrics are based on the salaried employee population and salaried reviews in North America, Europe, South America, South Africa, and a portion of Asia including all of our business units.

**Supporting Documentation:**

LEM Behavior Model Page #: [View](#)

**Additional Comments**

The Performance Management System was upgraded and deployed globally in 2008 to drive consistent processes across the global organization and to enable Johnson Controls to focus on its strategic Human Resources priorities: engaged employees, flexible global architecture, developed leaders, and diverse global talent. As a result of this implementation, Johnson Controls is better equipped to achieve the expected results of improved attraction and retention of the best leaders, identify talent, succession planning and the fostering of global thinking as employees develop through experience.

Since the start of FY 2009, salaried employees are using an electronic Goals and Performance Appraisal System. The system was enabled in 28 languages to meet the multilingual needs of our diverse workforce. The online system is used for:

1. Setting performance and development goals;
2. Aligning individual performance goals to organizational goals;
3. Pushing a set of behavioral expectations to participating employees;
4. Tracking progress on performance goals;
5. Completing performance appraisals, behavior assessment, and development planning.
6. Capturing a final performance rating and on-time metrics.

Important milestones met by the global deployment of the Goals and Performance Appraisal System (GPAS):

- Implemented a global, single enterprise-wide performance management solution to all salaried employees
- Deploy local language interfaces to support defined language needs (28 languages)
- Global, business unit operational support
- Created global business process and implemented performance management process improvements
- All employees measure progress on five behaviors from the Leader Expectations Model \*



**Aspect: Diversity and Equal Opportunity**

**Diversity Indicators GRI LA13**

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Diversity and Equal Opportunity / Diversity Indicators GRI LA13**

Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

	Male		Female		Minority groups		Age groups			
	Number	%	Number	%	Number	%	% <30 yrs old	% 30-50 yrs old	% >50 yrs old	
Governance body (e.g., board) members	10	91%	1	9%	2	18%			100	
	Male		Female		Minority Groups		Age groups			
Employees by job category (per company breakout)	Global number	% in home country	Global number	% in home country	Global number	% in home country	Global %	% <30 yrs old	% 30-50 yrs old	% >50 yrs old
Total (sum of all must match LA1)	113,733	70%	48,267	30%	12,651	29%				<u>C7</u>
Managers	18,252	82%	3,885	18%	1,103	16%	4%	55%	41%	

**C7**  
The Global % under Minority Groups represents the percent of minorities in the home country (U.S.), because the definition of "minority" is unclear outside the US.

**Supporting Documentation:**

- Diversity - Women's Resource Network Mission Page #: [View](#)
- Diversity - African American Female VP Promotion featured in... Page #: [View](#)
- Diversity - Photo Gallery - Minority Affinity Networks Page #: [View](#)
- Diversity - Photo Gallery - Women's Affinity Networks Page #: [View](#)
- EEO Policy.pdf Page #: [View](#)
- Supplier Diversity Fact Sheet Page #: [View](#)

Diversity - Targets/Goals - HR Strategic Metrics	Page #: <a href="#">View</a>
Diversity - Tracking Template	Page #: <a href="#">View</a>
Diversity - EOT Diversity Metrics	Page #: <a href="#">View</a>
Diversity - Affinity Networks at Johnson Controls Brochure	Page #: <a href="#">View</a>
Diversity - Affinity Network Summit Summary	Page #: <a href="#">View</a>
Diversity - African American Affinity Network Mission	Page #: <a href="#">View</a>
Diversity - Awards	Page #: <a href="#">View</a>
Diversity - Workforce Diversity overview - JCI web page	Page #: <a href="#">View</a>
Johnson Controls Receives National Diversity Leadership Awar...	Page #: <a href="#">View</a>
Diversity - Johnson Controls Diversity Recruiting Partnershi...	Page #: <a href="#">View</a>
Diversity - Diversity Partners - JCI Web Page	Page #: <a href="#">View</a>

#### Additional Comments

Our EEO Policy is reviewed and re-authorized on an annual basis.

#### WORKFORCE DIVERSITY

We follow established processes to achieve diversity goals around the world and to build a culture receptive to diverse ideas, experiences and practices. We offer workshops, websites, and communications to help employees embrace and realize the benefits of workforce diversity. Our people also benefit from opportunities to work outside of their home countries.

Our employees help create an inclusive workforce through initiatives like Employee Affinity Groups. These are employee led, volunteer groups open to all employees with the goal to improve attraction, retention, inclusion, and engagement of a diverse and global workforce. Employee Affinity Groups at Johnson Controls include the Women's Resource Network (WRN), African American Affinity Network (AAAN), Hispanic Affinity Network (HAN), Asia Pacific Affinity Group (APAN), and Young Professionals (SYNERGY) in the United States. All networks are organized by employees and funded by the company. Network leaders are also invited to participate in an annual Affinity Network Leaders Summit to meet with company leadership, acquire leadership skills, and share best practices. All networks go through a chartering process and must develop programming and initiatives in three areas: Impacting the Business, Employee Development, and Community Relations.

Efforts globally include the establishment of several Diversity Councils across Europe, Africa, and Latin America. These teams of diversity champions work actively to improve employee awareness of the advantages of diversity and inclusion, and encourage acceptance for all employees. Example initiatives include distribution of diversity and inclusion newsletters to all employees, development of a diversity and inclusion brochure and training for shop floor employees, and roundtable discussions with country leaders.

Johnson Controls provides equal opportunities regardless of gender, race, age, ethnicity, sexual orientation, disability or religion. We believe respect for the dignity, rights and ambitions of all people is a cornerstone of business excellence. We treat all employees equitably regardless of local economic conditions, traditions and cultures. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement.

Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, the Corporate Vice President of Human Resources monitors implementation and compliance to these policies.

Employees, temporary employees, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant/facility manager, or local human resources manager. Johnson Controls wants to know of any harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

We seek to create an environment that removes barriers and promotes inclusion, fosters effective recruitment, development, motivation and retention so that each is able to maximize his or her contribution to meeting business objectives. To ensure our processes are working properly and that employees, understand our policies and guiding principles around treatment, respectability and integrity, we systematically provide training, gather feedback and take action to improve our work environment. Through our Ethics Helpline monitoring system, we capture all information, investigate, audit and implement improvement actions accordingly.

As a result of the recommendations of a Global Diversity Team, the company has a Diversity and Public Affairs Department which is led by the Executive Vice President of Diversity and Public Affairs, reporting directly to the Chairman and CEO of the company. Reporting to the vice president is an executive director of Workforce Diversity, with global responsibilities across all three divisions.

The mission of workforce diversity at Johnson Controls is to create, develop, and fully leverage the strengths of a diverse workforce in order to meet our growth commitments. Strategies in support of this mission fall into four categories: 1) Hire, promote, and retain diverse talent, 2) Incorporate diversity and inclusion in all people processes, 3) Create a culture of inclusion and engagement and 4) Strengthen personal relationships to foster access and visibility for everyone. The office of Workforce Diversity partners closely with Human Resource and Business leaders across all divisions to meet our diversity and inclusion objectives.

**Female to Male Salary Ratio GRI LA14**

**5. Management Approach and Performance Indicators / Labor Practices and Decent Work / Labor Practices and Decent Work Performance Indicators / Aspect: Diversity and Equal Opportunity / Female to Male Salary Ratio GRI LA14**

Ratio of basic salary of women to men by employee category.

	2011		2010		2009		
Ratio (1:1) of basic salary of males to females by employee category (according to company category)	Home Country	Worldwide	Home Country	Worldwide	Home Country	Worldwide	<u>C2</u>
Total	.79	.865	.803	.863	.78	.90	<u>C3</u>

**C2**

Data available for U.S. only.

**C3**

Worldwide ratio includes average of ratios for the following countries: U.S, Canada, Mexico, China, Singapore, Germany, Czech Republic, and Slovakia

**Additional Comments**

From 2011

- U.S Ratio - 74.3%
- Canada Ratio- 84.7%
- Mexico Ratio - 90.2%
- Czech Rep - 70.4%
- Slovaia - 82.8%
- Germany - 74.3%
- Singapore - 109.5%
- China - 100.3%

From 2010

- U.S Ratio - 80.3%
- Canada Ratio- 80.3%
- Mexico Ratio - 102.2%
- Czech Rep - 69.8%
- Slovaia - 80.8%
- Germany - 76.2%
- Singapore - 118.6%
- China - 82.7%

From 2009

- U.S Ratio - .78
- Canada Ratio- .85
- Mexico Ratio - .93
- Czech Rep - 1.18
- Slovaia - .68
- Germany - .79
- Singapore - 1.06
- China - .95

We value and respect the diversity of our employees, officers, directors, suppliers, customers, and communities. We work to eliminate discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity or religious beliefs. Our company is committed to providing equal opportunity in all of our employment and purchasing practices. This

applies to hiring, salary, benefits, advancement, discipline, termination, and retirement. Only in valuing diversity and committing to equal opportunity practices will we be able to fully utilize the human and business resources available to us in our pursuit of customer satisfaction. At the same time, we believe that by valuing diversity we enable all to fully realize their potential.

**WORKFORCE DIVERSITY** - We follow formal processes to achieve diversity goals around the world and to build a culture receptive to diverse ideas, experiences and practices. We offer workshops to help employees embrace and realize the benefits of workforce diversity. Our people also benefit from opportunities to work outside of their home countries. Our employees help create an inclusive workforce through initiatives like the African American Affinity Network (AAAN) and the Women's Resource Networks (WRN) in the United States. Both networks are organized by employees and chartered and funded by the company. The mission of the AAAN is to improve the recruitment, retention and employee development of African American employees within Johnson Controls. The group sponsors summer student robotics workshops, professional development seminars, cultural awareness events, community projects, and new hire welcome receptions. The WRN works to foster professional development and mentoring for women, cross functional networking, relationship building, non-traditional leadership and advancement of women's issues. Efforts globally include the establishment of a Diversity Council across Europe, Africa, and Latin America. This team of diversity champions work actively to improve employee awareness of the advantages of diversity and inclusion, and encourage acceptance for all employees. They recently developed a diversity and inclusion brochure and training at the request of shop floor employees.

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# Human Rights

## Human Rights: Disclosure on Management Approach

### Human Rights Disclosure on Management Approach GRI HR

#### **5. Management Approach and Performance Indicators / Human Rights / Human Rights: Disclosure on Management Approach / Human Rights Disclosure on Management Approach GRI HR**

##### DISCLOSURE ON MANAGEMENT APPROACH -

Concise disclosure on the following Management Approach items with reference to the Human Rights Aspects listed below. The ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy (in particular the eight core conventions of the ILO which consist of Conventions 100, 111, 87, 98, 138, 182, 20 and 1059), and the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises should be the primary reference points.

- Investment and Procurement Practices;
- Non-discrimination;
- Freedom of Association and Collective Bargaining;
- Abolition of Child Labor;
- Prevention of Forced and Compulsory Labor;
- Complaints and Grievance Practices;
- Security Practices; and
- Indigenous Rights.

Our Human Rights & Sustainability Policy and our Ethics Policy define our overall management approach as relates to human rights, anticorruption, environmental, governance, social and related matters. Our Human Rights Policy specifically states that we fully support the United Nations Global Compact's Ten Principles which are based on The Universal Declaration of Human Rights, The International Labor Organization's Declaration on Fundamental Principles and Rights at Work, The Rio Declaration on Environment and Development and The United Nations Convention Against Corruption. In addition, Johnson Controls supports the United Nations Framework on Business and Human Rights.

LEADERSHIP IN HUMAN RIGHTS REPORTING - Johnson Controls publicly and fully reports to the UN Global Compact's Communication on Progress. Companies reporting in this manner are recognized as leaders in sustainability reporting that includes Human Rights. We also report in accordance with the Global Reporting Initiative and post those reports on our public web site.

##### COMPLAINTS AND GRIEVANCE PRACTICES -

A 24-hour Integrity Helpline is available to anyone who suspects unethical behavior at the company. The hotline, available 24 hours a day in all major languages, is operated by an independent third-party vendor and allows callers to report matters anonymously. Calls are tracked for content and monitored for indication of higher incidents of volume. If a particular region or business unit is trending in a problematic direction, the company schedules special training classes for that particular region or business unit. Additionally, the content of the calls helps to drive the selection of topics for the annual ethics training modules.

Through the 24-hour Integrity Helpline, we identify concerns through callers, the purpose of the call, origin (i.e. phone or e-mail, country, business group). The information is categorized by incidents (i.e. harassment, fraud, discrimination). These incidents are assigned to the appropriate Group General Counsel to ensure a fact-finding and an appropriate resolution is implemented. A follow-up occurs to review the assessment, and execute proposed resolution. Our General Counsel also analyzes the incidents for trends and implements improvement actions as appropriate. Analysis of the incidents provides input into the selection of the annual training modules in which employees participate. Additionally, Johnson Controls, Inc. compares its results against worldwide organizations that comprise The Network. This report is reviewed with the General Counsel, our board of directors, HR professionals and ENY, our external auditors.

The 24-hour Integrity Helpline, is not the only channel that management relies on for reporting of incidents by employees, rather it is one of only several communication vehicles that employees can use to report discrimination incidents. Most often, employees discuss such issues directly with their supervisor. This reflects the fact that most issues that come up every day are being handled at the local plant or office level, with local managers and supervisors. We consider the Ethics Hotline a "last resort" channel for employees as we know that most discrimination issues are dealt with between the employee and supervisor.

Specifics for each topic noted above are discussed below:

## EMPLOYMENT:

For Johnson Controls to succeed as a company, our employees must also succeed, as contributors to our company's mission and objectives and as individuals and citizens. Therefore, in addition to protecting their health and safety, we are committed to the development of their unique skills and capabilities and the establishment of supportive communities.

We believe that new experiences on the job and involvement in work teams or special projects are valuable development opportunities. As part of our commitment to employee development, we offer training in technical and interpersonal skills and educational programs, and we work with government and community organizations on programs for workers from disadvantaged backgrounds. The tools, training and support, together with the compensation and benefits provided by Johnson Controls, raise the social and economic opportunities for many employees.

## LABOR:

**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING** - We respect voluntary freedom of association, including the right to organize and bargain collectively in a manner that is legally compliant. Workers' representatives are not subject to discrimination and have access to workplaces necessary to carry out their respective functions. Except in extraordinary circumstances, our employees work no more than the limits established by law. Employees receive at least the minimum wage required by law or the prevailing industry wage, whichever is higher. Employees are provided benefits and overtime compensation compliant with applicable laws. When no such laws exist, then our employees are paid at a rate at least equal to their regular hourly compensation rate. Employees receive full details regarding deductions for taxes, benefits, etc. Wages are not deducted for disciplinary purposes and are paid in cash, check form or by direct deposit. Overall, the compensation and benefits provided by Johnson Controls are designed to enable our employees to meet their basic needs, and provide the opportunity to improve their skills and capabilities for raising their social and economic opportunities.

Through our Human Rights & Sustainability Policy and Ethics Policy, Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, the Corporate Vice President of Human Resources monitors implementation and compliance to these policies. Employees, temporary employees, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant/facility manager, or local human resources manager. Johnson Controls wants to know of any harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

Workers' representatives are not subject to discrimination and have access to workplaces necessary to carry out their respective functions.

We seek to create an environment that removes barriers and promotes inclusion, fosters effective recruitment, development, motivation and retention so that each is able to maximize his or her contribution to meeting business objectives. To ensure our processes are working properly and that employees, customers and shareholders understand our policies and guiding principles around treatment, respectability and integrity, we systematically gather feedback and take action to improve our work environment. We track, analyze and communicate performance outcomes quarterly.

**ABOLITION OF CHILD LABOR** - Our policies address child labor and is consistent with the UN Global Compact and ILO Convention 138. Potential employees are required to show valid identification and proof of age before they are hired. To the best of our knowledge there is no child labor within our company.

**PREVENTION OF FORCED AND COMPULSORY LABOR** - These types of practices are forbidden within Johnson Controls per our policies. Human Resources personnel ensure that slave labor or labor from penal institutions are not used, no matter the host country.

**NON-DISCRIMINATION** - We are committed to providing a workplace that is free of harassment or any other behavior that diminishes a person's integrity and self esteem. Neither physical nor mental harassment nor abuse will be tolerated.

Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, the Corporate Vice President of Human Resources monitors implementation and compliance to these policies. Employees, temporary employees, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant/facility manager, or local human resources manager. Johnson Controls wants to know of any harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

We seek to create an environment that removes barriers and promotes inclusion, fosters effective recruitment, development, motivation and retention so that each is able to maximize his or her contribution to meeting business objectives. To ensure our processes are working properly and that employees, customers and shareholders understand our policies and guiding principles around treatment, respectability and integrity, we systematically gather feedback and take action to improve our work environment. We track, analyze and communicate performance outcomes quarterly. Through our Integrity Helpline (ethics hotline) monitoring system, we capture all information, investigate, audit and implement improvement actions accordingly.

In addition, Johnson Controls has sponsored conferences, including the National Association for the Advancement of Colored People, and has received numerous awards for its work in promoting non-discrimination and diversity.

**INDIGENOUS RIGHTS** - Through our Ethics Policy we mandate the following within our operations: Johnson Controls respects local customs, laws and practices affecting work schedules and places of work. Employees from diverse cultures and dozens of countries find success at Johnson Controls. The company takes account of local culture in its decision-making processes but does not condone cultural patterns that denigrate people on the basis of gender, class, racial/ethnic origin, culture, ethnicity, religion, sexual orientation, caste, tribe or disability.

