

Communication on Progress

Introduction

As an early signatory of the United Nations Global Compact, Johnson Controls continues to wholly support the Compact's Ten Principles, which we see as a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment and anti-corruption. We are proud to report our latest Communication on Progress (COP) report, which we have also posted on our public web site along with our annual Business and Sustainability Report and our Global Reporting Initiative (GRI) Report. All three reports, including those for previous years, can be found at: <http://www.johnsoncontrols.com/publish/us/en/sustainability/reporting.html>



Johnson Controls (NYSE: JCI) is a global diversified technology and industrial leader serving customers in over 150 countries. Our 154,000 employees create quality products, services and solutions to optimize energy and operational efficiencies of buildings; lead-acid automotive batteries and advanced batteries for hybrid and electric vehicles; and interior systems for automobiles. Our commitment to sustainability dates back to our roots in 1885, with the invention of the first electric room thermostat. Through our growth strategies and by increasing market share we are committed to delivering value to shareholders and making our customers successful. In 2011, Corporate Responsibility Magazine recognized Johnson Controls as the #1 company in its annual "100 Best Corporate Citizens" list. For additional information, please visit <http://www.johnsoncontrols.com/>. To view this Communication on Progress online, visit the [COP portion](#) of our website.



OUR PROGRESS

(Click to View)

[Principle 1:](#)
Businesses should support and respect the protection of internationally proclaimed human rights.

[Principle 2:](#)
Businesses should ensure that they are not complicit in human rights abuses.

[Principle 3:](#)
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

[Principle 4:](#)
Businesses should

Statement of Continued Support

Message from Stephen A. Roell, Chief Executive Officer
Johnson Controls remains committed to the Ten Principles of the UN Global Compact. We believe a key ingredient of that commitment includes keeping stakeholders informed of our ongoing sustainability efforts.

This COP update, along with our sustainability reports and updates to our sustainability web site, should help our stakeholders more easily find specific information about Johnson Controls. This report and our GRI Report are intended to provide the details often requested by various stakeholders, (i.e., non-government organizations, investment analysts, etc.). We encourage the more casual reader interested in a broader view about the company to read our latest Business and Sustainability Report. These reports along with the Form 10-K are available on our public web site.

We remain committed to 'Our Vision' of creating a more comfortable, safe and sustainable world as it defines our businesses, our people and the way in which we work with our customers, suppliers and in our communities.

The key elements that we have undertaken and continue to focus on are the three major areas of economic prosperity, environmental stewardship and social responsibility. The advances we have made in all three areas would not have been possible without the important contributions made by our employees around the world. We wish to thank all of those who helped with our continued success; including several non-government organizations and social investor analysts for their continued support.

This year represented an important milestone in the history of Johnson Controls with the celebration of our 125th anniversary. Warren Johnson's invention of the first electric room thermostat launched an industry and the beginnings of energy efficiency with the founding of the Johnson Electric Service Company in 1885. Innovation has been the hallmark of Johnson Controls from its earliest days. Today we continue to focus on innovation in each of our businesses: Automotive Experience, Power Solutions and the original business, now named Building Efficiency. Each is a leader in its respective industries. We are proud of our history, of those who came before us and what they created, and our legacy of achievement.

support the elimination of all forms of forced and compulsory labour.

[Principle 5:](#) Businesses should support the effective abolition of child labour.

[Principle 6:](#) Businesses should support the elimination of discrimination in respect of employment and occupation.

[Principle 7:](#) Businesses should support a precautionary approach to environmental challenges.

[Principle 8:](#) Businesses should undertake initiatives to promote greater environmental responsibility.

[Principle 9:](#) Businesses should encourage the development and diffusion of environmentally friendly technologies.

[Principle 10:](#) Businesses should work against corruption in all its forms, including extortion and bribery.

Our 125-year commitment to energy efficiency today is exemplified in our Glendale, Wisconsin, corporate headquarters campus which received Platinum LEED® certification from the U.S. Green Building Council® this year. Our headquarters has the largest concentration of LEED Platinum buildings—four—on one site ever awarded. Despite doubling the size of the campus, energy use has been reduced by 21 percent and water usage decreased by 595,000 gallons a year. Through the energy efficiency installations on the campus, we are now annually reducing our U.S. carbon footprint by the equivalent of 827,000 pounds of carbon dioxide. This illustrates the very best of Johnson Controls, our values and what we offer to our customers.

2010 PERFORMANCE AND INTO 2011

Fiscal 2010 was a year of transition for Johnson Controls. We emerged from the adversity of 2009 and capitalized on the strengthening of the global economy. This year we gained share in all of our businesses as we continued to achieve our objective of growing at twice the rate of our underlying markets. Sales grew to \$34.3 billion, an increase of 20 percent over the previous year of \$28.5 billion. Net income was \$1.56 billion, making it the second most profitable year in the company's history. Earnings per share for the year was \$1.99. We continue to benefit from the growth investments we maintained through the economic downturn and from our improved cost structure.

