



GENDER PAY GAP REPORT 2018



About Johnson Controls

Johnson Controls is a global technology and multi-industrial leader serving customers in over 150 countries. We create intelligent buildings, efficient energy solutions, integrated infrastructure and next-generation transportation systems that work seamlessly together to deliver on the promise of smart cities and communities.

In the UK, our business is focused on three key areas: HVAC and Building Efficiencies, Fire Protection and Suppression, and Residential and Small Commercial Security. A focus on building productivity and security runs through all of our business areas, cementing our ongoing global commitment to safety and sustainability.

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 the best 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.

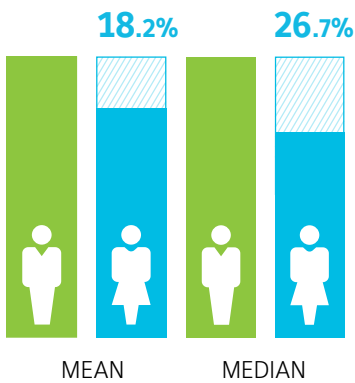
OUR GENDER PAY RESULTS

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

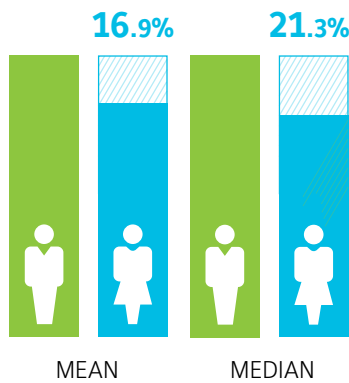
Gender Pay Results

HOURLY PAY GAP

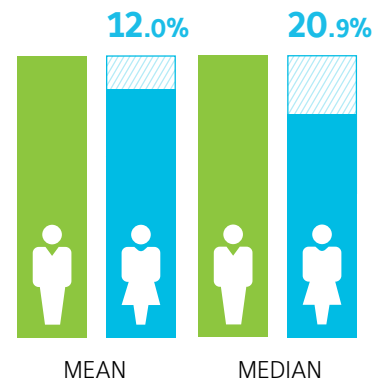
ADT Fire and Security PLC



Johnson Controls Building Efficiency UK Limited



Tyco Fire & Integrated Solutions (UK) Limited



- 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 PLC	-17.9%	-138.1%	73.6%	43.6%
Johnson Controls Building Efficiency UK Limited	24.2%	54.0%	52.9%	56.9%
Tyco Fire & Integrated Solutions (UK) Limited	-94.1%	6.7%	66.6%	53.3%

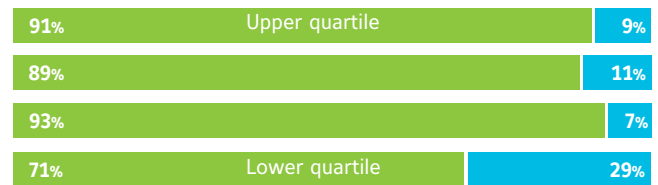
GENDER SPLITS ACROSS OUR UK ORGANISATIONS

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.

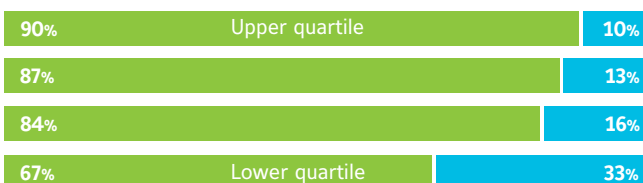
ADT Fire and Security PLC



Johnson Controls Building Efficiency UK Limited



Tyco Fire & Integrated Solutions (UK) Limited



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:

1. **88% of our workforce are male**
2. **Many of the technical and more hazardous roles that command higher pay are male-dominated**
3. **The leadership teams, and therefore the highest earners in our organisations are predominantly male. This is typical for our industry.**

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. Across our three entities, less than 20% of male employees are in support roles,

compared with more than 60% of female employees, and employees in support roles are generally paid less compared to professional and managerial roles. Around 8% of male employees and 7% of female employees are in managerial roles, and the pay gap between these two groups is conversely in favour of females.