## OCCUPATIONAL HEALTH & SAFETY:

The Johnson Controls safety program is designed so that all employees are provided a safe environment to work. Our program is based on a systems management approach that ensures continuous improvement. The way we operate and measure performance globally is consistent with widely accepted standards and practices that meet or exceed the ILO Guidelines for Occupational Health Management Systems. Our goal is to achieve and maintain world class safety performance. Some of the key practices and challenges we face in achieving that goal are:

1. Use of standard U.S. OSHA definitions to measure injury and illness rates globally. We believe using injury and illness rates based on consistent definitions are the most objective measure of success, and reducing them is how a safety program provides value to employees and shareholders.
2. Use of widely acceptable standards for the most critical safety processes, such as control of hazardous energy and working with hazardous substances. Such standards apply to all of our locations worldwide regardless of local regulatory requirements. These standards are applied through our corporate BOS document.
3. Use of established management system techniques to assure that injury rate reductions are real and sustainable. We distribute a Monthly Safety Report to all management, in which rates are pulled from our CNESS system. The report helps facilities understand how they are doing. Also, every plant listed in the report is required to develop a formal action plan for improving safety and health. The plan identifies specific goals (i.e., improvements in injury and lost-time case rates), timetables and responsible persons. The planning process is defined in a companywide safety management system document. This helps all facilities clearly define targets consistent with company expectations, ultimately driving continuous improvement. Included in the management system is a requirement for all facilities to follow standard safety (and environmental) management system practices as defined in our corporate processes, which are based on the Occupational Safety and Health Assessment Series 18001, an internationally recognized standard.
4. Verifying the accuracy of self-reported safety and health data. We use third-party auditors to verify data and the overall safety program. The audit matches the requirements in the safety and health standard so that compliance with the standard is required to pass the audit. A location that fails to pass the audit cannot earn a safety award. Any issues uncovered during an audit must be tracked and corrected by the locations in a timely manner. Audit data is used as a basis to create safety improvement action plans.
5. Johnson Controls has entered into a five-year licensing agreement with Electrolab for use and duplication rights to SAFESTART™, an advanced safety awareness training program. This program is applicable to all Johnson Controls work environments because it teaches individuals to recognize and correct unintentional errors that can lead to injury, whether at work, home or on the road.

## TRAINING AND EDUCATION:

For Johnson Controls to succeed as a company, our employees must also succeed, as contributors to our company's mission and objectives and as individuals and citizens. Therefore, in addition to protecting their health and safety, we are committed to the development of their unique skills and capabilities and the establishment of supportive communities.

We believe that new experiences on the job and involvement in work teams or special projects are valuable development opportunities. As part of our commitment to employee development, we offer training in technical and interpersonal skills and educational programs, and we work with government and community organizations on programs for workers from disadvantaged backgrounds. The tools, training and support, together with the compensation and benefits provided by Johnson Controls, raise the social and economic opportunities for many employees.

As Johnson Controls continues to grow, we believe that attracting, developing, motivating and retaining leaders are key elements of our sustainable and profitable growth. As our business has become more global, we must develop leaders from every part of the world. We understand that like customers, our employees and potential employees have choices of where to work, and we must compete for the best talent. We invest significantly in being an employer of choice, and have developed a system to promote our people's career and personal development while seeking their engagement in our vision, values and objectives. We ensure that our work environments promote excellent performance, teamwork, inclusion, leadership, safety and growth. We encourage community involvement and volunteerism with leadership and environmentally related causes. Employees in North America were given the opportunity to improve their understanding of how they can impact sustainability in their own lives, by participating in our Sustainable Energy Education and Communications (SEEC) program. SEEC is a 10- module series of online lessons that teaches employees to create environment and social benefits at work and at home. It provides information on how saving energy and water, keeping indoor air clean and other sustainable strategies can save money, reduce emissions and help them stay healthy.

Johnson Controls sponsors a variety of formal programs to recognize, reward and motivate employees:

- **Extreme Learning Program:** Each year a select group of high-potential leaders are challenged with solving real-world business problems while building new relationships and experiencing global business issues. The XLP program is designed to meet one of our strategic objectives of "Develop the Next Generation of Global Leaders" for our corporation. Teams are assembled to address key business issues, including sustainability, safety, supply chain, global governance, and best practice sharing. The group solves real-world problems, builds new, professional relationships, and confronts global business challenges. Teams mobilize, meet and work in a highly focused manner during an eight-month period. Since the launch of XLP in 2004, more than 290 leaders have participated, and many have assumed broader leadership roles at Johnson Controls.
- **Leadership Edge Program:** Johnson Controls Leadership Edge (JCLE) program is another key action learning program that supports talent development for mid-level, high-potential employees. JCLE is modeled after the highly successful XLP program noted above. This program annually engages 100 mid-level managers from China, Europe and Mexico in a comprehensive active learning program.
- **Finance Leadership Development Program (FLDP)** – The program identifies and recruits new financial talent and rapidly develops this talent through a series of rotational assignments. We seek high potential individuals capable of rapidly advancing to leadership roles.

**SECURITY PRACTICES** - We employ security personnel either directly or through vendors, and their responsibility is primarily physical security. All such personnel are sufficiently qualified and are trained in our Ethics Policy. No human rights violations or complaints have ever been observed or reported by these personnel.

## DIVERSITY AND EQUAL OPPORTUNITY:

We value and respect the diversity of our employees, officers, directors, suppliers, customers, and communities. We work to eliminate

discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity or religious beliefs. Our company is committed to providing equal opportunity in all of our employment and purchasing practices. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement. Only in valuing diversity and committing to equal opportunity practices will we be able to fully utilize the human and business resources available to us in our pursuit of customer satisfaction. At the same time, we believe that by valuing diversity we enable all to fully realize their potential.

**WORKFORCE DIVERSITY** - We follow formal processes to achieve diversity goals around the world and to build a culture receptive to diverse ideas, experiences and practices. We offer workshops to help employees embrace and realize the benefits of workforce diversity. Our people also benefit from opportunities to work outside of their home countries. Our employees help create an inclusive workforce through initiatives like the African American Affinity Network (AAAN), Hispanic Affinity Network (HAN), Asian/Pacific Affinity Network (APAN), Young Professionals network (Synergy) and the Women's Resource Networks (WRN) in the United States. Some of these affinity networks are also established in other countries like Germany, Argentina, Korea and Japan. All networks are organized by employees and chartered and funded by the company. The mission of the AAAN is to improve the recruitment, retention and employee development of African American employees within Johnson Controls. The group sponsors summer student robotics workshops, professional development seminars, cultural awareness events, community projects, and new hire welcome receptions. The WRN works to foster professional development and mentoring for women, cross functional networking, relationship building, non-traditional leadership and advancement of women's issues. Efforts globally include the establishment of a Diversity Council across Europe, Africa, and Latin America. This team of diversity champions work actively to improve employee awareness of the advantages of diversity and inclusion, and encourage acceptance for all employees. They recently developed a diversity and inclusion brochure and training at the request of shop floor employees.

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The mission of workforce diversity at Johnson Controls is to create, develop, and fully leverage the strengths of a diverse workforce in order to meet our growth commitments. Strategies in support of this mission fall into four categories: 1) Hire, promote, and retain diverse talent, 2) Incorporate diversity and inclusion in all people processes, 3) Create a culture of inclusion and engagement and 4) Strengthen personal relationships to foster access and visibility for everyone. The office of Workforce Diversity partners closely with Human Resource and Business leaders across all divisions to meet our diversity and inclusion objectives.

#### **SUPPLIER DIVERSITY (Diversity Business Development) -**

Diversity business development is the set of commercial and purchasing processes that incorporate diverse-owned businesses as elements of our product and services offerings. It is a strategic business imperative that supports our mission to exceed customers' increasing expectations. As such, goal attainment and progress is reviewed and communicated throughout the organization on a monthly basis. We understand that diversity business development is a team effort and requires the support of each Johnson Controls office, facility and account.

Our diversity business initiative is directed by senior management and is integrated into our corporate strategy. Johnson Controls and its customers define diverse suppliers as companies that are certified as owned by minorities or women, and those designated by government agencies as small or disadvantaged businesses. We do business with more than 400 diverse suppliers and contractors, representing more than 50 product and service categories.

Since 2003 Johnson Controls has been a member of the elite Billion Dollar Roundtable (BDR), an organization comprised of only 18 U.S. corporations that spend more than \$1 billion annually with minority- and women-owned businesses. The BDR's mission is to drive supplier diversity excellence through best practice sharing and thought leadership. Additionally, Johnson Controls has received recognition from many prestigious organizations including the:

- National Minority Supplier Development Council (NMSDC) 2008 and 2003 National Corporation of the Year (Only company to win this award



twice)

- Tennessee Minority Supplier Development Council (TMSDC) Corporation of the Year Award
- Michigan Minority Supplier Development Council
- Central & South Texas Minority Business Council Corporation of the Year Award

The latest listing of our awards can be found in GRI 2.10.

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**Supporting Documentation:**

ICCR Applauds AIAG - Human Rights	Page #: <a href="#">View</a>
OEDC Guidelines for Multinational Enterprises	Page #: <a href="#">View</a>
Johnson Controls support Abused women & children shelter	Page #: <a href="#">View</a>
2008 Chess Overview	Page #: <a href="#">View</a>
Supplier Diversity Fact Sheet	Page #: <a href="#">View</a>
Diversity - Awards	Page #: <a href="#">View</a>
UN Global Compact	Page #: <a href="#">View</a>
Johnson Controls help Global Compact	Page #: <a href="#">View</a>
Johnson Controls Workforce Diversity and Inclusion- web link	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #: <a href="#">View</a>
Billion Dollar Roundtable	Page #: <a href="#">View</a>

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**Additional Comments**

The following statement from Steve Roell, Chairman and CEO of Johnson Controls perhaps best summarizes our commitment to diversity and human rights, "We are committed to being leaders in diversity. Nothing else will be as effective in separating us from our competition, allowing us to be successful as a multi-national, global organization that meets the needs of a diverse global marketplace."

# Human Rights Performance Indicators

## Aspect: Investment and Procurement Practices

### Agreements w/ Human Rights Clauses GRI HR1

#### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Investment and Procurement Practices / Agreements w/ Human Rights Clauses GRI HR1

Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

	2011		2010		2009		<u>C1</u>
	Number	Percentage	Number	Percentage	Number	Percentage	<u>C2</u>
Significant investment agreements that include human rights clauses or that underwent human rights screening	>3000	100	>3000	100	>3000	100	<u>C3</u>

#### C1

We work with more than 100,000 direct and indirect suppliers throughout the world and expect them to conduct their operations in a socially and environmentally sustainable manner. All suppliers must comply with applicable laws and regulations, as well as our social and environmental standards. We use a variety of tools to assess suppliers including background checks, self-assessment surveys, site visits and audits.

#### C2

Total number of contracts in place at any year is considered company sensitive information.

#### C3

see Additional Comments below. The 100% pertains to all new contracts with direct suppliers, who must abide by our Ethics Policy as well as the Suppliers Standard Manual (contract) and our Social and Environmental Performance of Suppliers Standard that specifies our environmental and social expectations.

#### Supporting Documentation:

Social and Envir. Performance of Suppliers Standard	Page #:	<a href="#">View</a>
Suppliers Standard Manual	Page #:	<a href="#">View</a>
Supplier Sustainability Rating survey - Johnson Controls	Page #:	<a href="#">View</a>
Johnson Controls help Global Compact	Page #:	<a href="#">View</a>
Global Purchasing requirements - JCI supplier portal	Page #:	<a href="#">View</a>
Ethics Policy - Jan 2011	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 32-33, 37, 42-43	<a href="#">View</a>

#### Additional Comments

Our Ethics Policy addresses environmental, governance, human rights and other matters continues to apply to our suppliers. In 2006, a Corporate Standard titled "Social and Environment Performance of Suppliers" was developed to clarify the Ethics Policy and was included in all supplier contracts within the Suppliers Standard Manual.

Suppliers are requested to answer questions asked in our Supplier Survey Rating System to determine how each is performing per our expectation.

Questions address an array of categories ranging from quality, timeliness and sustainability. The latter asks about human rights, workplace diversity, environmental compliance, employee safety, ISO 14001 compliance and energy management. The full questionnaire can be found at:

<http://www.johnsoncontrol..>

Resulting data is used to access suppliers. Suppliers achieving the highest scores are recognized at our annual awards ceremony which involves our CEO and many other senior executives. Suppliers achieving scores below our expectations are encouraged to improve.

**5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Investment and Procurement Practices / Supplier Screening GRI HR2**

Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

	2011	2010	2009	<u>C1</u>
Percentage of contracts with significant suppliers and contractors that included criteria or screening on human rights	100	100	100	<u>C2</u>
Percentage of contracts with significant suppliers and contractors that were either declined or imposed performance conditions, or were subject to other actions as a result of human rights screening	see C3	see C3	see C3	<u>C3</u>

**C1**

We work with hundreds direct and indirect suppliers throughout the world and expect them to conduct their operations in a socially and environmentally sustainable manner. All suppliers must comply with applicable laws and regulations, as well as our social and environmental standards. We use a variety of tools to assess suppliers including background checks, self-assessment surveys, site visits and audits.

**C2**

The 100% pertains to all new contracts with direct suppliers, who must abide by our Ethics Policy as well as the Suppliers Standard Manual (contract) and Social and Environmental Performance of Suppliers Standard that specifies our environmental and social expectations.

**C3**

We have stopped doing business with certain suppliers because of human rights or ethics violations. We classify suppliers “Do Not Use/ Do Not Pay” (DNU/DNP) if there have been integrity/fraud/ethics issues. In some cases as part of our due diligence process we discover things about potential suppliers that would prevent us from using them in the first place. Existing suppliers we stopped using for integrity concerns, and vetted suppliers we won't use are on this DNU/DNP list. In FY2011, 11 suppliers; FY2010, 6 suppliers; in FY2009, 18 suppliers were listed on this DNU/DNP list due to ethical issues. We continue to monitor several suppliers that have come under public and NGO scrutiny and when appropriate we work with them and the NGO to ensure the supplier meets our social and environmental expectations as defined by our contracts- see Ethics Policy and Supplier Manual in Supporting References section.

**Supporting Documentation:**

Social and Envir. Performance of Suppliers Standard	Page #:	<a href="#">View</a>
Suppliers Standard Manual	Page #:	<a href="#">View</a>
Supplier Sustainability Rating survey - Johnson Controls	Page #:	<a href="#">View</a>
2012 JCI Letter to Suppliers about GHG Reporting	Page #:	<a href="#">View</a>
Global Purchasing requirements - JCI supplier portal	Page #:	<a href="#">View</a>
Johnson Controls Supplier Awards	Page #:	<a href="#">View</a>
Ethics Policy - Jan 2011	Page #:	<a href="#">View</a>
2011 Business & Sustainability Report	Page #: 36-37, 42-43	<a href="#">View</a>

**Additional Comments**

**SUPPLY CHAIN OVERVIEW** - Johnson Controls expects its suppliers to conduct their operations in a socially and environmentally responsible manner. The goal is to work collaboratively with suppliers to encourage the following:

- Compliance with applicable laws and regulations.
- Integration of environmental, occupational health and safety, and human rights and labor policies into the decision-making process based on a sound management system.
- Clear, accurate and appropriate reporting to Johnson Controls upon request.

**OUR SUPPLY CHAIN** - Automotive Experience - about 35% of this group’s current global spend amount is sourced in the developing world, either as support to local operations or as exports. This amount is expected to double over the next three years, which is being addressed by a buildup of on-ground resources and staffing (buyers, supply development engineers) in Asia (China, Korea, India) and Eastern Europe (Slovakia, Romania, Russia).

**Power Solutions** - has a limited supply base, i.e., there a few suppliers globally for our key raw materials.

**Building Efficiency** - uses numerous suppliers globally due to its diverse work. Labor subcontractors are generally local firms that provide the labor and expertise of electricians, plumbers, janitors, sheet metal craftsmen, and other specialty trades. Material suppliers range from a large number of small, specialized wholesale distributors to a few multi-national equipment manufacturers. Most material suppliers are firms with annual sales less than \$10 million US dollars. Materials purchased are completed mechanical and electrical assemblies that range from room size chillers to electrical panels to light bulbs to wire nuts.

**ENVIRONMENTAL AND SOCIAL OVERSIGHT PROTOCOLS**

**Expectations** - Johnson Controls expects its suppliers to conduct their operations in a socially and environmentally responsible manner. The goal is to work collaboratively with suppliers to encourage the following:

1. Compliance with applicable laws and regulations.
2. Integration of environmental, occupational health and safety, and human rights and labor policies into the decision-making process based on a sound management system.

### 3. Clear, accurate and appropriate reporting to Johnson Controls upon request.

Basic Principles – Johnson Controls encourages improvement when appropriate. However, termination of a contract is considered when the vendor fails to comply with the spirit and intent of our Ethics Policy, has significant social and environmental performance issues that cannot be resolved in a timely or cooperative manner or could result in significant repercussions for Johnson Controls or our customers.

Supplier Selection Criteria – In addition to cost and quality, social and environmental performance is used to select and retain suppliers. Acceptance of a purchase order means the supplier agrees to our purchasing standards. No purchase orders will be awarded to suppliers that refuse to abide by the Ethics Policy or equivalent within a reasonable amount of time; or have significant environmental or social performance issues that cannot be resolved in a timely manner.

Responsibilities – The senior manager for each business and location who procures materials and services is ultimately responsible for implementing appropriate processes and systems to ensure their suppliers comply with the Johnson Controls Ethics Policy or equivalent policy. Procurement personnel will oversee suppliers to ensure compliance. Personnel from other functional areas (e.g., Quality, Environmental, and Safety) will support Procurement as requested to assess supplier compliance.

Ethics Policy and Guidance -  
<http://www.johnsoncontrol...>

Our Ethics policy provides overall guidance about our expectations to both suppliers and employees. In addition, a company-wide standard is in place that provides additional guidance to procurement and other personnel regarding the environmental and social performance of suppliers as further specified below:

LABOR – Suppliers should treat workers with dignity and:

1. Prohibit the use of forced, bonded, indentured or involuntary prison labor. Allow workers to leave employment upon reasonable notice and not require workers to hand over government-issued identification, passports or work permits as a condition of employment.
2. Employ workers who are at least 16 years old. Youth (between 16 to 18 years) should enjoy all the benefits of a nurturing workplace such as training and development programs. Workers under the age of 18 should not perform hazardous work and may be restricted from night work with consideration given to educational needs.
3. Set work hours to comply with local law. Limit a workweek to 60 hours or less, including overtime, except in emergency or unusual situations.
4. Comply with applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Employees receive at least the minimum wage required by law or the prevailing industry wage, whichever is higher. Workers receive full details regarding deductions for taxes, benefits, etc. Wages are not deducted for disciplinary purposes and are paid in cash, check form or by direct deposit.
5. Maintain workplaces free of physical or mental harassment, abuse, or any other behavior that diminishes a person's integrity and self esteem. This includes harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse of workers.
6. Maintain workplaces free of unlawful discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity, and religious beliefs. This applies to hiring, salary, benefits, advancement, discipline, termination, and retirement.
7. Respect voluntary freedom of association, including the right to organize and bargain collectively in a manner that is legally compliant. Workers' representatives are not subject to discrimination and have access to workplaces necessary to carry out their respective functions. Where worker representation and collective bargaining are restricted by law, efforts should be made to facilitate open communication and direct engagement between workers and management as alternative ways of ensuring that workers' rights, needs and views are considered and acted upon appropriately and in good faith.