We forecast revenue to increase to approximately \$37 billion in 2011. With substantial backlogs of new business, we enter 2011 looking to leverage the momentum we have built over the past year. Growth will be driven by opportunities in emerging markets, by more than \$1.1 billion in new vehicle interior launches and through increased demand for energy services from our Building Efficiency business.

In 2011, we are making a record capital investment of \$1.2 billion in longer term growth initiatives including expanding our Power Solutions manufacturing capabilities to respond to market demand. In addition, we are investing in sales force expansion; upgrades of our IT platforms; advertising in the United States and innovation.

REGULATORY ENVIRONMENT

The global regulatory environment continues to be important to all of our businesses. Many countries have enacted fuel efficiency mandates governing greenhouse gas emissions, requiring automakers to further address their vehicles' fuel efficiency. Light weight interior components can contribute to a vehicle's fuel efficiency, and battery technology is increasingly seen as a solution to improving performance. The construction and real estate industries also are faced with regulations regarding greenhouse gas emissions from buildings, making energy solutions more important, especially in North America and Europe. Each of our businesses is aggressively supporting our customers to address the regulatory environment through the products, services and solutions they offer.

AUTOMOTIVE EXPERIENCE

We entered 2010 with many challenges in the automotive industry, following the historic global volume decrease of 2009. As the year progressed, we saw an improvement in automotive production volumes which enabled us to improve our profitability. In North America, we experienced higher than expected improvement in 2010, with auto production increasing more than 35 percent to 11.7 million vehicles. Europe saw a more modest growth, with a volume increase of 10 percent to 17.5 million in 2010.

Notably, we had more than 100 new program launches supporting many of our customers throughout the world. China's automotive market doubled in growth and Automotive Experience expanded its leading position in Chinese seating to a 45 percent market share. Our 24 non-consolidated joint ventures and 47 manufacturing locations in China had sales of \$3.1 billion, compared to \$1.9 billion the prior year.

In 2010 we invested in the business to improve vertical integration and enhance our offerings to customers. These acquisitions included Michel Thierry, a respected supplier of fabrics and lamination, Benoac Fergteile, with interior and trim technology capabilities, and a business of the Seton Group, specializing in cutting and sewing of interior fabrics.

Entering 2011, we are in a strong position with a 60 percent increase in our new business backlog, which now totals \$4.0 billion for the 2011–2013 timeframe. We continue to be focused on serving our customers and look to advance our efforts in quality and service.

BUILDING EFFICIENCY

Building Efficiency is a late economic cycle business and the new construction market continues to be challenged in both North America and Western Europe. We expect to begin to see improvement in North America in 2011, while recovery in Western Europe is likely to be delayed until 2012. Emerging markets in Asia, Eastern Europe, the Middle East and Latin America are expected to generate double-digit annual growth during the 2011–2014 timeframe.

Orders in our Energy Solutions business increased at a strong double-digit pace. We have the broadest

portfolio of products and services of all energy services companies. In Saudi Arabia, Building Efficiency signed its single largest order for York chillers and related HVAC equipment to be used in the expansion of the Holy Mosque in Mecca. We will continue to grow our energy solutions offerings, which includes extending performance contracting to new geographic markets and expanding our expertise in renewable energy.

Our Global WorkPlace Solutions business manages 1.5 billion square feet of facilities on behalf of its customers across the world. As companies looked to outsource their facilities management and decrease costs, Global WorkPlace Solutions experienced a 20 percent increase in revenue in 2010. Customer contract wins during the year included Motorola, Verizon, GlaxoSmithKline, Bristol-Myers Squibb, Barclays, Eli Lilly, and the BBC.

Investment targeted at accelerating the growth of Building Efficiency is a priority for us. Key to our future success is building our world class organization to meet anticipated customer requirements. We expect to hire an additional 17,000 employees in energy-related sales, engineering, service and technology positions in the next several years.

POWER SOLUTIONS

Power Solutions will continue its focus on traditional lead-acid batteries while addressing the opportunities in advanced battery technology, specifically for Start-Stop and hybrid vehicles. During 2010, revenue growth was driven by higher industry production volumes, strong aftermarket sales and growth in China. We gained market share and were proud to be named the sole battery supplier to Walmart. Our superior brands—Varta in Europe, LTH in Mexico, and Heliar in South America—continue to be leaders in their respective markets.

China represents important growth opportunities for Power Solutions. Over the next several years, we plan to build a plant a year in China to meet customer demand. We will increase our manufacturing capacity from 5 million units today to 30 million units by 2015. Our market penetration is supported by our industry leading manufacturing process and technology.

