

Gender Pay Gap

Report 2020



The power behind **your mission**





About Johnson Controls

At Johnson Controls we transform the environments where people live, work, learn and play. As the global leader in smart, healthy and sustainable buildings, with customers in over 150 countries, we reimagine the performance of buildings to serve people, places and the planet.

A focus on building productivity and security runs through all of our business areas, cementing our ongoing global commitment to safety and sustainability. Applying data from both inside buildings and beyond, our digital solutions power our customers' journey to achieving business goals.

As an industry leader, at Johnson Controls we're committed to creating a diverse and inclusive culture that offers all our employees an equal opportunity to progress in their careers, and to achieve their goals inside and outside of the workplace. Equality plays an integral role in all of our organisations. Moreover, it makes good commercial sense.

A diverse and inclusive workforce gives us competitive advantage, reflecting the varied markets we serve and enabling us to deliver best-in-class service.

At Johnson Controls, regardless of employees' gender or background, we provide the same career and remuneration opportunities. All employees have equal access to the compensation and benefit programmes that are relevant to their roles in the company.

The Gender Pay Gap Report must disclose:

- The difference in the mean and median hourly rate of pay for men and women
- The difference in the mean and median bonus pay received by men and women
- The percentage of men and women who received a bonus
- The percentage of men and women employed with reference to four equal quartiles which are divided according to the lowest to highest pay

Gender Pay Gap vs. Equal pay

The Gender Pay Gap shows the difference between the average hourly pay for male and female employees within the same pay period, regardless of their jobs and/or the value of the jobs they carry out. The Gender Pay Gap is not the same as Equal Pay. Equal Pay measures the pay difference between men and woman who carry out the same jobs, similar jobs, or work of equal value.

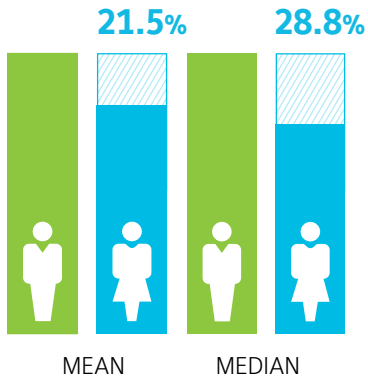
Our Gender Pay results

Johnson Controls has three entities in Britain with at least 250 employees: ADT Fire & Security Plc; Tyco Fire & Integrated Solutions UK Limited and Johnson Controls Building Efficiency UK Ltd; under the Gender Pay Gap Regulations we are required to provide reports for each of these entities.

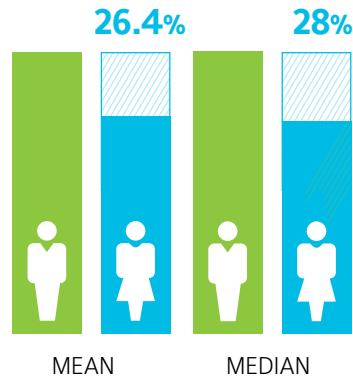
Gender Pay Results

Hourly Pay Gap

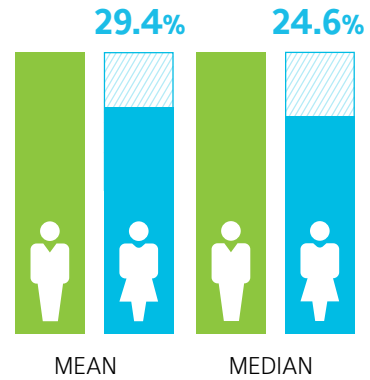
ADT Fire & Security
Mean and Median



Johnson Controls BE
Mean and Median



Tyco Fire & Integrated Solutions
Mean and Median



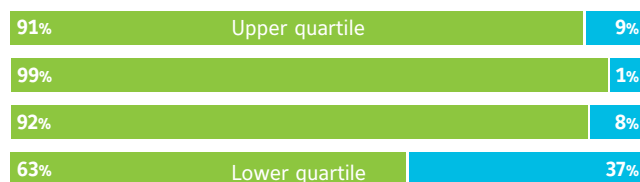
- The **mean** measures the average pay or bonus for a woman against the average pay or bonus for a man
- The **median** compares the difference in the 'middle' pay or bonus for men and women when all values are distributed from low to high
- Legislation requires us to report women's bonuses as a percentage of men's. Where the women's numbers are higher than men's they are presented as a negative number in the report

Legal entity	Reportable Bonus Payment Gap		% Receiving Bonus	
	MEAN	MEDIAN	MEN	WOMEN
ADT Fire and Security	-52.6%	-160.7%	73%	31.9%
Johnson Controls BE	24.9%	-73.1%	37.4%	24.4%
Tyco Fire & Integrated Solutions	32.5%	11%	65.9%	56.6%

GENDER SPLITS ACROSS OUR UK ORGANISATIONS

The tables below show the percentage of our workforce, by gender, in each of four pay quartiles. These quartiles are calculated by listing all employees by pay and then dividing the list equally by four.