HEALTH and SAFETY – suppliers practice the following:

1. Control worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, heat, vehicles, and fall hazards) through proper design, engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/ tag-out). Where hazards cannot be adequately controlled by these means, provide workers at no cost as appropriate the proper personal protective equipment and ensure proper maintenance of the equipment. Workers are not disciplined for raising safety concerns.
2. Maintain appropriate emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.
3. Manage, track and report occupational injuries and illnesses, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate and implement corrective actions to eliminate their causes; and d) facilitate return of workers to work.
4. Identify, evaluate and control worker exposure to chemical, biological, radiological and physical agents as well as physically demanding tasks. Provide appropriate personal protective equipment, when hazards cannot be otherwise controlled.
5. Provide and properly maintain machine safeguards, interlocks and barriers.
6. Provide clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories provided by the vendor or a labor agent are to be clean, safe, and provide emergency egress, adequate ventilation and reasonable personal space.

ENVIRONMENTAL - adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public as well as ensure the following:

1. Obtain, keep current and follow required environmental permits (e.g. discharge monitoring) and registrations.
2. Implement programs to conserve water and energy and reduce waste.
3. Identify and manage the materials posing a hazard if released to the environment are to ensure safe handling, movement, storage, recycling or reuse and disposal.
4. Monitor, treat and control air emissions, wastewater and waste as required prior to discharge or disposal.
5. Adhere to applicable laws and contract requirements regarding prohibition or restriction of specific substances, materials and waste.

MANAGEMENT SYSTEM – suppliers adopt a management system compliant with ISO 14001 or equivalent as approved by Johnson Controls

Procurement Department that promotes continuous improvement and compliance with applicable laws, regulations and contract requirements.

ETHICS – suppliers should uphold the highest ethical standards to include:

1. Prohibit corruption, extortion and embezzlement, bribery, or other means of obtaining undue or improper advantage and to ensure fair business, advertising and competition.
2. Properly disclose and protect business information, customer information, and intellectual property rights in accordance with applicable requirements and prevailing industry practices.
3. Protect supplier and employee whistleblower confidentiality.

#### GATHERING INFORMATION ON SUPPLIER PRACTICES:

Each business group uses a variety of tools to assess its prospective and existing suppliers. This often includes background checks, self assessment surveys, site visits, third party audits/data, internal discussions with personnel from other internal (i.e., environmental, safety, human resources and quality) and external organizations (i.e., industry peers, regulatory agencies, investment analysts, Internet, news media, and non-government organizations) as well as trade publications, Dunn & Bradstreet reports and informal networks with other procurement groups and trade associations.

#### PROTOCOLS FOR ASSESSING DATA RELIABILITY:

Generally, Johnson Controls expects suppliers to behave ethically as well as maintain open and honest communications. We believe this to be true with nearly every supplier that we have under contract. Each business group has a common set of criteria (supplier sustainability rating, supplier scorecard and supplier assessment survey) for assessing the environmental and social performance of key suppliers, especially those posing the greatest risks to Johnson Controls and its customers (i.e., raw material extraction, chemical processing, manufacturing associated with high labor demands, etc.). We also rely on local, state and federal agencies to monitor a supplier's compliance with environmental and labor laws. We often use the Web or have direct discussions with the regulatory agency to review a supplier's compliance record. In addition, we often perform site audits of selected suppliers to ensure that the proper environmental and social processes are documented, implemented and remain effective. Additional supplier oversight may also be prompted by negative reports regarding the environmental and social conditions of a supplier's facility or process.

#### COMMON AREAS OF NON-COMPLIANCE IDENTIFIED:

However, like any company, we encounter issues that are dealt with promptly and appropriately. Falsification of data is taken seriously and appropriate follow-up actions are taken whenever data is suspect that could result in contract termination.

To date, no significant social or environmental performance issues have been identified with any supplier. However, there have been instances in which follow-up questions, discussions, etc. have been necessary, particularly relative to environmental permit currency and operations compliance.

#### SUPPLIER SURVEYS AND AUDITS:

Each business unit is implementing processes to track the following metrics:

- Percentage of total suppliers that refuse to abide by the Johnson Controls Ethics Policy or equivalent.
- Percentage of direct material suppliers identified for auditing.
- Percentage of direct material suppliers audited by Johnson Controls or third party.
- Number and type of suppliers terminated due to social and environmental performance issues

Current data indicates that no supplier has refused to abide with the essence of the Ethics Policy or has been terminated due to social or environmental performance issues. There have been past instances where suppliers with good environmental and/or social performance records were awarded contracts over those with more questionable records. Specific data regarding audits will be reported in future reports as appropriate.

#### PROCEDURES AND TIMETABLE FOR ADDRESSING SUPPLIER COMPLIANCE:

In April 2006, the corporate standard that provides Ethics Policy guidance to procurement and other personnel regarding the environmental and social performance of suppliers was implemented company-wide. Each business has established common processes to ensure compliance with the standard and appropriate additions/modifications are being taken. Full implementation of the standard began in 2007 and continues as new suppliers are added. For some business units, implementation includes modifications to the Suppliers Standard Manual, audit criteria, processes for collecting and reporting metrics, and discussions with suppliers.

In addition, self audit questionnaires have and continue to be sent to key suppliers in each business. The "first round" responses were reviewed and opportunities for improvement discussed with key suppliers. Improvements include ensuring each supplier understands and complies with our human rights, environmental, governance expectations and encouraging them to have systems in place to drive continuous improvement.

The company recently launched a new supplier survey called the Johnson Controls Sustainability Supplier Rating. It was released in January of 2010 and is available on the Johnson Controls website in the Supplier Information section

<http://www.johnsoncontrol..>

The online survey allows suppliers to complete the questionnaire at their convenience. The questionnaire contains 17 questions related to human rights, working conditions employee safety and energy management. The sustainability rating will be a method for measuring sustainability activity and compliance with our supply base. It will also be used as an input to the supplier scorecard. It includes more specific questions regarding human rights, safety, and the environment. It also asks if the supplier is publicly reporting data such as its greenhouse gas emissions and specifically asks if the supplier is reporting to the Carbon Disclosure Project. Please see Supporting References for Supplier Sustainability Rating survey located on our web site.

## Human Rights Training Time GRI HR3

### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Investment and Procurement Practices / Human Rights Training Time GRI HR3

Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

	2011	2010	2009	
Total number of hours devoted to training on policies and procedures concerning aspects of human rights that are relevant to operations	164,200	155,100	114,280	<u>C2</u>
Percentage of employees trained in policies and procedures concerning aspects of human rights that are relevant to operations	51%	45%	43%	<u>C3</u>

#### C2

Total hours are based on hours spent on the formal ethics training module, as well as Human Rights related training done at each business unit. See details of additional hours outside of ethics training in Additional Comments.

#### C3

Metrics are based on formal ethics training provided to salaried employees and managers, as well as, number of employees at the BU's that received other human rights related training. All employees are briefed throughout the year by managers and supervisors about human rights.

#### Supporting Documentation:

2011 Ethics Training Modules Page #: [View](#)

Health and Safety - Overview.pdf Page #: [View](#)

#### Additional Comments

##### Ethics Training

On an annual basis, Johnson Controls requires key employees, as defined below, to certify compliance with the Johnson Controls Ethics Policy and complete ethics training over the Internet. In fiscal year 2011, more than 51,119 employees (including managers) were trained and certified with the Johnson Controls Ethics training over the internet. All full or part time employees (except those subject to bargaining) who meet the criteria of a "key" employee, defined by each business unit as someone who meets one or more of the following criteria must complete the required training over the internet before the deadline established by each business unit.

The criteria is as follows:

- Is at a pay grade of 57 or above (or the local equivalent); and regardless of pay grade, if the employee meets one or more of the following criteria:
- Has signature authority or is responsible for significant commitments of company resources;
- Assumes a leadership role within the organization either through title or by having direct reports;
- Is an employee of Johnson Controls Corporate business unit, regardless of location

Responsibility for participant inclusion is driven by the local payroll system, thus regardless of a stated business unit or current physical location, all employees meeting the above criteria who are on a local human resources payroll system will fall under the jurisdiction of that local human resources department. The business units can, in their judgment, expand these definitions of which employees are subject to the Ethics Policy certification to include other employees, as they consider appropriate.

A key module in this training program is entitled Ethical Awareness and Decision Making. It is one of three required courses in the Legal Compliance and Ethics Certification intranet site. A total of 51,119 Johnson Controls employees (including managers) completed the module with an average time spent of 30 minutes per person, or approximately 25,560 hours of training. The training program focused on fostering ethical leadership throughout all levels of an organization is more important today than ever. Several aspects of our current business environment underline the practical value of ethics in the business world, including the recent corporate scandals that resulted from ethical failure and have contributed to a lack of public trust in business institutions. Employees who can act as ethical leaders and set examples of integrity--not just in executive positions but in all positions of a company--are what will strengthen a company's ethics and compliance record and may even help change the economic climate overall. This course discusses these and other reasons why ethical leadership is so important, as well as dispel some common myths about leadership. It points out what ethical leadership is; along with some traits such leaders share. Finally, it focuses on ways to develop ethical leadership skills and point out some symptoms of leadership failure to guard against.

Additional Human Rights Training:

#### CORPORATE OFFICE

The Corporate office also does No Harassment Training for new employees. In 2011, approx. 126 new employees were given a 2 hour No Harassment training session. They also received an additional 6 hours of orientation training for a total of 1008 hours of training.

POWER SOLUTIONS:

On the topic of Employee Rights, including Diversity, No Harassment/Zero Tolerance, across our locations we have offered over 61,900 total hours of training. Managers attend 3 to 5 hours per year, and hourly employees 1 to 2 hours.

Below is a sample, but not all inclusive list of some of the training conducted this year.

**STATISTICS\***

Class Type Approximate Student Hours  
(including but not limited to the following categories)

New Hire 6,000

(including but not limited to the following categories)

HR/New Hire 1,817

Diversity 801

Overview/Benefits 422

Safety/Health 1,000

HR Systems for New Hires 82

Employee Rights 19,975

Bill of Rights 326

No Harassment 7,400

Diversity 3,251

LEM on Demand 1,200

Ethics- 2 hours 6,495

Safety 36,890

**BUILDING EFFICIECY:**

There is a vast amount of training on Diversity, Inclusion, No Harrassment, etc. under Human Rights Training.

**New Employees:**

BE HQ building: Receive training on Ethics, Diversity and No Harassment as part of New Employee Orientation.. overall training 1.8 hours

Plant based: No Harassment training is part of the New Employee Orientation - 1 hour

Field based: No Harassment and Diversity training part of new Employee Orientation via video (60 - 90 minutes) in some areas... as well as distribution of policies and acknowledgement documentation is required.

**Existing Employees:**

BE HQ building: 1.5 to 2 hours No Harrassment training

Plant based: Numerous initiatives on antidiscrimination, no harassment and diversity including employees from managers/supervisor to line employees

Field based: Training on EEO, diversity and non harassment led by HR Managers

**Diversity and Inclusion:**

Times ranging from 2.5 hours to over 8 hour sessions devoted specifically to this topic.

Asia - Sexual Harrassment Training

EMEA - Ethics Training

Eur GWS - Ethics/onboarding

Switzerland - HR Training

Denmark - HR training

Netherlands - Onboarding

Latin Amer - HR Ethics and Integrity Onboarding

**AUTOMOTIVE EXPERIENCE:**

New salaried employees at the HQ offices receive No Harrassment training as part of the orientation. In 2011, approx. 11,436 new employees and existing employees were given No Harassment training session for a total of 5,718 hours of training.

**SAFETY AWARENESS & TRAINING**

The Johnson Controls safety program is designed so that all employees are provided a safe environment to work. Our program is based on a systems management approach that ensures continuous improvement. The way we operate and measure performance globally is consistent with widely accepted standards and practices that meet or exceed the ILO Guidelines for Occupational Health Management Systems. Our goal is to achieve and maintain world class safety performance. Some of the key practices and challenges we face in achieving that goal are:

1. Use of standard U.S. OSHA definitions to measure injury and illness rates globally. We believe using injury and illness rates based on consistent definitions are the most objective measure of success, and reducing them is how a safety program provides value to employees and shareholders.
2. Use of widely acceptable standards for the most critical safety processes, such as control of hazardous energy and working with hazardous substances. Such standards apply to all of our locations worldwide regardless of local regulatory requirements. These standards are applied through our corporate BOS document.
3. Use of established management system techniques to assure that injury rate reductions are real and sustainable. We distribute a Monthly Safety Report to all management, in which rates are pulled from our CHESS system. The report helps facilities understand how they are doing. Also, every plant listed in the report is required to develop a formal action plan for improving safety and health. The plan identifies specific goals (i.e., improvements in injury and lost-time case rates), timetables and responsible persons. The planning process is defined in a companywide safety management system document. This helps all facilities clearly define targets consistent with company expectations, ultimately driving continuous improvement. Included in the management system is a requirement for all facilities to follow standard safety (and environmental) management system practices as defined in our corporate processes, which are based on the Occupational Safety and Health Assessment Series 18001, an internationally

recognized standard.

4. Verifying the accuracy of self-reported safety and health data. We use third-party auditors to verify data and the overall safety program. The audit matches the requirements in the safety and health standard so that compliance with the standard is required to pass the audit. A locations that fails to pass the audit cannot earn a safety award. Any issues uncovered during an audit must be tracked and corrected by the locations in a timely manner. Audit data is used as a basis to create safety improvement action plans.

5. Johnson Controls has entered into a five-year licensing agreement with Electrolab for use and duplication rights to SAFESTART™ , an advanced safety awareness training program. This program is applicable to all Johnson Controls work environments because it teaches individuals to recognize and correct unintentional errors that can lead to injury, whether at work, home or on the road.



## Aspect: Non-Discrimination

### Discrimination Incidents GRI HR4

#### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Non-Discrimination / Discrimination Incidents GRI HR4

Total number of incidents of discrimination and actions taken.

	2011	2010	2009			
Total number of incidents of discrimination	145	96	77			<u>C2</u>
						<u>C3</u>
Incidents (reporting year only)				Status of incident	Actions taken	
2011 - all				<input checked="" type="checkbox"/> Reviewed <input checked="" type="checkbox"/> Remediation plan being implemented <input checked="" type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input checked="" type="checkbox"/> Incident no longer subject to attention	All appropriate incidents are investigated and corrective actions implemented to prevent a recurrence.	
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		

**C2**

These incidents reported through either the Ethics Hotline or our third party legal counsel are based on allegations of discrimination and reported as such. Upon review and investigation, many of these incidents are found not to have involved acts of discrimination.

**C3**

**Additional Comments**

During the period October 1, 2010 - September 30, 2011, 68 incidents categorized as "discrimination/Harassment" were logged into the JCI Ethics Hotline.

During the period October 1, 2009 - September 30, 2010, 25 incidents categorized as "discrimination" were logged into the JCI Ethics Hotline.

During the period October 1, 2008 - September 30, 2009, 13 incidents categorized as "discrimination" were logged into the JCI Ethics Hotline.

The Ethics Hotline is not the only channel that management relies on for reporting of incidents by employees, rather it is one of only several communication vehicles that employees can use to report discrimination incidents. Most often, employees discuss such issues directly with their supervisor. This reflects the fact that most issues that come up every day are being handled at the local plant or office level, with local managers and supervisors. We consider the Ethics Hotline a "last resort" channel for employees as we know that most discrimination issues are dealt with between the employee and supervisor before needing to be reported via the hotline. We are not able to track the number of incidents globally that may occur on a local level.

Outside of the Ethics Hotline, 77 "complaints" in FY2011, 71 "complaints" in FY 2010 and 64 "complaints" in FY 2009 were reported alleging wrongful employment action. This includes lawsuits, agency charges, and attorney letters. These numbers are tracked by our outside legal counsel.

Discrimination is defined as, "Any act or omissions which fails to meet the standards of the Equal Opportunity Commission (EEOC) which includes all types of discrimination, to include based race, religion, age, nationality, sex, sexual orientation or disability." Further breakdown of the discrimination type is not specifically tracked in the hotline. None of the incidents tracked by the hotline or by outside legal counsel in FY2011, FY2010 or FY2009 are currently open and under review; all have been closed. Actions taken as a result of the investigation conclusions include warnings to employees, employee counseling, leadership training, EEO/Harassment training.

## Aspect: Freedom of Association and Collective Bargaining

### Collective Bargaining Risk GRI HR5

#### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Freedom of Association and Collective Bargaining / Collective Bargaining Risk GRI HR5

Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

There are no operations within Johnson Controls that have been identified being at significant risk for employees to exercise the right to freedom of association or collective bargaining.

This type of risk is addressed with our employees, including all managers who are involved in labor relations, through our Human Rights & Sustainability Policy and Ethics Policy which covers a wide range of financial, social and environmental activities, including safe and healthful workplaces, diversity, discrimination, freedom of association, regulatory compliance and environmental protection, anti-bribery, etc.