In Europe, a technology known as Start-Stop has gained broad acceptance due to its ability to reduce carbon dioxide emissions. Our absorbent glass mat (AGM) battery has the technology characteristics required to support the Start-Stop application. Demand has outpaced industry capacity and our capital investment has increased significantly to support this technology and application.

We continue to develop hybrid technology for vehicles. In September, we began assembly of battery packs at the first U.S. manufacturing site of hybrid technology in Holland, Michigan. In October, we signed a memorandum of understanding with Hitachi Ltd. to study the opportunities for collaboration in advanced energy storage.

Power Solutions has a history of operational excellence, customer satisfaction and technological advances. These principles will remain our focus in 2011.

Environmental:

Through the products we make, and the services and solutions we deliver, our three business units help make our customers' businesses and operations more sustainable:

Building Efficiency optimizes the energy and operational performance of buildings. Our comprehensive energy efficiency and sustainability solutions include building retrofits, control system upgrades, integration of renewable energy sources and advisory services covering the entire building lifecycle. By providing real-time monitoring and control of our customers' energy systems we help them better manage utility costs and greenhouse gas emissions across their facilities.

Automotive Experience responds to customer demands for new interior products and technologies, particularly for smaller and more energy-efficient vehicles. We continue to develop products using sustainable materials such as soy foam, and focus on the light-weighting of interiors to make vehicles more fuel efficient.

Power Solutions drives environmental excellence through global lead recycling efforts, as well as energy efficiency improvements in manufacturing worldwide. Our innovative, closed loop battery recycling process enables it to be the world's largest recycler of lead acid batteries with return rates frequently exceeding 95 percent in North America. Our patented PowerFrame™ grid technology improves the quality and performance of automotive batteries and significantly reduces pollutant emissions. We are rapidly becoming the leading independent provider of hybrid battery systems that make vehicles more energy efficient.

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 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) Supply Chain program, 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.

SOCIAL RESPONSIBILITY

This year our employees throughout the world volunteered more than 115,000 hours and participated in 930 Blue Sky Involve activities in their communities, a 43 percent increase over the prior year. Our volunteers work with local organizations to support environmental stewardship and leadership development projects.

Our work in sustainability and the environment continues to be recognized, including Newsweek magazine's ranking of Johnson Controls as the 14th greenest company among America's 500 largest corporations. We are proud to be named to the majority of the social responsibility investment indices, 20 overall, in the past year in recognition of our commitment to the triple bottom line.

Our commitment to sourcing from minority- and women-owned businesses is unwavering and we look forward to our continued membership in the Billion Dollar Roundtable.

ACHIEVEMENTS and RECOGNITION:

Our sustainability performance has been recognized by inclusion in several of the most respected corporate social responsibility and sustainability investment indices, including: DJSI World Index and DJSI North America Index, FTSE4Good Index Series, Domini 400 Social Index, KLD Global Climate 100 Index and eight other KLD social indexes. We also were placed on the Calvert Social Index for the first time in 2009. Newsweek magazine ranked Johnson Controls as the 11th greenest company among America's 500 largest corporations. Fortune magazine recognized us again as one of America's Most Admired Companies. Ethisphere Magazine named us again as one of the World's Most Ethical Companies. Industry Week named us again as one of the 100 Best-Managed Companies and 50 Best Manufacturing Companies. CR (Corporate Responsibility) magazine listed us as #1 in their 100 Best Corporate Citizens list in 2011. SAM recognized us again with their highest distinction of Gold Class Sustainability Leader in the Auto Parts and Tires sector in their annual sustainability yearbook. We also received the America's Most Shareholder-friendly companies in our industry sector by Institutional Investor Magazine. In Asia, we received the award for the Most Ethical Company Award at the Asia's Best Employer Brands ceremony in 2010. We have received numerous customer awards and awards from professional organizations. Details and a full listing of our awards are provided at:

<http://www.johnsoncontrols.com/publish/us/en/sustainability/recognition.html>

AS WE REFLECT ON OUR PAST AND LOOK TO THE FUTURE

We have good momentum as we enter 2011. Mature markets are showing signs of recovery and emerging markets are robust. Our growth initiatives will fuel our future and we have capable and experienced leaders to execute on our strategy with a committed and engaged workforce that supports them throughout the world.

Since our centennial celebration in 1985, Johnson Controls has experienced enormous change. Our revenue grew from \$1.8 billion to \$34.3 billion. We have become a more complex, global company with 68 percent of our employees now working outside of the United States and Canada. However, some things don't change...specifically, our values: integrity, customer satisfaction, employee engagement, innovation and sustainability have been the foundation of Johnson Controls and are even more relevant today.

The results presented in this report are presented as completely and accurately as we can with the data available. We appreciate your interest in Johnson Controls, and we welcome your suggestions on how we can continue to improve.

Thank you for your support.

Sincerely,
Stephen A. Roell
Chairman, President and Chief Executive Officer