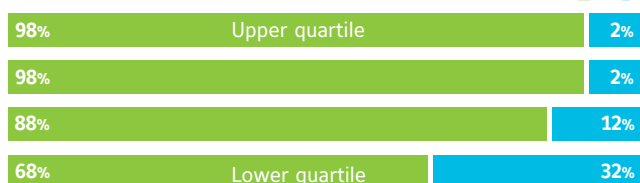
ADT Fire & Security



Johnson Controls Building Efficiency



Tyco Fire & Integrated Solutions



Our Gender Pay Gap explained

OUR INDUSTRIES

Traditionally, the fire, security, buildings management and construction industries have an overwhelmingly male workforce. There also tends to be a greater proportion of men than women in senior roles along with a greater proportion of women in part-time roles.

OUR WORKFORCE

There are three key reasons which contribute to our Gender Pay Gap, the principle reason being the make-up of our workforce in Britain:



83% of our workforce are male - stemming from many of our roles attracting more male applicants



Many of the technical and more hazardous roles that command higher pay are male-dominated



Due to roles in our industry being more attractive often to male applicants, leadership teams are predominantly male and some of our highest earners.

HOURLY PAY GAP

The hourly Gender Pay Gap shows the difference between the average hourly pay for male and female employees within the same pay period, regardless of job type or the value of the role they carry out.

The proportional difference of male and female employees in support roles has a significant impact on our hourly pay gap result. When considering administrative support roles, only 3% of our

entire male population fill these roles, in contrast to 9% of our female employees. These roles will generally carry lower average pay and disproportionately influence our pay gap.

BONUSES

The bonus Gender Pay Gap shows the difference between the average male and female employees' total bonus received in a 12 month period, without any pro-rata calculations, such as part-time employees.

In all three of our entities, the types of jobs the bonus recipients are employed in, and the bonus types associated with those jobs, contribute to our bonus gap.

For example, proportionally more male bonus recipients receive small incentives or commissions throughout the year. These individuals work in field engineer roles and the bonuses are of a smaller amount. Meanwhile, most female bonus recipients are eligible for traditional, annual incentives on account of being in intermediate to senior professional or managerial roles.

MERGERS AND ACQUISITIONS

Continual merger and acquisition activity can cause fluctuations in bonus pay that result from this activity.

IMPACT OF COVID-19

In 2020, Johnson Controls had to take some difficult decisions to manage the COVID-19 crisis, including furloughs, voluntary unpaid leave and reduced pay for reduced work. Applied at all levels across the business, these measures ensured a healthy future for our employees and for our business. This had an impact on our 2020 UK Gender Pay Gap reporting, as we had considerably fewer 'Full Pay Relevant Employees' than previous years. Thus, the 2020 UK Gender Pay Gap results are based on a much smaller cohort than before, which may affect how these results are reflected.

IN CONCLUSION

We know that a Gender Pay Gap is apparent over a number of calculations in our report, and acknowledge that this is larger than we'd like to see. We are confident that these figures are more a reflection of our gender mix across functions rather than a representation of pay disparity. We are happy to see that improvements have been made in 2020, and as a company we remain committed to monitoring pay across both genders to ensure employees are being paid equally for the jobs that they carry out - regardless of gender. We are also committed to the long-term goal of encouraging more women, at every level, to join our industry.

ADDRESSING THE GAPS

Having a Gender Pay Gap is not unlawful, but we are nonetheless entirely focused on bridging the Gender Pay Gap within our organisations. We view this as a strategic opportunity to attract and develop the best talent available, regardless of gender. It is a global goal for our company to increase the number of leadership, technical, and management positions held by women.

Addressing the gaps by supporting diverse talent

Increasing diverse talent continues to be a global objective for Johnson Controls. Our mission in 2020 was to further embed our robust Diversity & Inclusion strategy in the UK, of which gender diversity is a key priority. Our successful seven-point plan sits at the heart of this initiative. While we are pleased with the work we have done in supporting Diversity & Inclusion within Johnson Controls, we recognise that there is still further work to be done. We will continue pushing for improvements in equality, both inside and outside of Johnson Controls.

1. Building an inclusive environment

We believe that education is at the heart of building a true understanding of diversity. One of our central goals for this year is to roll-out specialised training to educate people managers to become competent and confident in embedding a Diversity & Inclusion culture at Johnson Controls. We are confident this will further hone our culture and create an environment that further attracts future female talent.