The basics of our Human Rights & Sustainability Policy and Ethics Policy are communicated to employees around the world through training programs and shop floor discussions and announcements and articles that are posted on our internal and external web site. For example, our managers and supervisors are required to take the annual certification of our Ethics Policy, it is communicated to our employees in the following ways:

- All new employees upon being hired are required to sign that they have read, understand and will comply with our ethics policy as a condition of employment
- All salaried employees must complete online ethics certification which is a two part process. The certification requires completion of three ethics training modules (available in 26 languages) which focus on different ethics-related topics each year as a refresher and a review of the Ethics Policy (available in 32 languages).
- Employees for whom certification is not required must demonstrate that they know and understand the Ethics Policy as part of their job appraisals. Each year since we launched the online ethics training in 2001 our number of participants has grown and we have achieved 100 percent compliance with training requirements.
- The ethics policy is addressed by our managers regularly in employee meetings
- The ethics policy is frequently addressed through the "tone at the top" whenever our leadership team provides communications throughout the year to employees (employee portal, in-person meetings, web casts, emails to employees, etc.)
- The ethics policy is a topic addressed at our annual Vision Week which is a week each year focused on employee engagement with a special focus on our vision and values
- All leaders are required to comply with the Leadership Expectations Model of which the ethical behavior outlined in the ethics policy is one of the core elements

Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, the Corporate Vice President of Human Resources monitors implementation and compliance to these policies. Employees, temporary employees, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant/facility manager, or local human resources manager. Johnson Controls wants to know of any harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

We seek to create an environment that removes barriers and promotes inclusion, fosters effective recruitment, development, motivation and retention so that each is able to maximize his or her contribution to meeting business objectives. To ensure our processes are working properly and that employees, customers and shareholders understand our policies and guiding principles around treatment, respectability and integrity, we systematically gather feedback and take action to improve our work environment. We track, analyze and communicate performance outcomes quarterly.

Through our Integrity Helpline monitoring system, we capture all information, investigate, audit and implement improvement actions accordingly. This anonymous hotline is available to anyone who suspects unethical behavior at the company. The hotline, available 24 hours a day in all major languages, is operated by an independent third-party vendor. We identify concerns through the callers, the purpose of the call, origin (i.e. phone or e-mail, country, business group). The information is categorized by incidents (i.e. harassment, fraud, discrimination). Calls are tracked for content and monitored for indication of higher incidents of volume. These incidents are assigned to the appropriate Group General Counsel to ensure a fact-finding and an appropriate resolution is implemented. A follow-up occurs to review the assessment, and execute proposed resolution. Our General Counsel also analyzes the incidents for trends and implements improvement actions as appropriate. If a particular region or business unit is trending in a problematic direction, the company schedules special training classes for that particular region or business unit. Analysis of the incidents provides input into the selection of the annual Ethics training modules in which all employees participate.

In addition, employees are encouraged to discuss issues directly with their supervisor. This reflects the fact that most issues that come up every day are being handled at the local plant or office level, with local managers and supervisors. We consider our 24-hour Integrity Helpline a "last resort" channel for employees as we know that most discrimination issues are dealt with between the employee and supervisor before needing to be reported via the Helpline. We are not able to track the number of incidents globally that may occur on a local level.

**Supporting Documentation:**

Ethics Policy - Jan 2011

Page #: [View](#)

Human Rights &amp; Sustainability Policy - JCI

Page #: [View](#)

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**Additional Comments**

Johnson Controls, Inc. (JCI) operates three manufacturing facilities in and near Puebla, Mexico. In 2008-2010, the facilities became the focus of labor issue allegations by external stakeholders. Some of the issues were related to freedom of association, for instance, employee dissatisfaction with the unions that were in place. In response, in 2010, JCI voluntarily invited Verité, a highly respected independent nonprofit organization specializing in evaluating international labor rights issues, to audit the facilities. The intent of the audit was to determine independently which allegations were factual, so a corrective action plan could be developed to effectively address each allegation.

A corrective action plan was devised and implemented. An executive summary of the audit and corrective action plan was shared and discussed with the interested external stakeholders. We have also appointed a full time individual to monitor corective plan implementation and to work closely with employees and unions to prevent a reoccurrence. Facility supervisory personnel have been retrained as well.

Since these corrective actions were implemented, there have been no allegations regarding collective bargaining issues in the region.

## Aspect: Child Labor

### Child Labor Risk GRI HR6

#### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Child Labor / Child Labor Risk GRI HR6

Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

The company has not found any its plants or operations which would be at significant risk for incidents of child labor.

We take active measures to prevent and eliminate child labor through our policies. Our Ethics Policy and Human Rights & Sustainability Policy address child labor and is consistent with the UN Global Compact and ILO Convention 138. Potential employees are required to show valid identification and proof of age before they are hired. To the best of our knowledge there is no child labor within our company.

This type of risk is addressed with our employees, including all managers who are involved in human resources, through our Ethics Policy which covers a wide range of financial, social and environmental activities, including safe and healthful workplaces, diversity, discrimination, freedom of association, regulatory compliance and environmental protection, anti-bribery, etc.

More than 51,000 of our managers and key employees around the world are trained and required to formally certify with our Ethics Policy annually, which outlines human rights standards. We did not experience any known human rights policy violations in 2011.

In addition to the number of employees who are required to take the annual certification of our Ethics Policy, it is communicated to our employees in the following ways:

- All new employees upon being hired are required to sign that they have read, understand and will comply with our ethics policy as a condition of employment
- All salaried employees must complete online ethics certification which is a two part process. The certification requires completion of three ethics training modules (available in 26 languages) which focus on different ethics-related topics each year as a refresher and a review of the Ethics Policy (available in 32 languages).
- Employees for whom certification is not required must demonstrate that they know and understand the Ethics Policy as part of their job appraisals. Each year since we launched the online ethics training in 2001 our number of participants has grown and we have achieved 100 percent compliance with training requirements.
- The ethics policy is addressed by our managers regularly in employee meetings
- The ethics policy is frequently addressed through the "tone at the top" whenever our leadership team provides communications throughout the year to employees (employee portal, in-person meetings, web casts, emails to employees, etc.)
- The ethics policy is a topic addressed at our annual Vision Week which is a week each year focused on employee engagement with a special focus on our vision and values
- All leaders are required to comply with the Leadership Expectations Model of which the ethical behavior outlined in the ethics policy is one of the core elements

Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, the Corporate Vice President of Human Resources monitors implementation and compliance to these policies. Employees, temporary employees, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant/facility manager, or local human resources manager. Johnson Controls wants to know of any harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

We seek to create an environment that removes barriers and promotes inclusion, fosters effective recruitment, development, motivation and retention so that each is able to maximize his or her contribution to meeting business objectives. To ensure our processes are working properly and that employees, customers and shareholders understand our policies and guiding principles around treatment, respectability and integrity, we systematically gather feedback and take action to improve our work environment. We track, analyze and communicate performance outcomes quarterly.

Through our Integrity Helpline monitoring system (administered by Ethicspoint), we capture all information, investigate, audit and implement improvement actions accordingly. This anonymous ethics hotline is available to anyone who suspects unethical behavior at the company. The hotline, available 24 hours a day in all major languages, is operated by an independent third-party vendor, Ethicspoint. We identify concerns through the callers, the purpose of the call, origin (i.e. phone or e-mail, country, business group). The information is categorized by incidents (i.e. harassment, fraud, discrimination). Calls are tracked for content and monitored for indication of higher incidents of volume. These incidents are assigned to the appropriate Group General Counsel to ensure a fact-finding and an appropriate resolution is implemented. A follow-up occurs to review the assessment, and execute proposed resolution. Our General Counsel also analyzes the incidents for trends and implements improvement actions as appropriate. If a particular region or business unit is trending in a problematic direction, the company schedules special training classes for that particular region or business unit. Analysis of the incidents provides input into the selection of the annual Ethics training modules in which all employees participate.

We also do a market comparison of the nature of calls to the Integrity Helpline against worldwide organizations. This report is reviewed with the General Counsel, our board of directors, HR professionals and ENY, our external auditors. In 2011, there were no calls placed to the Hotline about child labor issues, neither were any business locations identified that might be at risk.

The Integrity Helpline is not the only channel that management relies on for reporting of incidents by employees, rather it is one of only several communication vehicles that employees can use to report discrimination incidents. Most often, employees discuss such issues directly with their supervisor. This reflects the fact that most issues that come up every day are being handled at the local plant or office level, with local managers and supervisors. We consider the Integrity Helpline a "last resort" channel for employees as we know that most discrimination issues are dealt with between the employee and supervisor before needing to be reported via the hotline. We are not able to track the number of incidents globally that may occur on a local level.

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**Supporting Documentation:**

Child Labor risk Asia - AE (GRI HR 6) Page #: [View](#)

Human Rights & Sustainability Policy - JCI Page #: [View](#)

Ethics Policy - Jan 2011 Page #: [View](#)

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**Additional Comments**

Please see our supporting document from our HR group - Asia operations. In summary, no country where Johnson Controls has operations has been identified as being at risk for child labor.

Please see attached Human Rights & Sustainability Policy which addresses child labor.

## Aspect: Forced and Compulsory Labor

### Forced Labor Risk GRI HR7

#### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Forced and Compulsory Labor / Forced Labor Risk GRI HR7

Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.

There are no operations within Johnson Controls which have been identified as having significant risk for incidents of forced or compulsory labor.

We take proactive measures to prevent forced or compulsory labor through our policies. Our Ethics Policy and Human Rights & Sustainability Policy state forced labor is strictly prohibited. Our Ethics Policy and Human Rights & Sustainability Policy cover a wide range of financial, social and environmental activities, including safe and healthful workplaces, diversity, discrimination, freedom of association, regulatory compliance and environmental protection, anti-bribery, etc.

More than 51,000 of our managers and key employees around the world are trained and required to formally certify with our Ethics Policy annually, which outlines human rights standards. We did not experience any known human rights policy violations in 2011.

In addition to the number of employees who are required to take the annual certification of our Ethics Policy, it is communicated to our employees in the following ways:

- All new employees upon being hired are required to sign that they have read, understand and will comply with our ethics policy as a condition of employment
- All salaried employees must complete online ethics certification which is a two part process. The certification requires completion of three ethics training modules (available in 26 languages) which focus on different ethics-related topics each year as a refresher and a review of the Ethics Policy (available in 32 languages).
- Employees for whom certification is not required must demonstrate that they know and understand the Ethics Policy as part of their job appraisals. Each year since we launched the online ethics training in 2001 our number of participants has grown and we have achieved 100 percent compliance with training requirements.
- The ethics policy is addressed by our managers regularly in employee meetings
- The ethics policy is frequently addressed through the "tone at the top" whenever our leadership team provides communications throughout the year to employees (employee portal, in-person meetings, web casts, emails to employees, etc.)
- The ethics policy is a topic addressed at our annual Vision Week which is a week each year focused on employee engagement with a special focus on our vision and values
- All leaders are required to comply with the Leadership Expectations Model of which the ethical behavior outlined in the ethics policy is one of the core elements

Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law. Additionally, the Corporate Vice President of Human Resources monitors implementation and compliance to these policies. Employees, temporary employees, visitors and other non-employees are encouraged to immediately report situations of harassment committed by anyone, including visitors and other non-employees. They are asked to report the matter to their department manager, plant/facility manager, or local human resources manager. Johnson Controls wants to know of any harassment or unfair practice so that appropriate action can be taken after a prompt investigation.

We seek to create an environment that removes barriers and promotes inclusion, fosters effective recruitment, development, motivation and retention so that each is able to maximize his or her contribution to meeting business objectives. To ensure our processes are working properly and that employees, customers and shareholders understand our policies and guiding principles around treatment, respectability and integrity, we systematically gather feedback and take action to improve our work environment. We track, analyze and communicate performance outcomes quarterly.

Through our Integrity Helpline monitoring system (administered by Ethicspoint), we capture all information, investigate, audit and implement improvement actions accordingly. This anonymous ethics hotline is available to anyone who suspects unethical behavior at the company. The hotline, available 24 hours a day in all major languages, is operated by an independent third-party vendor. We identify concerns through the callers, the purpose of the call, origin (i.e. phone or e-mail, country, business group). The information is categorized by incidents (i.e. harassment, fraud, discrimination). Calls are tracked for content and monitored for indication of higher incidents of volume. These incidents are assigned to the appropriate Group General Counsel to ensure a fact-finding and an appropriate resolution is implemented. A follow-up occurs to review the assessment, and execute proposed resolution. Our General Counsel also analyzes the incidents for trends and implements improvement actions as appropriate. If a particular region or business unit is trending in a problematic direction, the company schedules special training classes for that particular region or business unit. Analysis of the incidents provides input into the selection of the annual Ethics training modules in which all employees participate.

We also do a market comparison of the nature of calls to the Integrity Helpline against worldwide organizations. This report is reviewed with the General Counsel, our board of directors, HR professionals and ENY, our external auditors. In 2011, there were no calls placed to the Hotline about forced or compulsory labor, neither were any business locations identified that might be at risk.

The Integrity Helpline is not the only channel that management relies on for reporting of incidents by employees, rather it is one of only several communication vehicles that employees can use to report discrimination incidents. Most often, employees discuss such issues directly with their

supervisor. This reflects the fact that most issues that come up every day are being handled at the local plant or office level, with local managers and supervisors. We consider the Integrity Helpline a "last resort" channel for employees as we know that most discrimination issues are dealt with between the employee and supervisor before needing to be reported via the hotline. We are not able to track the number of incidents globally that may occur on a local level.

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**Supporting Documentation:**

Forced Labor risk Asia AE (GRI HR7)      Page #: [View](#)  
Ethics Policy - Jan 2011                      Page #: [View](#)  
Human Rights & Sustainability Policy - JCI      Page #: [View](#)

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**Additional Comments**

Please see our supporting document from our HR group - Asia operations. In summary, no country where Johnson Controls has operations has been identified as being at risk for forced labor.

See Human Rights & Sustainability Policy which addresses forced labor.



## Aspect: Security Practices

### Security Training GRI HR8

#### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Security Practices / Security Training GRI HR8

Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

	2011	2010	2009	<u>C1</u>
Percentage of security personnel who have received training on human rights policies and/or procedures	100	100	100	<u>C2</u>
Training requirements regarding human rights issues also apply to third party organizations providing security personnel Yes				<u>C4</u>

#### C1

Our Ethics Policy addresses human rights and is consistent with related ILO Conventions, the Universal Declaration of Human Rights and the Ten Principles of the UN Global Compact.

#### C2

Our overall security force is insignificant relative to our total workforce. All Johnson Controls employees are subject to our Ethics Policy and receive formal and on-the-job training about its requirements.

#### C4

All suppliers, including contractors are subject to our Ethics Policy. Specific requirements are provided in the Supporting Documents section.

#### Supporting Documentation:

Travel Security Policy	Page #: <a href="#">View</a>
Security Incident Reporting Procedure	Page #: <a href="#">View</a>
Social and Envir. Performance of Suppliers Standard	Page #: <a href="#">View</a>
Crisis Management Toolkit	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>

#### Additional Comments

Johnson Controls employs security personnel either directly or through vendors, and their responsibility is primarily physical security. All such personnel are sufficiently qualified and are trained in our Ethics Policy. No human rights violations or complaints have ever been observed or reported by these personnel.

Additionally, more than 51,000 of our managers and salaried employees around the world are trained and required to formally certify with our Ethics Policy annually. During 2011, 100 percent of those required to complete certification did so. Employees who take the Ethics certification, are required to complete a quiz with a 80% completion rate in order for the certification to be considered complete.

Employees for whom certification is not required receive a copy of the Ethics policy and must sign and agree that they have received the policy and that they will abide by the Ethics policy as it applies to their job.

#### Security Training

To ensure the security and safety of our employees and to mitigate associated risks, the following services are provided:

- \* Robust travel security program
- \* Provide a method for employees to report security and crisis related incidents via the eAlert portal
- \* Expanded our enterprise security infrastructure to better support our employees in higher risk regions
- \* Provide a security website for our global employees, with information on the Crisis Hotline and links to other external Security related Websites
- \* Published the Security Smart newsletter
- \* Provide a eLearning program on Security Awareness
- \* Provide a Workplace Violence program that includes both printed and video material
- \* Launched a new Security Risk mitigation tool

## Aspect: Indigenous Rights

### Indigenous People Violations GRI HR9

#### 5. Management Approach and Performance Indicators / Human Rights / Human Rights Performance Indicators / Aspect: Indigenous Rights / Indigenous People Violations GRI HR9

Total number of incidents of violations involving rights of indigenous people and actions taken.

	2011	2010	2009			
Total number of identified incidents involving indigenous rights	0	0	0			<u>C2</u>
Incidents (reporting year only)				Status of incident	Actions taken	
None				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention	N/A	
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		
				<input type="checkbox"/> Reviewed <input type="checkbox"/> Remediation plan being implemented <input type="checkbox"/> Remediation plan implemented, results reviewed through routine internal management review process <input type="checkbox"/> Incident no longer subject to attention		

C2

Johnson Controls operations are not near to indigenous land. To the best of our general counsel's knowledge, there have been no issues involving indigenous rights.

#### Additional Comments

Johnson Controls' Ethics Policy covers a wide range of financial, social and environmental activities, including safe and healthful workplaces, diversity, discrimination, freedom of association, regulatory compliance and environmental protection, anti-bribery, etc.

More than 51,000 managers and key employees around the world are trained and required to formally certify with the Ethics Policy annually, which outlines human rights standards. In addition, such ethics topics such as human rights are covered in employee meetings around the world. Such topics are also covered with all new employees during orientation. In 2011, 2010 and 2009, the company did not experience any known human rights policy

violations.

# Society

## Society: Disclosure on Management Approach

### Society Disclosure on Management Approach GRI SO

#### 5. Management Approach and Performance Indicators / Society / Society: Disclosure on Management Approach / Society Disclosure on Management Approach GRI SO

DISCLOSURE ON MANAGEMENT APPROACH - Concise disclosure on the following Management Approach items with reference to the Society Aspects:

- Community;
- Corruption;
- Public Policy;
- Anti-Competitive Behavior; and
- Compliance.

#### ORGANIZATIONAL RESPONSIBILITY -

The most senior positions with operational responsibility for Society Aspects are several members of our executive leadership team, including the Vice President, Secretary and General Counsel; Vice President, Diversity and Public Affairs; and Executive Vice President Human Resources. In addition, at the local level, local business unit leaders are responsible for the impacts our business has on the local society. They are guided by our corporate values and ethics policy.

#### TRAINING AND AWARENESS -

More than 51,000 of our managers and key employees around the world are trained and required to formally certify with our Ethics Policy annually, which outlines human rights standards. In addition to the number of employees who are required to take the annual certification of our Ethics Policy, it is communicated to our employees in the following ways:

- All new employees upon being hired are required to sign that they have read, understand and will comply with our ethics policy as a condition of employment
- All salaried employees must complete online ethics certification which is a two part process. The certification requires completion of three ethics training modules (available in 26 languages) which focus on different ethics-related topics each year as a refresher and a review of the Ethics Policy (available in 32 languages).
- Employees for whom certification is not required must demonstrate that they know and understand the Ethics Policy as part of their job appraisals. Each year since we launched the online ethics training in 2001 our number of participants has grown and we have achieved 100 percent compliance with training requirements.
- The ethics policy is addressed by our managers regularly in employee meetings
- The ethics policy is frequently addressed through the "tone at the top" whenever our leadership team provides communications throughout the year to employees (employee portal, in-person meetings, web casts, emails to employees, etc.)
- The ethics policy is a topic addressed at our annual Vision Week which is a week each year focused on employee engagement with a special focus on our vision and values
- All leaders are required to comply with the Leadership Expectations Model of which the ethical behavior outlined in the ethics policy is one of the core elements

HUMAN RIGHTS, CORRUPTION, PUBLIC POLICY, ANTI-COMPETITIVE BEHAVIOR AND COMPLIANCE – Johnson Controls requires the line management of each facility to ensure implementation of the equal opportunity and no harassment policies in accordance with national, state or provincial law as well as our Ethics Policy. Recently, the company also instituted a Human Rights & Sustainability Policy. Our Ethics Policy and Human Rights & Sustainability Policy are both consistent with most recognized international standards, including the Universal Declaration and the Fundamental Human Rights Conventions of the ILO and ensures compliance with the Ten Principles of the United Nations Global Compact, which are:

1. Support and respect the protection of international human rights within their sphere of influence.
2. Refuse to participate or condone human rights abuses.
3. Support freedom of association and recognition of the right to collective bargaining.
4. Uphold the elimination of all forms of forced and compulsory labor.
5. Uphold the abolition of child labor.
6. Eliminate discrimination in employment and occupation.
7. Implement a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Promote the diffusion of environmentally-friendly technologies.
10. Promote adoption of initiatives to counter all forms of corruption, including extortion and bribery.

Our progress in meeting each of the above Principles are reported publicly on the UN Global Compact web site.

The Ethics Policy applies to all employees, customer relations and our supply chain. The policy is conveyed to employees through training and other initiatives and to suppliers via contract specifications. Compliance is monitored by all managers with oversight and support from Human Resources and Legal. Procurement is supported by many different functional areas in applying it to the supply chain.

GLOBAL COMMUNITY INVOLVEMENT - Our people give freely of their time, skills and energy to improve and strengthen the hundreds of communities we call home. Johnson Controls contributes millions of dollars annually in support of our communities as well.

The communities where we do business are important stakeholders for Johnson Controls. We promise to make the community a better place, and we are committed to that promise. Our community involvement is a combination of philanthropy and employee volunteerism.

#### Blue Sky Involve Global Employee Volunteer Program:

In all regions of the world, we foster community involvement by our employees through our Blue Sky Involve employee volunteer program, demonstrating our social conscience to improve the communities in which we live, work and operate. The program is focused on two priorities: leader development and protecting the environment. Blue Sky Involve helps Johnson Controls employees share their passion and expertise through community volunteer activities to protect the environment and to strengthen their professional and leadership skills. The program reinforces our corporate values and brings them to life through service to the community. It helps to define a culture of leadership within the company and the community. Each Johnson Controls location is eligible for one Blue Sky Involve grant of USD\$1,000 per year based on the following criteria: the project must support leader development or protecting the environment, it must support a charitable or educational organization, and it must include an employee volunteer component. In 2011, 14,700 employees around the world participated in 1100 projects contributing more than 117,000 volunteer hours in their local communities. \$1,100,000 was distributed in grants of \$1,000 throughout the world for these employee-driven volunteer projects.

#### Conservation Leadership Corps program:

This is a signature Johnson Controls community involvement philanthropic program. In partnership with the Student Conservation Association (SCA) and local non-profit organizations, Johnson Controls sponsors and manages a unique summer youth employment program called the Conservation Leadership Corps (CLC). It offers summer conservation jobs for a diverse group of more than 200 high school students per year in three cities that have a great demand for summer youth employment opportunities and where our company has a presence. The students are mostly from economically disadvantaged inner-city neighborhoods. Since 2006, the program has provided meaningful conservation summer jobs for 895 inner-city high school students in Milwaukee, Baltimore and Detroit. Since 2009, the program has been expanded globally to multiple locations in 6 different countries: England, Germany, China, Czech Republic, Slovakia and Mexico where today more than 1700 youth around the world participated in volunteer hands-on conservation and community work and environmental education activities. In total, our annual investment for the CLC program globally is almost \$1M.

Community relations and community involvement are at the core of our business. To fulfill Johnson Controls Vision and values statements, our company must remain a dedicated public servant to the communities where we live, work and travel. We define success more broadly than just financial achievement. Our company also looks at the triple bottom line of economic prosperity, environmental stewardship and social responsibility. The Community Relations function at Johnson Controls mirrors that commitment in four distinct areas: Executive Involvement & Steering, the Johnson Controls Foundation, Sponsorships and our Community Involvement Program.

Our Community Relations program seeks to partner with community leaders in the areas where Johnson Controls has a presence. Additional impact occurs through our Executive Involvement & Steering program coupled with our Community Involvement Program. Collectively, these programs contribute thousands of hours annually to communities we have a business presence.

#### Community Involvement Program:

The global Community Involvement Program exists to support and encourage employee volunteerism. The employee-driven program focuses on arts, education, health and social services and the environment. Johnson Controls employees have donated over 104,000 hours of volunteerism globally to nonprofit and community organizations. According to Deborah Fugenschuh, president of the Donors Forum of Wisconsin, Johnson Controls employees' enthusiastic dedication to volunteer outreach activities make Johnson Controls Community Involvement Program the fifth largest volunteer effort in Wisconsin. The program launched globally in 2011 and within the first 30 days, employees logged over 12,000 volunteer hours. As a result, more employees around the world are volunteering in their local communities to make a difference.

#### Executive Involvement and Steering Program:

Johnson Controls supports and encourages executive leadership's commitment to engage with community and nonprofit organizations by contributing their time and talents to help them achieve their philanthropic goals. Globally, our executives donated thousands of hours of community service in 2011. Several organizations benefiting from the Executive Involvement & Steering Program, include: Big Brothers Big Sisters, Boys & Girls Clubs of America, the YMCA, The Leukemia & Lymphoma Society, and the United Negro College Fund. These leadership efforts help align our values with the company's commitment to strengthening our communities.

#### Johnson Controls Foundation in U.S.:

Over the last decade, the Johnson Controls Foundation has given more than \$65 million to support charitable organizations in the areas of the arts, education, and health and social services. In the United States, the Johnson Controls Foundation grants approximately \$6 million annually. Through the Foundation's Matching Gift Program, Johnson Controls also matches employee contributions dollar-for-dollar in the areas of education and arts. In 2011, we contributed more than \$5.1 million to the United Way of Greater Milwaukee, which included more than \$2.5 million from employees and another \$2.5 million in matching grants from the Johnson Controls Foundation. Johnson Controls was recognized as the first company to reach such a mark in United Way's 101-year history. We are one of only three Milwaukee-area firms whose combined

employee and corporate United Way contribution exceeds \$4 million annually. On a national level, our total United Way giving exceeds \$7.9 million to local programs throughout the United States.

In the United States and Puerto Rico, we offer more than \$240,000 in college scholarships annually. Approximately 45 outstanding students, who are children of Johnson Controls employees, receive these scholarships. Scholarships consist of 25 four-year grants and 20 one-year grants. Awards are based on academic, extra-curricular and community service excellence.

#### Global Philanthropy:

Globally, we support organizations and programs that focus on the environment and leadership development. Examples include scholarship programs for the University of Skopje in Macedonia, scholarships for students in Hong Kong and Singapore for ASHRAE study tours and courses, mentoring programs at Mobile Creches and Sandipani Gurukul in India, funding Project Hope schools in China and sponsoring solar powered lanterns for four rural Indian villages through the Lighting a Billion Lives Campaign coordinated by TERI (The Energy Resources Institute) in India.

#### Disaster Relief:

In the aftermath of the devastating 2008 earthquake in China, Johnson Controls, its employees, and joint-venture partners in China donated more than \$1.4 million to the Red Cross Society of China toward relief efforts there. In 2010, the company donated to the Haiti earthquake relief efforts and Hurricane Alex hurricane relief efforts in Monterrey, Mexico. Our employees also assisted with distributing aid packages to local residents in Monterrey, close to our operations. In 2011, Johnson Controls responded to the Japan tsunami with \$1.13M in donations from the company and our employees to the Red Cross for disaster relief efforts. In addition, the company set up a 10-year scholarship program for Japanese engineering students whose families were impacted by the tsunami. This program will fund 8 students per year over 10 years for a total of 80 students and an investment of \$500,000.

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#### Supporting Documentation:

Blue Sky Involve overview presentation	Page #: <a href="#">View</a>
Social and Envir. Performance of Suppliers Standard	Page #: <a href="#">View</a>
2011 Detroit CLC results report	Page #: <a href="#">View</a>
2011 Baltimore CLC program report	Page #: <a href="#">View</a>
2011 Milwaukee CLC program report	Page #: <a href="#">View</a>
Blue Sky Involve Fact Sheet	Page #: <a href="#">View</a>
2010 Lighting a Billion Lives India campaign	Page #: <a href="#">View</a>
Supplier Diversity Fact Sheet	Page #: <a href="#">View</a>
2011 Community Relations activities	Page #: <a href="#">View</a>
2011 Employee assistance programs So. Afr.	Page #: <a href="#">View</a>
2011 Family Environment & Health activities Latin America	Page #: <a href="#">View</a>
Society impact - Merit Award examples	Page #: <a href="#">View</a>
Volunteer and Philanthropic programs overview - JCI	Page #: <a href="#">View</a>
Conservation Leadership Corps global overview fact sheet	Page #: <a href="#">View</a>
UN Global Compact	Page #: <a href="#">View</a>
Ethics Policy - Jan 2011	Page #: <a href="#">View</a>
Human Rights & Sustainability Policy - JCI	Page #: <a href="#">View</a>
Philanthropic Impact Report	Page #: <a href="#">View</a>
2010 Haiti earthquake disaster relief	Page #: <a href="#">View</a>
2010 Hurricane Alex Mexico relief efforts JCI	Page #: <a href="#">View</a>
2011 Europe CLC summer youth volunteers press release (Aug 2...	Page #: <a href="#">View</a>
2011 Japan disaster relief \$1M donation press release (Mar 2...	Page #: <a href="#">View</a>
2011 Milwaukee CLC summer youth job press release (Jul 2011)	Page #: <a href="#">View</a>

# Society Performance Indicators

## Aspect: Community

### Impacts On Community GRI SO1

#### 5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Community / Impacts On Community GRI SO1

Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

<p>*Programs are in place for assessing the impacts of operations on local communities:</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Prior to entering the community</li> <li><input checked="" type="checkbox"/> While operating in the community</li> <li><input checked="" type="checkbox"/> While making decisions to exit the community</li> </ul>
<p>Program or policies define:</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> How data is collected for such programs, and by whom</li> <li><input type="checkbox"/> How to select community members (individual or group) from whom information will be gathered</li> </ul>
<p>The number of operations to which the programs apply:</p>	<p>All</p>
<p>The percentage of operations to which the programs apply:</p>	<p>100</p>
<p>*Please explain how the programs for managing community impacts have been effective in mitigating negative impacts and maximizing positive impacts, including the scale of persons affected:</p>	<p>A formal and comprehensive “Due Diligence process” is used for acquisitions, divestitures and various property purchases. This process often includes at least Phase One and Two environmental assessments. When appropriate, contract provisions include efforts to address any environmental matters that could affect the community or immediate surroundings. Personnel are often involved with assessing impacts of new facilities on the community through discussions with local community and/or government leaders. After startup, programs are in place to ensure environmental compliance and that prevailing wages are being paid for the area. Employees often volunteer to support community events that in some cases are sponsored by Johnson Controls, Inc. Our facilities are sited and operate such that their operations rarely create issues for the local community. If such instances ever occur, our facility managers are prepared to interface with the community leaders to understand the issues and to draw upon more expertise to quickly resolve any issues. Our intent is to enter, operate and leave communities in a manner that results in minimal impact, and when there is impact that it is mostly positive.</p> <p>In most cases where we are entering a market, our business has a positive impact on the local society. For example, in our Building Efficiency business, the vast majority of company acquisitions and equity investments, most being smaller family-held service or technology companies, we did not layoff anyone post-deal. In fact, the value of the business to JCI was dependent on retaining people. In a service company or a technology company, the people are indeed the greatest asset.</p> <p>In addition, when we acquire a company and bring it into the Johnson Controls family, we bring many positives to our new employees, and thus to their communities:</p> <ul style="list-style-type: none"> <li>-Because of our size, our HR skills, and our commitment to our employees, JCI provides better benefits at a better cost to the employees than pre-deal.</li> <li>-Our financial business case for the acquisition rests on our ability to help the newly-acquired company grow. If we can't help it grow, or if we have to build in layoffs to "make the numbers work", JCI's executive management won't approve it.</li> <li>-Because we do more things in more buildings in more countries for comfort, energy efficiency, and sustainability than any other company, we can provide a career path for talented people that a small company could never do.</li> <li>- And, each local employee, trying to help a customer, can draw on the resources of an entire global company.</li> <li>- Because we're a big company, we can weather the storms in the economy, providing more job stability than a smaller company can.</li> <li>- We bring standard and state-of-the-art financial and information technology systems to the acquired company, which frees up the local employees to concentrate of taking care of customers, not internal systems.</li> <li>- We bring JCI's EEO and Diversity programs to the newly-acquired company, which most small companies do not have.</li> </ul> <p>Entering New Markets:</p>

BE already has a significant presence in the emerging markets and in many of these markets today already has a leading market position. BE has made it a clear strategy and priority to look like the markets we serve. In China, for instance, we are led by local Chinese leaders and likewise, in the Middle East, we are led by local leaders. We are committed to local sourcing of both people and raw materials as well as local manufacturing wherever possible so long as it makes economic sense.

Economic downturn impacts and mitigation to impacts on employees:

Automotive Experience business unit (AE):

In the economic downturn in 2008-09, AE had to manage its business by cutting operations costs to adjust to the automotive market dropping by about 50% compared to previous years. We tried to keep as much infrastructure as we could, but plant closings and layoffs were necessary to keep our business alive and healthy in these unprecedented times. We've also had to move some of our operations to lower cost countries such as Slovakia to keep our costs in line with the changing market.

Services provided to employees affected by downsizing:

- Leadership Institute was involved to offer trainings in locations with restructuring activities.
  
- Worked with an outplacement company, Grefrath E&A, to assist employees with finding new jobs.

Japan - Plant Closure (2009)

When AE Japan closed our Mooka Plant, one of our 5 plants, at the end of Sep 2009, the leadership team decided to take actions aiming to secure our employees' jobs in their cities of residence after plant closure as much as possible.

AE Japan provided job opportunities to all of 78 employees in the plant, either by transferring to our suppliers nearby their city of residence, or transferring to other plants.

As the result of offerings these opportunities, 63 employees were transferred to our suppliers, 4 employees were internally transferred to other plants, and only 11 employees decided to seek external career opportunities with outplacement services provision.

Vietnam - plant closure (2009):

1. Communication - employees were informed as soon as the closure decision was finalized. The group's VP/GM, and the Executive Director, Operations were present during the communication. We explained to the employees the reasons for the closure, i.e. the global economic crisis.
2. Severance compensation - employees were given a package which is above the statutory requirement. 2 keys reasons contributed to this management decision. Firstly, the closure happened during the economic crisis and securing another job might take a longer time. Secondly, most if not all of our Vietnam employees had less than 3 years of service. This means that the severance in accordance to the local law would be no more than 3 months' salary.
3. Out-placement - HR contacted several companies in the vicinity and arranged for interviews for our employees. Professional employees were given good reference letter. It is heartening to note that the majority of the salaried employees found another job very quickly, some even before they were released by JCI.
4. Permanent overseas posting - in an effort to retain talent, some salaried employees were offered permanent jobs in JC Malaysia
5. Temporary overseas assignment - about 30 workers were offered 6 to 12 months assignment in JC Malaysia
6. Blue Sky Involve volunteer program - computers and furniture were donated to local schools
7. Closure parties - farewell parties were organized and attendance was overwhelming. The workers also thanked the company and informed us that they would be happy to re-join if JCI decided to re-establish its presence in Vietnam

Other measures implemented in the region were:

1. Shorter work week to minimize employee layoff
2. Reduction of company variable expenses
3. Implemented voluntary separation scheme
4. Assisted separated employees to find alternative employment
5. Re-hire good workers when economic situation improves
6. Re-deploy employees within the company

AE's standard practice when closing facilities in North America:

- Filed/ provided information for TAA (Trade Adjustment Assistance) application
- Sponsored an education day on-site where we invited local colleges to speak about educational opportunities for



employees

- Invited local government entities to come on-site to speak to employees about opportunities/services they could utilize
- Communicate job opportunities from local employers

Reduction in force activity at our Technical Campuses (Plymouth & Holland, MI) 2009:

Voluntary Separation Program (VSP) concept: when we had to reduce by significant numbers of employees, we instituted an enhanced VSP option to allow people to voluntarily leave. This program included at least twice as much the Johnson Controls standard separation pay (which is already above average to market), up to 2 years salary. It was very well received and had high participation. Also, the technical campus HR / leadership teams received feedback about the open and honest communication w/ departing and remaining employees which led to improved engagement scores and being voted best employer in southeastern Michigan this year.

- Blue Sky Involve volunteer initiatives: the employees and organization have continued to donate time and money to local communities, even with reduced numbers of employees
- tracking community service hours in corporate database
- working with other other Business Units (Power Solutions and Building Efficiency) to identify opportunities for employees whose jobs are being eliminated (example: Meadowbrook / Power Solution in Holland, MI)
- TARP application to help departing employees be eligible for assistance from the federal government to pay for COBRA benefits premiums

Power Solutions business unit (PS):

In 2009, Power Solutions adjusted its footprint globally in response to the economic downturn. This included closing two manufacturing facilities as well as making operational adjustments to improve efficiency and productivity. As we worked through these closures and operational changes, the company developed comprehensive social plans for the community impacted, working with works councils and unions as appropriate.