2. Global 'Business Resource Groups' (BRG)

BRGs are an employee-led consortium of individuals with similar interests, experiences or demographic characteristics, who share a common interest in professional development, improving corporate culture and impacting business results. They provide strategic support for business objectives, culture, and community relations. At Johnson Controls we have the 'Women's Growth Network' a global community that fosters professional development and mentoring. As part of this, it enables cross-functional networking, relationship building, support for female employees, access to leadership outside traditional work roles, corporate awareness and the advancement of women's issues. Its overarching goal is to create an environment that will attract, motivate and help retain women to increase Johnson Controls' market competitiveness globally.

3. Industry partnerships

Our partnership with external organisations, such as the Women's Engineering Society (WES), has provided access to an extensive network with the expertise and experience to help us to attract, retain and develop female talent. In 2020 we utilised this network to host external speakers, who provided inspirational talks to our female employees. We also partnered with Scottish Widows to educate employees on the Gender Pension Gap as part of our celebration of International Women's Day. We appreciate that this change is a cultural journey, and we look forward to continuing to progress long-term. It has been encouraging to see that these recent successes are already putting gender diversity at the forefront of decision-making within our company.

4. Apprenticeship and sales graduate programmes

We currently have successful apprenticeship and sales graduate programmes in place, and we welcome a greater number of diverse applicants. Across our sales graduate programme 48% of our successfully placed graduates have been female. In September 2021 we've seen a high percentage of females join the apprenticeship programme – achieving 9.3% of females in one intake. To date, 9% of our engineering apprentices have been female and 31% of our development apprenticeships have been

taken up by our existing female talent. We believe this is a great first step to build a more gender balanced pipeline of future talent.

5. Hiring strategies

All interviewees receive our 'Diversity Recruitment Flyer', an information pamphlet to exhibit our commitment to Diversity & Inclusion activities. Our goal is to demonstrate this culture to potential employees. Our dedicated Talent Acquisition team are heavily focused on diverse hiring methodologies, and our senior management regularly reviews the progress being made in relation to new hires. When hiring for medium to senior level managers within the UK, we mandate that at least one female candidate is in consideration. We have seen significant success with an increase in female hires at this level from 23% in October 2020 to 32% in July 2021. We believe that this focus area will continue to develop the diversity and inclusivity of our workforce.

6. Removing barriers

We track female candidates from interview through the selection process, which allows us to monitor and remove any challenges that may impede the hiring of female talent into the company. By posting our roles on the WES network we are able to gain maximum exposure to female candidates. Our Talent Acquisition team partner with Textio – a diversity and non-bias AI tool, which checks the language used in job adverts to ensure they are welcoming and appealing to all candidates.

7. Learning, development and progression

The Johnson Controls 'Diversity Spotlight Programme' is now entering its fourth year, and has seen an average of 20% of those involved in the programme successfully promoted into leadership roles. The programme makes it a priority for managers to create a sustainable pipeline of diverse leaders, including female leaders within the company. Employees selected to participate in the programme are identified at every level, and are assisted in the creation of a personal development programme to identify their own development focuses. This enables them to assess what is required to achieve the next step in their career when it arrives. The development framework also identifies mechanisms to support diverse talent, including classroom learning, coaching and mentoring, VP/GM sponsorship opportunities, networking, and behavioural and emotional intelligence assessments. The HR team meet on a quarterly basis to review nominees to ensure that their development plans are on track and that they are being considered for promotion opportunities, or lateral moves when internal vacancies arise.



Our success is all thanks to our people, and **diversity and inclusion** is the key to ensuring this success. We have worked harder than ever in the last year to provide equal opportunities and to attract and retain as diverse a talent pool as possible. I'm proud of all we have achieved, but there is always more work to do. We'll continue to provide progression and career development opportunities to women at all levels, encourage more women to join our thriving industry, and put diversity and inclusion at the forefront of our entire business. Our goal is to be a leading light for our industry to make lasting change happen – with our people at the centre of this change.

Andy Ellis, Vice President & General Manager,
Building Technologies and Solutions UK&I, Johnson Controls

2020 saw us drive real progress in attracting and supporting diverse talent in what has historically been a male dominated industry. We have a concrete action plan but we know we have much further to go, and more work to do. Diversity and inclusion is now at the very forefront of Johnson Controls' mission, and we will continue to diversify our talent pool and support the successful careers of our female employees.

The future of our industry depends on equal opportunities. I believe we have the right approach and the right talent to not only achieve this within Johnson Controls, but also to advance a truly diverse and inclusive culture within our industry that is accessible and open to all.

Hazel Barnett, Senior HR Director,
Building Technologies and Solutions UK&I, Johnson Controls



I confirm that the information and data reported are accurate and in line with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Hazel Barnett, Senior HR Director

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