In 2009, Power Solutions also began construction of a new recycling center in Garcia, Nuevo Leon, Mexico. In 2011, the state-of-the-art recycling facility is completed and is bringing investment to Mexico and provide jobs for local citizens. The advanced technology will improve the overall environmental footprint of lead recycling, potentially offsetting much less rigorous operations by other market participants. Throughout the process we have worked closely with local authorities to collaborate on construction, job creation, and environmental opportunities associated with the facility.

Building Efficiency business unit (BE):

In the residential market, we experienced unprecedented downturns In 2009. Housing starts dropped 50% severely impacting the new construction market and industry HVAC shipments were down 26%. As a result, JCI residential business declined significantly. To combat this downturn, BE initiated several actions to mitigate the impact. We initiated a series of cost reduction actions including workforce eliminations, capital expenditure freezes and elimination of overtime. We also reduced the number of SKUs by half. Finally, we optimized our distribution network.

In the commercial market, we saw similar declines in new construction which still hasn't hit bottom. To combat this downturn, BE initiated cost reduction initiatives to 'right size' our SG&A. We targeted the ARRA stimulus package outlined by the government to capture revenue opportunities as well as leveraged technology and software acquisitions (Gridlogix and PWI Energy) around energy to grow our integration capabilities and capture new business.

In our service and parts business, we saw a cut in broad scope mechanical service spend and the deferral of maintenance as customers cut discretionary service spending. We also saw a decrease in project work and project delays as customers awaited stimulus funding. BE focused on energy solution sales to backfill lost repair service as well as decreased overhead cutting and adjusting service technician work schedules to minimize the impact. Finally, we developed initiatives targeting our installed equipment base to drive service agreement market share.

Our GWS business benefitted from many positive market dynamics. Companies accelerated outsourcing efforts to cut cost, the number and size of projects increased, and sales cycles compressed. We also saw increasing customer requests for energy savings projects across portfolios. BE mobilized resources to capitalize on these opportunities developing the largest pipeline of opportunities we have had in this business. We developed a comprehensive set of energy capabilities and leveraged our bundle of integrated systems and services to win global contracts.

Layoffs / Outplacement

Throughout the period, we have made every effort to retain talent as our service business (selling people's time) represents 60%+ of our revenues. For those we have had to layoff, we have made significant efforts to help them deal with and navigate through the change.

Please provide examples of how feedback and analysis

We actively reach out to our community stakeholders through both informal and formal meetings as necessary where we have operations. We can leverage the relationships we build through our membership in various professional organizations and NGOs globally. This allows us to understand the local issues that our company

of data on community impacts have informed steps toward further community engagement on the part of the reporting organization:

needs to consider while operating in that community or thinking about entering/exiting a community.

Attached in the Supporting References below is a document called Society Impact - Merit Award examples. This document provides a few examples of recent employee Merit Award nominations for how our employees positively impact the local communities, beyond just the normal day to day work that they do. They are good examples of the esprit de corps and "above and beyond" attitude that has existed all around Johnson Controls for many years.

#### Community Relations:

Community relations and community involvement are at the core of our business. To fulfill our Johnson Controls Vision and Values statements, our company must remain a dedicated public servant to the communities where we live, work and travel. We define success more broadly than just financial achievement. Our company also looks at the triple bottom line of economic prosperity, environmental stewardship and social responsibility. The Community Relations function at Johnson Controls mirrors that commitment in four distinct areas: Executive Involvement & Steering, Johnson Controls Foundation, Sponsorships and Community Involvement Program.

#### Executive Involvement and Steering:

Johnson Controls encourages our executive leadership to engage with community organizations that need our expertise and talent to guide their philanthropic efforts. Annually, our executives donate thousands of hours of leadership. Organizations benefitting from our Executive Involvement & Steering include Big Brothers & Big Sisters, Boys and Girls Clubs, YMCA, Light the Night Walk for Leukemia and UNCF to name a few. These leadership efforts also help assert the company's commitment to community service, which impacts our employee driven Community Involvement Program.

#### Johnson Controls Foundation in U.S.:

Over the last decade, the Johnson Controls Foundation has given more than \$65 million to support charitable organizations in the areas of the arts, education, and health and social services. In the United States, the Johnson Controls Foundation grants approximately \$6 million annually. Through the Foundation's Matching Gift Program, Johnson Controls also matches employee contributions dollar-for-dollar in the areas of education and arts. In 2011, we contributed more than \$5.1 million to the United Way of Greater Milwaukee, which included more than \$2.5 million from employees and another \$2.5 million in matching grants from the Johnson Controls Foundation. Johnson Controls was recognized as the first company to reach such a mark in United Way's 101-year history. We are one of only three Milwaukee-area firms whose combined employee and corporate United Way contribution exceeds \$4 million annually. On a national level, our total United Way giving exceeds \$7.9 million to local programs throughout the United States.

In the United States & Puerto Rico, we offer over \$240,000 in college scholarships annually. These scholarships are awarded to approximately 45 outstanding students that are children of Johnson Controls employees. These scholarships consist of 25 four-year grants and 20 one-year grants. Awards are merit based on academic, extra-curricular and community service excellence.

#### Sponsorship:

Johnson Controls provides many organizations with financial sponsorship and coordinated volunteer efforts. In many instances, it is our sponsorship dollars that serve as the catalyst for an organization to achieve its larger objectives. For instance, Johnson Controls' annual sponsorship of the Milwaukee Holiday Parade not only fosters community spirit, but also promotes the efforts of Hunger Task Force to provide food to local homeless shelters and food pantries. At the 2011 Holiday Parade, Johnson Controls employees collected more than 8,800 pounds of nonperishable food items to benefit local families in need.

#### Community Involvement Program:

The Community Involvement Program exists to support and encourage employee volunteerism. The employee-driven program focuses on social, educational, health, and arts initiatives. In 2011, our employees contributed more than 30,000 hours of volunteerism benefiting nearly 200 national charitable organizations and initiatives. According to Deborah Fugenschuh, president of the Donors Forum of Wisconsin, Johnson Controls employees' enthusiastic dedication to volunteer outreach activities make our Community Involvement Program the fifth largest volunteer effort in Wisconsin. The program initiated a national focus that has the capacity, through enhanced technology, to capture global participation.

#### Expansion of employee volunteer activities in local communities:

Blue Sky Involve volunteer activities are promoted annually with our global employee base. Please see "Blue Sky Involve" documents in Supporting References. The number of employee volunteer projects grew from 930 to 1100 projects globally over the past year.

Based on local community positive feedback, Johnson Controls continued the expansion of our signature philanthropic community program beyond the U.S. to global locations. This is the Conservation Leadership Corps program which engages youth between the ages of 16 and 26 for summer youth employment or volunteer activities

in their local communities. The focus is on hands-on conservation work which improves the local parks, natural areas or community resources as well as providing leadership development skills training for the youth.

The company delivers this program in partnership with the Student Conservation Association (SCA) local non-profit organizations in the U.S. and with local non-government organizations focused on youth volunteerism/environmental stewardship in global locations. In the U.S. it offers summer conservation jobs for a diverse group of more than 200 high school students per year. The students are mostly from economically disadvantaged inner-city neighborhoods. The students work in county parks on projects such as removal of invasive species, building trails and bridges, planting trees, digging ditches, and other activities. They restore and maintain natural areas and parklands in both city and state parks. The students in all three cities also engage in an environmental education curriculum, as well as valuable job readiness training to prepare them for their futures. Our local implementation partners help recruit the students from the diverse neighborhoods and provide the job readiness training. In Milwaukee, our local partner is the Milwaukee Area Workforce Investment Board, in Baltimore our partner is CivicWorks and in Detroit, our partner is the Greening of Detroit. Since 2006, the program has provided meaningful conservation summer jobs for 897 inner-city high school students in Milwaukee, Baltimore and Detroit. The program expanded globally to 6 countries: England, Germany, Slovakia, Czech Republic, China and Mexico. In 2011, more than 1700 youth around the world participated in volunteer hands-on conservation and community work and environmental education activities. In total, our investment in 2011 for the CLC program was almost \$1M. Please see CLC global overview in Supporting References.

Please see Community Relations overview in Supporting References.

In the course of reviewing our corporate strategy for risk assessment throughout the company's operations, we added societal risk in our annual risk assessment process. Two years ago, we launched a formal risk assessment process for the company. This was a process improvement for us as a company as previously, we had not implemented a uniform risk assessment process across the company. We added specific risks in our overall risk assessment process to address the impact of entering, operating in and exiting communities. The risks are part of the People, External and Compliance sections of the assessment. Prior to this formal risk assessment effort that the company initiated this past year, such risk assessments were done only a local basis and were not formalized throughout the global operations or business units. This new risk assessment process allows us to apply a more formalized due diligence process across our global locations. Please see Risk Management process document in Supporting References.

In the past, we surveyed community leaders in our corporate headquarters city of Milwaukee. The survey showed significant improvement in awareness and perception of Johnson controls on a variety of measures:

- 88% mentioned Johnson Controls as a company that comes to mind as a “good corporate citizen” or “positive player in the community” compared to 57% in the prior survey.
- There was a strong recognition of Johnson Controls pivotal role and financial commitment to essential community campaigns such as United Way. Often the company was described as “strong behind the scenes.”
- Almost one-third of the respondents named Johnson controls as a company that had taken a leadership position on the environment, up from 10 percent in the prior survey.

#### Supporting Documentation:

Crisis Management Team table of contents	Page #: <a href="#">View</a>
Crisis Management Plan	Page #: <a href="#">View</a>
Society impact - Merit Award examples	Page #: <a href="#">View</a>
2009 AE rightsizing overview	Page #: <a href="#">View</a>
Memberships in Associations, Organizations	Page #: <a href="#">View</a>
Blue Sky Involve overview presentation	Page #: <a href="#">View</a>
Blue Sky Involve Fact Sheet	Page #: <a href="#">View</a>
Community Relations overview presentation	Page #: <a href="#">View</a>
Risk Management process	Page #: <a href="#">View</a>
2011 Community Relations activities	Page #: <a href="#">View</a>
Volunteer and Philanthropic programs overview - JCI	Page #: <a href="#">View</a>
Conservation Leadership Corps global overview fact sheet	Page #: <a href="#">View</a>

#### Additional Comments

Johnson Controls, Inc. stays involved with numerous professional organizations worldwide to determine ways to improve our role in the community, especially with an increase in globalization. See "Memberships in Associations, Organizations" in the Supporting Documents section above for current memberships.

## Aspect: Corruption

### Corruption Risk GRI SO2

#### 5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Corruption / Corruption Risk GRI SO2

Percentage and total number of business units analyzed for risks related to corruption.

	2011	2010	2009	
Total number of business units analyzed for risks related to corruption	4	4	4	<u>C2</u>
Percentage of business units analyzed for risks related to corruption	100%	100%	100%	

#### C2

There are three business units plus Corporate within the company. Business units are: Building Efficiency, Power Solutions and Automotive Experience.

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#### Supporting Documentation:

Ethics Policy - Jan 2011

Page #: [View](#)

Human Rights & Sustainability Policy - JCI

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#### Additional Comments

100% of the company's business units and corporate activities have been analyzed for risks related to corruption. This risk assessment is part of our strategic planning and Sarbanes Oxley processes. This risk assessment is also part of our audit plan which is a risk-based audit process. We have improved even further our international trade compliance program which includes the topic of corruption and have made sure risks are identified and processes are in place. This program looks at all of our businesses and geographies.

See supporting references Ethics Policy and Human Rights & Sustainability Policy which both address corruption.

## Anti-Corruption Training GRI SO3

### 5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Corruption / Anti-Corruption Training GRI SO3

Percentage of employees trained in organization's anti-corruption policies and procedures.

	2011	2010	2009	<u>C1</u>
Percentage of total number of management employees who have received anti-corruption training	100	100	100	<u>C2</u>
Percentage of total number of non-management employees who have received anti-corruption training	10	12	7.5	<u>C3</u>

#### C1

Our Ethics Policy addresses anti-corruption and is consistent with the Ten Principles of the UN Global Compact that also addresses anti-corruption.

#### C2

100% of employees who meet the criteria noted below in Additional Comments are required to take annual ethics policy and module training. This includes anti-corruption training. All Johnson Controls employees are subject to our Ethics Policy and receive formal, informal and/or on-the-job training about its requirements.

#### C3

In FY11, we estimate that 10% of non-management employees have received formal ethics policy and modules training. In FY10, it is 12% and in FY09 it is 7.5%. This group includes non-management employees in our Corporate function; segments of employees in high risk regions like the Middle East; and employees in certain functional areas of our business.

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#### Supporting Documentation:

2009 Ethics Training modules Page #: [View](#)

2011 Ethics Training Modules Page #: [View](#)

2010 Ethics Training Modules Page #: [View](#)

Ethics Policy - Jan 2011 Page #: [View](#)

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#### Additional Comments

On an annual basis, Johnson Controls requires key employees, as defined below, to certify compliance with the Johnson Controls Ethics Policy and complete ethics training over the Internet. All full or part time employees (except those subject to bargaining) who meet the criteria of a "key" employee, defined by each business unit as someone who meets one or more of the following criteria must complete the required training over the Internet before the deadline established by each business unit.

The criteria is as follows:

- Is at a pay grade of 57 or above (or the local equivalent); and regardless of pay grade, if the employee meets one or more of the following criteria:
- Has signature authority or is responsible for significant commitments of company resources;
- Assumes a leadership role within the organization either through title or by having direct reports;
- Is an employee of Johnson Controls Corporate business unit, regardless of location

Responsibility for participant inclusion is driven by the local payroll system, thus regardless of a stated business unit or current physical location, all employees meeting the above criteria who are on a local human resources payroll system will fall under the jurisdiction of that local human resources department. The business units can, in their judgment, expand these definitions of which employees are subject to the Ethics Policy certification to include other employees, as they consider appropriate.

In 2008, a key module in this training program was entitled International Bribery and Corruption. It is one of three required courses in the Legal Compliance and Ethics Certification intranet site. A total of 30,518 Johnson Controls employees completed this module with an average time spent of 1/2 hour per person. The additional two modules offered in 2008 were Ethical Leadership and Antitrust with Customers, Dealers and Distributors.

In 2009, the ethics certification and compliance training modules were

- Ethical Awareness and Decision Making
- Resolving Conflicts of Interest
- Understanding the Foreign Corrupt Practices Act

More than 36,000 employees completed the ethics certification and compliance training modules in 2009 which was a 20% increase over the previous year.

In 2010, the ethics certification and compliance training modules were

- Avoiding FCPA (Foreign Corrupt Practices Act) violations
- Ethical leadership
- What you need to know about E-mail

In 2010, 44,316 employees completed the ethics certification and compliance training modules which was a 23% increase over the previous year.

In 2011, the ethics certification and compliance training modules were

- Resolving Conflicts of Interest
- Managing and Resolving Conflicts of Interest Involving Gifts and Gratuities
- Preventing Workplace Harassment

In 2011, 51,119 employees completed the ethics certification and compliance training modules which was a >15% increase over the previous year.

In 2012, we are forecasting 60,000 employees to take the ethics certification and compliance training modules. The modules for 2012 are:

- Avoiding Bribery and Corruption: A Global Overview
- Recognizing Conflicts of Interest: A Global Overview
- International Business Ethics: An Introduction

**5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Corruption / Corruption Response GRI SO4**

Actions taken in response to incidents of corruption.

	2011	2010	2009	
Total number of incidents in which employees were dismissed or disciplined for corruption	see notes	see notes	see notes C2.	<u>C2</u>
Total number of incidents when contracts with business partners were not renewed due to violations related to corruption	11	6	18	<u>C3</u>
Please explain any litigation or investigation regarding bribery or corrupt practices brought against the company or its employees over the last three years, including a description of the investigation or litigation, the allegations, the company's response, and the current status of any legal proceedings. Please also explain the outcomes, including any fines, penalties, or settlements paid in connection with those proceedings: From time to time, incidents that may allege corruption arise and in each case, the company investigates and takes appropriate actions. At this time, no pending litigation with respect to allegations of corruption exist.				

**C2**

From time to time, incidents that may involve corruption arise and in each case, the company investigates and takes appropriate actions. At this time, we have limited systems in place globally to track the number of incidents of dismissal or discipline due to corruption as many incidents are not labeled as such. Incidents are typically not strictly identified as "corruption", rather they are usually a confluence of varied behavioral characteristics which lead to the dismissal or discipline of an employee. However, when allegations of corruption are identified, the company investigates and takes action as warranted.

**C3**

Please see note in C2 which also applies to business partners. For suppliers that we have stopped doing business with because of corruption, we classify suppliers "Do Not Use/ Do Not Pay" (DNU/DNP) if there have been integrity/fraud issues. In some cases as part of our due diligence process we discover things about potential suppliers that would prevent us from using them in the first place. Existing suppliers we stopped using for integrity concerns, and vetted suppliers we won't use are on this DNU/DNP list. The issues might not have been able to be proved as "corruption" in the legal sense and would not have resulted in prosecution (we are not aware of any such cases). However, Johnson Controls had enough concern to make our judgment for such suppliers as DNU/DNP. In FY2011, 11 suppliers; FY2010, 6 suppliers; in FY2009, 18 suppliers were listed on this DNU/DNP list due to ethical issues.

**Supporting Documentation:**

Gifts & Entertainment policy Page #: [View](#)  
Ethics Policy - Jan 2011 Page #: [View](#)

**Additional Comments**

Compliance with Our Ethics Policy is a condition of employment. With respect to anti-corruption practices it states the following:

"Guiding Principle: We do not tolerate, and we actively oppose, corruption in our businesses.

Applying the Principle:

We win business with the integrity of our products, services and personal character.

We do not seek business by trying to corrupt the judgment of our customers. We do not tolerate any bribery of private or of public persons. We neither provide nor receive lavish or extravagant gifts.

Here's how you can help:

- Do not offer, pay, give or promise any favor, service, entertainment, meal, gift or other thing of value to any private or governmental customer to get business, or to any government or political official or their family members to get preferential treatment for Johnson Controls.
  - Before you make a gift or offer, ensure that the value of the gift would not reasonably be seen as an attempt to influence an official decision. Talk with the Legal Department to see if the recipient is considered a "government official." Get the Legal Department's approval before you act.
  - Do not offer employment, benefits or other profitable opportunities to government officials or to private citizens who have authority over Johnson Controls without first consulting with the Legal Department.
  - Obey all local anti-corruption and bribery laws.
  - Accurately record in Johnson Controls books all of your transactions including your expenses and any gifts or entertainment you provide.
  - Do not associate with business partners who engage in corrupt practices.
- Regularly screen business partners and stop working with them if you reasonably suspect corruption.
- Do not provide gifts, entertainment or other favors to a union representative without consulting the Legal Department."

Please see our policy in Supporting References on Receiving Gifts, Entertainment and Travel from Suppliers as it relates to our employees and what

they need to conform to when dealing with suppliers.



## Aspect: Public Policy

### Public Policy Position GRI SO5

#### 5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Public Policy / Public Policy Position GRI SO5

Public policy positions and participation in public policy development and lobbying.

<p>Please explain the significant issues that are the focus of organizational-level (not individual operation-level) participation in public policy development and lobbying:</p> <p>During the period, the Company lobbied on issues related to energy legislation, including advanced vehicle batteries and energy efficiency. All lobbying was done in the U.S. and not outside of the U.S. Our company lobbies on a limited number of issues that are important to the growth of our business. Our lobbying is conducted with the U.S. Congress, federal agencies on policy issues (including the Departments of Energy and Defense). Our lobbying and advocacy efforts are often in conjunction with the efforts of organizations that we belong, such as the Business Council for Sustainable Energy, the Alliance to Save Energy and the American Council for an Energy Efficient Economy. We also lobby with our business trade groups such as the National Association of Energy Service Companies, the National Association of Manufacturers, and the Electric Drive Transportation Association.</p> <p>The product and service offerings that occur from these efforts also benefit our customers and society as a whole. An example of this would be the advanced battery technology to advancement of hybrid technology and the use of it for improved automobile fuel efficiency and reduction of gasoline consumption. Another example is working on energy efficiency policy that promotes retrofitting commercial and government buildings. Such policies lead to saving money on energy use, as well as cleaner and healthier work environment.</p> <p>Our Ethics Policy states within the United States, no contribution of funds or services are to be made to, or on behalf of, any political organization or candidate by Johnson Controls or any of our subsidiary companies without advance approval by the Legal Department and/or the Diversity &amp; Public Affairs Department.</p>	
<p>Please explain the core positions held on each of the reported issues above and explain any significant differences between lobbying positions and state policies, sustainability goals, or other public positions:</p> <p>The company's position on energy legislation and energy efficiency is in line with the goals of the federal and state governments in the desire to reduce green house gases and the carbon footprint of commercial buildings and residential homes.</p> <p>Through our combined product and service portfolio, we help our customers to reduce costs, increase facility performance and reduce their overall environmental footprint in an effort to 'green' their organizations. We have a very significant role in promoting energy efficiency. The company deals with waning energy sources by introducing more renewables such as solar power, biomass, geothermals and turbines. Renewable energy is a natural extension of the company's energy efficiency performance contracting business because it gives customers the opportunity to realize monetary benefits from energy efficiency that can be applied to renewable energy solutions. As an industry leader, we have a responsibility to drive sustainability initiatives, green building, and be energy efficiency champions. We are going to make lighter cars, lighter materials, hybrid electric vehicle batteries and we will be the green building experts.</p>	
<p><input checked="" type="radio"/> Information about public policy positions and priorities is made available at this location: Please specify: Annual Business &amp; Sustainability Report</p> <p><input type="radio"/> Information about public policy positions and priorities is not publicly available</p>	C3
<p><input type="checkbox"/> Involvement in government lobbying is publicly disclosed. Please specify:</p>	

C3

Our position and priorities on these important issues is reflected in business and explained in our corporate annual report to stockholders, called our Business and Sustainability Report. This report is available on our web site at [www.johnsoncontrols.com](http://www.johnsoncontrols.com).

#### Supporting Documentation:

Ethics Policy - Jan 2011 Page #: [View](#)

#### Additional Comments

Our Ethics Policy:

Johnson Controls and its people uphold the highest ethical standards in every endeavor. Behaving ethically underlies our relationships with customers, shareholders, communities, and each other. Our Creed and Values set forth our beliefs. Our Ethics Policy provides specific guidance on the behaviors that allow us to implement our beliefs globally. Every year, we require a commitment to our Ethics Policy from employees worldwide. The policy is available in 32 languages in addition to English.

All salaried employees must complete online ethics certification. The certification requires completion of three ethics training modules (available in 26 languages) and a review of the Ethics Policy. Employees for whom certification is not required must demonstrate that they know and understand the Ethics Policy as part of their job appraisals. Each year since we launched the online ethics training in 2001 our number of participants has grown, with more than 51,000 employees in 2011 representing 100 percent compliance with training requirements.

On Jan. 1, 2011, the company introduced an updated Ethics policy (please see complete policy in Supporting References). It reaffirms and expressly

states our belief in eliminating “discrimination and harassment in all of its forms, including that related to color, race, gender, sexual preference, age, pregnancy, caste, disability, union membership, ethnicity or religious beliefs.” The complete Ethics Policy is available on the company Web site. It covers:

**Employees and Other Team Members:**

Our Ethics Policy applies equally to all.

We safeguard the health and safety of our global team members.

We are inclusive, value diversity and support team members in realizing their potential.

We protect the privacy of team members.

We respect freedom of association and obey all laws on working hours and compensation.

**Company and Shareholders:**

We obey the laws, rules and regulations of all countries where we conduct business.

We protect Johnson Controls confidential information and respect that of our competitors.

We act in Johnson Controls best interests and spend its money solely for Johnson Controls business purposes.

We are committed to providing safe, quality products and services. We address and do not hide risks and mistakes.

We use Johnson Controls assets such as e-mail, Internet access, telephones and computers responsibly and honorably.

We do not tolerate, and we actively oppose, corruption in our businesses.

We ensure our books and records are accurate, complete and maintained according to the law and industry best practices.

**Our Customers, Competitors and Suppliers:**

We believe in vigorous competition and do not use illegal or unethical means to gain an advantage over a competitor.

**The Public and Our Communities:**

We comply with international trade laws.

We believe that what’s good for the environment is good for Johnson Controls.

We strictly limit the use of company resources to support political campaigns or causes.

We communicate accurately with the public.

**Political Contribution GRI SO6**

**5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Public Policy / Political Contribution GRI SO6**

Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

Currency: USD	2011	2010	2009	
Countries				
USA	121,000	120,100	106,000	
Canada	0	0	0	
Total annual political contributions:	121,000	120,100	106,000	
<input checked="" type="radio"/> Information about total political contributions is made public: Please specify: <a href="http://www.fec.org">www.fec.org</a>				<u>C15</u>
<input type="radio"/> Political contribution information is not publicly available				
<p>Political contribution details:            Johnson Controls maintains political action committees (PACs) funded entirely by key employees that contribute money principally to federal, state and local candidates running for election in jurisdictions in which Johnson Controls has a major presence.</p> <p>Contributions during 2011 were:            Michigan PAC: \$0            Federal PAC: \$21,000</p> <p>Contributions during 2010 were:            Michigan PAC: \$0            Federal PAC: \$20,100</p> <p>Contributions during 2009 were:            Michigan PAC: \$1000            Federal PAC: \$5,000</p> <p>In addition, we are members of the Democratic Governors Association and the Republican Governors Association. Our member dues are \$50,000 each annually.</p>				

**C15**  
 JCI's PAC contributions are publically available on the Federal Election Commission website [www.fec.org](http://www.fec.org).

## Aspect: Anti-Competitive Behavior

### Monopoly Litigation GRI SO7

#### 5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Anti-Competitive Behavior / Monopoly Litigation GRI SO7

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

	2011	2010	2009	
Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	see notes	see notes	see notes	<u>C2</u>
Please explain any litigation or controversies regarding anti-competitive behavior, anti-trust, or monopoly practices over the last three years. Include a description of the litigation, the allegations, the company's response, and current status of any legal proceedings. Please also report any fines, penalties, or settlements paid in connection with these proceedings:				

#### C2

There are no allegations proven in which Johnson Controls was found to be guilty, however, from time to time, these issues involving anti-competitive or anti-trust practices do arise. Typically, the issues are a confluence of several factors that lead to the legal action and are not specifically just anti-competitive issues. Globally, it is difficult to track the numbers of these incidents as they may not be classified as just anti-competitive or anti-trust issues. The company does anticipate these issues and engages significant resources to train our employees on how to avoid such behavior or incidents. The company requires online Ethics Compliance training for all managers and supervisors globally which equate to more than 51,000 employees. This training informs employees on how to deal appropriately with customers, suppliers and others in the marketplace. For all employees, compliance with our ethics policy is a condition of employment. We are putting more resources towards identifying and capturing data relevant to the business and over time these tracking mechanisms will improve.

#### Additional Comments

In the normal course of business, the Company becomes involved from time to time in proceedings which allege violations of the antitrust and other competition laws. All matters are investigated, and then litigated or settled so as to resolve the matters with no significant consequence to the Company.

Our ethics policy states that employees must act in compliance with antitrust laws and ethical behavior regarding competitive information as well as compliance with laws affecting international business.

## Aspect: Compliance

### Non-Compliance w/ Law Fines GRI SO8

#### 5. Management Approach and Performance Indicators / Society / Society Performance Indicators / Aspect: Compliance / Non-Compliance w/ Law Fines GRI SO8

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (e.g. human rights).

<input checked="" type="radio"/> Company has identified non-compliance with laws or regulations				
<input type="radio"/> Company has not identified non-compliance with laws or regulations				
Human rights issues in the past five years:				
<input type="checkbox"/> *Company has been involved in litigation, pending or settled.				
<input type="checkbox"/> *Fines have been levied against the company by a governmental organization(s).				
<input type="checkbox"/> *Human rights controversies involving the company are publicly disclosed.				
Currency: USD	2011	2010	2009	<a href="#">C7</a>
Total monetary value of significant fines	\$211,206	\$393,347	\$9,475	<a href="#">C8</a>
Total number of non-monetary sanctions	58	52	25	<a href="#">C9</a>
Cases brought through dispute resolution mechanisms	see attached safety citations	see attached safety citations	see attached safety citations	

#### C7

Number of citations and fines, if any, are reported only for those citations considered final (closed) by all parties involved. that is pending (open) citations that are still being negotiated are not include here but shown in the attached.

#### C8

All fines are safety related. Environmental fines are reported in the Supporting References section below and again in GRI EN28. Also, in 2007 a \$22 million dollar fine regarding Food for Oil was assessed as discussed in our 2008 10-K attached.

#### C9

We assume sanctions to be equivalent to a safety citation, which are the only type experienced and thus, reported here.

#### Supporting Documentation:

2009 NOVs, Permit exceedences and Releases	Page #:	<a href="#">View</a>
2010 NOVs, Permit exceedences and Releases	Page #:	<a href="#">View</a>
2011 Safety Citations (2007 thru 2011).xls	Page #:	<a href="#">View</a>
2011 NOVs, Permit exceedences and Releases	Page #:	<a href="#">View</a>
2009 10-K	Page #: 14	<a href="#">View</a>
2011 10K Report	Page #: 6-7	<a href="#">View</a>
2010 10-K Report	Page #: 6-7	<a href="#">View</a>

#### Additional Comments

Our global operations are governed by Environmental Laws and Worker Safety Laws. Johnson Controls has expended substantial resources globally, both financial and managerial, to comply with applicable Environmental Laws and Worker Safety Laws, and to protect the environment and workers. The Company believes it is in substantial compliance with such laws and maintains procedures designed to foster and ensure compliance. However, the Company has been, and in the future may become, the subject of formal or informal enforcement actions or proceedings regarding noncompliance with such laws or the remediation of Company-related substances released into the environment. Such matters typically are resolved by negotiation with regulatory authorities resulting in commitments to compliance, abatement or remediation programs and in some cases payment of penalties. Historically, neither such commitments nor penalties imposed on the Company have been material- see our SEC filings above (Form 10-K)

As noted in the 2010 10-K there were no substantive fines.

# Product Responsibility

## Product Responsibility: Disclosure on Management Approach

### Product Responsibility Disclosure on Mgmt. Approach GRI PR

#### 5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility: Disclosure on Management Approach / Product Responsibility Disclosure on Mgmt. Approach GRI PR

DISCLOSURE ON MANAGEMENT APPROACH - Concise disclosure on the following Management Approach items with reference to the Product Responsibility Aspects:

- Customer Health and Safety;
- Product and Service Labeling;
- Marketing Communications;
- Customer Privacy; and
- Compliance.

#### CUSTOMER HEALTH AND SAFETY:

Johnson Controls is committed to providing quality products and services that meet or exceed the expectations of our customers. Deficiencies that threaten the physical well being of any person or put the financial security of our company at risk should be reported immediately to management. Deficiencies may involve product quality, safety, design, installation, or maintenance.

#### PRODUCT and SERVICE LABELING:

Products produced by our power solutions group contain hazardous substances. On-product labeling exists compliance with applicable law regarding that hazardous content. Battery product produced by our power solutions group has on-product warnings to instruct user on safe use of the product. Some labeling exists on consumer product produced by our building efficiency group to provide guidance on safe use. Batteries produced by our power solutions group have on-product labeling that indicates the product is recyclable. This is combined with strong point of sale procedures in place to facilitate the recycling of those batteries. Labeling regarding many automotive products are specified in regulations applicable to vehicles in which our component parts are incorporated. Those regulations determine both location and content of those warnings. To the extent that other on-product labeling is used on components sold for use in vehicles, those labels are determined by our customers' functional requirements and specifications related to that labeling.

#### MARKETING COMMUNICATIONS:

Our Communications Policy, applicable worldwide, states: No employee or agency will place a print, broadcast or Web advertisement or sign an advertising contract (with the exception of employment ads, which must be coordinated through human resources) without the approval of the business unit communication department or corporate communication department. All advertisements, including those for trade, business or consumer publications, sponsorships and trade shows, must be approved by the appropriate communication department prior to publishing. Some business units have created local advertising programs for Johnson Controls locations. Inquiries about these local programs should be directed to business unit communication departments.

#### COMPLIANCE:

Johnson Controls provides products and services through its three businesses – automotive experience, building efficiency and power solutions. While the requirements for safety will change based upon the operating group involved, each of those groups has the following common elements embedded in their quality operating systems:

- A phased approach to design and development to assure that safety requirements are understood and that the design of the product or service is capable of complying with those requirements.
- Third-party audits of quality operating systems.
- Monitoring of field results and application of lessons learned to improve the design and development process.

Customer satisfaction is the source of employee, shareholder, supplier and community benefits. Satisfied customers enable us to attract and hire good employees, provide a competitive return to shareholders, offer business to suppliers, and enhance our standing within communities where we work. Striving to exceed customers' expectations is consistent with our corporate objective to be a market leader. We recognize that because customer expectations are always increasing, continuous improvement is essential. The responsibility for monitoring customer satisfaction resides within the Board of Directors and within business unit management.

Central to our efforts to satisfy customers is our global Continuous Improvement initiative, which combines and integrates key elements of our quality programs. The initiative has three main interconnected elements:

**Six Sigma.** This globally recognized business improvement process uses scientific, data-driven methods to improve quality by finding and eliminating root causes of variations in processes. It is proven effective for achieving gains in quality, productivity, safety, customer satisfaction, and profitability. Johnson Controls launched its Six Sigma initiative companywide in 1999.

**Lean Manufacturing.** This set of disciplines, also widely recognized in manufacturing circles, focuses on eliminating waste and achieving production at the pace of customer demand, thus minimizing use of resources throughout the supply chain.

**Best Business Practices.** This Johnson Controls program objectively measures plants or work teams to determine which is Best in Class in a given area, then identifies and shares best practices to bring all participants up to the level of the best.

In addition, our Business Operating System (BOS) initiative defines and standardizes best practices in product development, manufacturing, purchasing, and administrative functions such as finance and human resources. It ensures uniformity in dealing with customers and brings prompt, measurable quality improvements.

Our three businesses are structured differently with regard to customer feedback integration, based on customer needs.

Our automotive experience business provides mobile phones to our plant managers and our customer business unit vice presidents and general managers, as well as an Internet site for customer feedback.

Our building efficiency business has an online customer portal and also has a technology/process strategy for Customer Relationship Management throughout the next five years. It will include all customer data and linked to appropriate databases for problem resolution. The business has also contracted an independent group to conduct customer satisfaction surveys with its Facility Management customers.

Our power solutions group has contracted an independent group to conduct periodic customer satisfaction studies with several key customers. It also has an internal Customer Action System (CAS) where customer complaints and issues are entered into an electronic database. The issues are assigned to a specific person, and status reports are automatically generated to ensure that issues are closed in a timely manner.

Instead of having a customer complaint center, Johnson Controls assigns dedicated account representatives who correspond with their customers daily.

Compliance with customer service quality standards. Customer quality standards vary according to business and customer. For example, within our automotive experience group, General Motors provides monthly service ratings to indicate whether our plants are shipping within agreed-upon time frames. We perform very well to those metrics.

Within our power solutions business, we are QS9000/TS16949 third-party certified in each of our manufacturing plants. We conduct internal and third-party audits in compliance with these standards. We also conduct monthly Quality Operating System (QOS) reviews with the executive staff to review key quality measures, customer issues and corrective actions.

We use various methods to monitor customer satisfaction. One of these is customer recognition. Advanced Auto Parts honored Johnson Controls with its Vendor of the Year Award for providing the highest quality product, excellent fulfillment services, and strong customer service and marketing support. Automotive Industries Magazine recognized Johnson Controls in its 2004 Quest for Excellence Awards as the top automotive supplier in seating, overhead systems, instrument cluster, instrument panel and entertainment systems categories. Ford World Excellence Award was awarded to the Company in the Customer-Driven Six Sigma category for Product Development for Six Sigma (PDFSS) headrest quality project. Please see GRI 2.10 for a listing of awards received from customers and third parties.

We also rely on regular customer surveys. One such survey in our building efficiency business shows that 87 percent of control system sales are to repeat customers, and that 94 percent of customers on service contracts renew those contracts when they expire.

Automotive experience uses research conducted by JD Powers & Associates to assess customer satisfaction and also measures interior defect rate reports and customer awards for performance.

# Product Responsibility Performance Indicators

## Aspect: Customer Health and Safety

### Product Safety Assess GRI PR1

#### 5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Customer Health and Safety / Product Safety Assess GRI PR1

Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Product/service life cycle stage				Health and safety impacts assessed for improvement	<u>C1</u>
Development of product concept				Yes	<u>C2</u>
R&D				Yes	<u>C3</u>
Certification				Yes	<u>C4</u>
Manufacturing and production				Yes	<u>C5</u>
Marketing and promotion				Yes	<u>C6</u>
Storage distribution and supply				Yes	<u>C7</u>
Use and service				Yes	<u>C8</u>
Disposal, reuse, or recycling				Yes	<u>C9</u>
	2011	2010	2009		
Percentage of significant product or service categories that are covered by and assessed for compliance with company procedures for assessing product/service health and safety impacts:	77%	77%	77%		<u>C12</u>

#### C1

While we are in various stages of maturity for systematic consideration of health and safety of our product during development, we are at an early stage of applying a similar protocol to services development.

#### C2

During product development, products are assessed to assure appropriate safety requirements are in place and to assure that there is an appropriate plan to achieve performance consistent with those safety requirements. We don't have a regular safety review process for the service side of our business in BE. There are different levels of maturity in product business lines and regions for this type of discipline.

#### C3

This type of assessment is in place in automotive and in hybrid battery groups. This type of discipline does not exist in our BE group currently for R&D areas but does exist for more conventional launch of existing concepts.

#### C4

There is no certification requirements applicable to our SLI battery products, either on a component or vehicle basis. There are vehicle level certification requirements relating to components that we provide to our customers. While our customers do the actual certification, we do component level validations to assure that they have comfort with the level of safety in those components. Those validations at a component level are per the specification of our customers. Similarly, for hybrid batteries, we do component level validation of our components to provide comfort to our customers on the certification requirements they have. In our BE group, we have third party agencies certify our consumer HVAC product to various consensus standards that have safety requirements. Particularly in Europe and in the China markets (although in other emerging markets as regulatory schemes evolve), we work with third party certification agencies to achieve requirements for certification specified in those countries.

#### C5

In-plant checks for safety compliance are part of the development process and post production review in the automotive group. No current product safety discipline exists for this in our power solutions and building efficiency groups although recent efforts have initiated similar review efforts in these groups. There are regular quality reviews of plants in these areas, however, which occasionally result in a followup on potential safety issues.

#### C6



In our automotive and SLI battery groups, marketing and promotion is done by our customers. In our BE group, installation literature and user literature is reviewed by our engineering and service groups for appropriate content. Additionally, these technical reviews are augmented by reviews by subject matter legal experts, as needed and requested, particularly on labeling and instructions issues.

**C7**

A principle consideration of our power solutions group is consideration of the handling of SLI and hybrid batteries during distribution, both of which pertain to assuring that the hazardous contents of the batteries remain within the battery and are not released to the environment. Automotive product which we provide complies with End Of Life Directives and IMDS disciplines worldwide. Additionally, some components which we handle and ship in the automotive area (example: pretensioners used on belts incorporated into our seats) include safe handling instructions for shipment and use. Finally, in our BE group, we provide instructions for proper handling of refrigerant content such as in the case of commercial refrigeration equipment.

**C8**

Consumer products sold by our building efficiency group include user and service literature which are reviewed by engineering and service for appropriate safety content. For our AE, PS and commercial BE groups, service is provided other than through our company or distribution systems that we have in place. That service is provided through the customer.

**C9**

Recycling and appropriate disposal of the hazardous materials in batteries sold by our power solutions group are considered as part of the plan for the product life cycle during development. Where applicable, we use IMDS and End of Life directives as guidance for establishing proper disposal or recycling of our product.

**C12**

No service categories (which are in our BE group) currently have a QOS approach to service safety. In general, our products all have a phase methodology approach to detect and prevent safety issues. Additionally, our products employ and associated service areas generally employ a structured approach to reporting quality issues that have safety implications. Where there is no associated product offering for the service, we do not have a structured method of reporting those type of issues. Based on the progress in BE in terms of putting a structured approach to safety in product development in the past year, the increase of that business mix for the company, and the introduction of a line certification methodology for safety in our AE groups, we are increasing the percentage by two points. The gap to 100% is largely attributable to the lack of structured disciplines in service offerings unconnected with products.

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**Additional Comments**

Johnson Controls provides products and services through its three businesses – automotive experience, building efficiency and power solutions. While the requirements for safety will change based upon the operating group involved, each of those groups has the following common elements embedded in their quality operating systems for product:

- A phased approach to design and development to assure that safety requirements are understood and that the design of the product or service is capable of complying with those requirements.
- Third-party audits of quality operating systems.
- Monitoring of field results and application of lessons learned to improve the design and development process.

**Product Health & Safety Non-compliance GRI PR2**

**5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Customer Health and Safety / Product Health & Safety Non-compliance GRI PR2**

Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.

<input type="radio"/> Company has identified non-compliance with regulations or voluntary codes regarding the health and safety of its products/services <input checked="" type="radio"/> Company has not identified non-compliance with regulations or voluntary codes regarding the health and safety of its products/services				<u>C1</u>
	2011	2010	2009	
Total number of incidents of non-compliance with health and safety regulations resulting in a fine or penalty:	0	0	0	
Total number of incidents of non-compliance with health and safety regulations resulting in a warning:	0	0	0	
Total number of incidents of non-compliance with voluntary codes for health and safety:	0	0	0	<u>C6</u>
<p>Please describe any product safety controversies the company has experienced within the last three years. Include information about any fines, settlements, or court-imposed awards and indicate dates, amounts and any cases involving fatalities:            While the company faces certain product liability cases which are brought against its products from time to time, none of those cases have involved actions for non-compliance with an applicable regulatory or voluntary code and fines, settlements or court imposed awards for such non-compliance.</p> <p>The company does have a process for determining whether products in the field have non-conformities that might be the source of potential product safety concerns. It regularly monitors field performance and performance in the factory to determine whether any non-conformities in our product could be the source of those types of concerns. If we determine that such circumstances exist (i.e. non-conformities that could cause safety concerns in the field), we either work with our customer to determine the correct field response in cases where we supply the component and not the entire end product or determine the correct field actions if our product is the product sold to the end user. In doing so, we determine any requirements for reporting such actions promulgated by applicable regulatory agencies and report our actions consistent with those reporting requirements.</p>				

**C1**

The SLI batteries do not have regulatory requirements for safety performance with which the company is required to comply. Any compliance requirements for automotive or hybrid battery products is at a vehicle level (not a component requirement) and compliance in those cases is certified by our customers with the exception of China and Europe where some component level certifications are required, but handled in the ordinary course through third party approval protocols. Consumer products in our BE group Americas are not subject to regulatory requirements. However, to the extent they are subject to voluntary standards which include safety requirements, compliance with those standards is validated through certification by third party agencies. This is particularly true in our BE group. In overseas applications for consumer products, third party approval requirements exist for consumer products in certain markets e.g. in the European Union and we comply with those.

**C6**

In our BE group, we do subscribe to certifying to various voluntary codes (such as ANSI or UL) where we use a third party to certify our compliance with those voluntary codes. As is common in those instances where such a protocol is in place, those third party agencies periodically review the status of our certifications to assure that there are no non-conformities that exist. To the extent that non-conformities are raised during this process, we address those non-conformities to assure that certification of compliance with the codes stay in place. We have not had instances where a non-conformity has been identified and a certification of compliance has been withdrawn as a result.

## Aspect: Product and Service Labeling

### Product Information Labeling GRI PR3

#### 5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Product and Service Labeling / Product Information Labeling GRI PR3

Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

Product/service information				Required for product/service labeling	
The sourcing of components of the product or service				Yes	<u>C2</u>
Content, particularly with regard to substances that might produce an environmental or social impact				Yes	<u>C3</u>
Safe use of the product or service				Yes	<u>C4</u>
Disposal of the product and environmental/social impacts				Yes	<u>C5</u>
Other (please explain):					
	2011	2010	2009		
Percentage of significant product or service categories that are covered by and assessed for compliance with company procedures for product and service information and labeling:	100	100	100		<u>C9</u>

#### C2

For our batteries, certain on-product labels advise the consumer regarding the distributor of the battery per the requirements of FHSA. Other products do not generally have labels that advise of the name of the manufacturer, but where imported, do reflect the country of origin consistent with customs requirements. Additionally, batteries do post recycle information on the battery display areas. That recycle information is also reinforced by processes for educating distributors on the importance of recycling of batteries. Economic benefits of recycling and financial consideration for recycling also motivate distributors and assure that batteries are recycled. Strategies for recycling of hybrid batteries are currently under consideration and development. In our automotive components group, we are using recent legislation in European countries on recyclability of automotive products as guidelines for the use of more sustainable/recyclable materials in our components. Much of the content of our BE products involves recycled materials. Various business groups within the company are highlighting these efforts with consumers through marketing efforts.

#### C3

Products produced by our power solutions group contain hazardous substances. On-product labeling exists compliant with applicable law regarding that hazardous content. Material Safety Data Sheets (MSDS) exist to the extent required by TSCA regarding the content of the product. Our business groups subscribe to recent REACH (recycle) protocols for sustainability.

#### C4

Battery product produced by our power solutions group has on-product warnings to instruct user on safe use of the product. Some labeling exists on consumer product produced by our building efficiency group to provide guidance on safe use. In our AE group, labeling which is required for the customer to meet its FMVSS certification requirements is provided (examples: ISOFIX dots and visor warning labels) or to meet customer requirements apart from regulatory requirements.

#### C5

Batteries produced by our power solutions group have on-product labeling that indicates the product is recyclable. This is combined with strong point of sale procedures in place to facilitate the recycling of those batteries.

#### C9

Re-evaluating this category and have gone from 50% to 75%. Focus in the past years was on actual product with labels. Focus this year is on the categories that we do actual assessment of the requirements for safety that include labels. Based on the protocol and consistent with the assessment for PR1, we have raised the percentage based on where we do assessments, which is larger than the number where we require labels. With the recent advent of REACH legislation in Europe which requires explicit addressing of hazardous content in our product to assure that there are no bars to recycling, we have reassessed our product subject to this type of assessment upwards in 2009. Our focus is on assessment of the products for compliance which we believe to be the intent of this inquiry.

**Labeling Non-compliance GRI PR4**

**5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Product and Service Labeling / Labeling Non-compliance GRI PR4**

Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

<input type="radio"/> Company has identified non-compliance with regulations or voluntary codes regarding product and service information and labeling <input checked="" type="radio"/> Company has not identified non-compliance with regulations or voluntary codes regarding product and service information and labeling				<u>C1</u>
	2011	2010	2009	
Total number of incidents of non-compliance with product and service information and labeling regulations resulting in a fine or penalty:	0	0	0	
Total number of incidents of non-compliance with product and service information and labeling regulations resulting in a warning:	0	0	0	
Total number of incidents of non-compliance with voluntary codes for product and service information and labeling:	0	0	0	<u>C6</u>

**C1**

For labeling, the non-compliance issue is principally driven by warnings in place to comply with the requirements of the Federal Hazardous Substances Act. Also, provide labels in AE product to accommodate customer requirements based on their FMVSS responsibility.

**C6**

Johnson Controls BE group does certify compliance with certain voluntary codes (ANSI, CSA) through third parties and has not lost certifications during any of those years. Similar protocols are followed by our hybrid batteries operations with similar results.

**Additional Comments**

In 2011, Johnson Controls did not have any reported instances of non-compliance with applicable product information and labeling regulatory requirements that resulted in fines or warnings. Johnson Controls does certify with third party agencies with respect to voluntary standards including product information and warnings.

## 5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Product and Service Labeling / Customer Satisfaction GRI PR5

Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

Customer satisfaction is the source of employee, shareholder, supplier and community benefits. Satisfied customers enable us to attract and hire good employees, provide a competitive return to shareholders, offer business to suppliers, and enhance our standing within communities where we work. Striving to exceed customers' expectations is consistent with our corporate objective to be a market leader. We recognize that because customer expectations are always increasing, continuous improvement is essential. The responsibility for monitoring customer satisfaction resides within the Board of Directors and within business unit management.

Central to our efforts to satisfy customers is our global Continuous Improvement initiative, which combines and integrates key elements of our quality programs. The initiative has three main interconnected elements:

**SIX SIGMA.** This globally recognized business improvement process uses scientific, data-driven methods to improve quality by finding and eliminating root causes of variations in processes. It is proven effective for achieving gains in quality, productivity, safety, customer satisfaction, and profitability. Johnson Controls launched its Six Sigma initiative companywide in 1999.

**LEAN MANUFACTURING.** This set of disciplines, also widely recognized in manufacturing circles, focuses on eliminating waste and achieving production at the pace of customer demand, thus minimizing use of resources throughout the supply chain.

**BEST BUSINESS PRACTICES.** This Johnson Controls program objectively measures plans or work teams to determine which is Best in Class in a given area, then identifies and shares best practices to bring all participants up to the level of the best.

In addition, our Business Operating System (BOS) initiative defines and standardizes best practices in product development, manufacturing, purchasing, and administrative functions such as finance and human resources. It ensures uniformity in dealing with customers and brings prompt, measurable quality improvements.

Our three businesses are structured differently with regard to customer feedback integration, based on customer needs. Our automotive experience business provides mobile phones to our plant managers and our customer business unit vice presidents and general managers, as well as an Internet site for customer feedback.

Our building efficiency business has an online customer portal and also has a technology/process strategy for Customer Relationship Management throughout the next five years. It will include all customer data and linked to appropriate databases for problem resolution. The business has also contracted an independent group to conduct customer satisfaction surveys with its Facility Management customers.

Our power solutions group has contracted an independent group to conduct periodic customer satisfaction studies with several key customers. It also has an internal Customer Action System (CAS) where customer complaints and issues are entered into an electronic database. The issues are assigned to a specific person, and status reports are automatically generated to ensure that issues are closed in a timely manner.

Instead of having a customer complaint center, Johnson Controls businesses assign dedicated account representatives who correspond with their customers daily.

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### Additional Comments

**COMPLIANCE WITH CUSTOMER SERVICE QUALITY STANDARDS.** Customer quality standards vary according to business and customer. For example, within our automotive experience group, General Motors provides monthly service ratings to indicate whether our plants are shipping within agreed-upon time frames. We perform very well to those metrics.

Within our power solutions business, we are QS9000/TS16949 third-party certified in each of our manufacturing plants. We conduct internal and third-party audits in compliance with these standards. We also conduct monthly Quality Operating System (QOS) reviews with the executive staff to review key quality measures, customer issues and corrective actions.

We use various methods to monitor customer satisfaction. One of these is customer recognition. Please see GRI 2.10 for a full listing of awards received by customers in past fiscal year.

We also rely on regular customer surveys. One such survey in our building efficiency business shows that 87 percent of control system sales are to repeat customers, and that 94 percent of customers on service contracts renew those contracts when they expire.

Automotive experience uses research conducted by JD Powers & Associates to assess customer satisfaction and also measures interior defect rate reports and customer awards for performance.

In our building efficiency consumer group, an 800 number methodology is used to obtain field data on customer complaints regarding our product.

## **Aspect: Marketing Communications**

### **Marketing Law Programs GRI PR6**

#### **5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Marketing Communications / Marketing Law Programs GRI PR6**

Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Our Communications Policy, applicable worldwide, states: No employee or agency will place a print, broadcast or Web advertisement or sign an advertising contract (with the exception of employment ads, which must be coordinated through human resources) without the approval of the business unit communication department or corporate communication department. All advertisements, including those for trade, business or consumer publications, sponsorships and trade shows, must be approved by the appropriate communication department prior to publishing. Some business units have created local advertising programs for Johnson Controls locations. Inquiries about these local programs should be directed to business unit communication departments.

**Marketing Non-compliance GRI PR7****5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Marketing Communications / Marketing Non-compliance GRI PR7**

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.

Non-Compliance with Regulations and Voluntary Codes Concerning Marketing Communications	2011	2010	2009	
Total number of incidents of non-compliance with regulations resulting in a fine or penalty:	0	0	0	
Total number of incidents of non-compliance with regulations resulting in a warning:	0	0	0	
Total number of incidents of non-compliance with voluntary codes:	0	0	0	

**Additional Comments**

In 2011, Johnson Controls did not have any breaches of advertising and marketing regulations.

## Aspect: Customer Privacy

### Customer Privacy Breach GRI PR8

#### 5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Customer Privacy / Customer Privacy Breach GRI PR8

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

<input type="radio"/> Company has identified substantiated complaints of breaches of customer privacy				
<input checked="" type="radio"/> Company has not identified substantiated complaints of breaches of customer privacy				
	2011	2010	2009	
Total number of complaints concerning breaches of customer privacy received from outside parties and substantiated by the organization:	0	0	0	
Total number of complaints concerning breaches of customer privacy received from regulatory bodies:	0	0	0	
Total number of identified leaks, thefts, or losses of customer data:	0	0	0	



**Aspect: Compliance**

**Total Non-compliance Fines GRI PR9**

**5. Management Approach and Performance Indicators / Product Responsibility / Product Responsibility Performance Indicators / Aspect: Compliance / Total Non-compliance Fines GRI PR9**

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

<input type="radio"/> Company has identified non-compliance with laws or regulations regarding the provision and use of products <input checked="" type="radio"/> Company has not identified non-compliance with laws or regulations regarding the provision and use of products				<u>C1</u>
Currency: US dollars	2011	2010	2009	
Total monetary value of significant administrative or judicial sanctions levied for failure to comply with laws or regulations, including international declarations, conventions, treaties, and national, sub-national, regional, or local regulations regarding the provision and use of company's products and services:	0	0	0	

**C1**

There are no fines of which the company is aware involving provision and use of a product.