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 / commissions throughout the year. These individuals work in field engineer roles and the bonuses are of a smaller amount. While 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 due to equity grants and other payments that result from this activity.

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 it to be. 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 2018, 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 Female Talent

Increasing our female representation continues to be a global objective for Johnson Controls. In 2019 we will build on last year's significant changes and improvements to the way in which we operate. Our successful seven point plan sits at the heart of this initiative.

1. 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. We appreciate that this change is a cultural journey, and we look forward to continuing to progress over a longer timescale. It has been encouraging to see that these recent successes are already putting gender diversity at the forefront of decision-making within our company.

2. Raising awareness

Our management is committed to raising awareness of our goals in supporting female talent through the recruitment, promotion and development of women within our company. During team meetings, discussions continually arise around how we can ensure that this happens across the business.

3. Apprenticeship programmes

We have a successful apprenticeship programme, and we are actively encouraging a greater number of female applicants. From 2019 we are opening up more opportunities in apprenticeship programmes in sales and customer service functions, and we are hoping to see more females join these programmes. Inevitably, it will take some time before we start seeing the results of encouraging more women to join at apprentice and graduate levels, but we remain convinced that this is the right approach to address our current imbalance. At the time of this report being printed, there is a substantial drive within the recruitment of our new apprentices to increase the number of female apprentices being hired, through internal and external advertising and our referral scheme.

4. Hiring strategies

All interviewees receive our 'Diversity Recruitment Flyer', an information pamphlet to exhibit our commitment to Diversity and Inclusion activities. Our goal is to demonstrate to potential employees how we are developing a diverse and inclusive culture. 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 female new hires. We believe that this focus area will continue to develop the diversity and inclusivity of our workforce.

5. 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 women into the company. By using job boards on the WES network we are able to gain maximum exposure to female candidates. The partnership with WES has also granted us access to a job advert tool which checks the language used in our job descriptions to ensure it is welcoming to all candidates.

6. Learning, development and progression

The Johnson Controls 'Diversity Talent Programme' will have nearly doubled its participants during 2019, with approximately 40 females involved. During the programme's first year, we have successfully promoted 30% of those employees. This programme makes it a priority for managers to create a sustainable pipeline of female leaders within the company. Female employees selected to participate in this programme are identified at every level of the company, and are assisted in the creation of a personal development programme to identify their development focuses. This enables them to assess what is required to achieve the next step in their career when it arrives. This development framework also identifies mechanisms to support diverse talent, including classroom learning, coaching and mentoring, VP/GM sponsorship opportunities, networking and Behavioural & Emotional Intelligence assessment. Senior business leaders meet on a quarterly basis to review this group of female talent 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.

7. Celebrating our female talent

At Johnson Controls we believe in celebrating our female talent. We celebrate International Women's Day globally as well as across all of our sites in the UK demonstrating the company's commitment to the #BalanceforBetter campaign. In the most recent period, 26% of winners in our Reward and Recognition programme, the Pride Awards, are female employees. While we are pleased with the work we have done in supporting the women within Johnson Controls and in encouraging more to join us, we recognise that there is still further work to be done. The more we do, the more we hope to see our Gender Pay Gap reduce. We will continue pushing for improvements in equality, both inside and outside of Johnson Controls.



"Our success lies with our employees, and valuing their individual talents and strengths sits at the heart of this. We are continuing to promote diversity and inclusion within our business, and will continue encouraging more women to join our industry at every level. Most importantly, we remain wholly committed to providing equal opportunities to every employee at Johnson Controls."

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

"In 2019 we will build on the fantastic work of the last year in attracting, retaining and supporting women at all levels across all of our organisations. We've seen the positive impact of putting diversity and inclusion at the forefront of our business, and we will strive to continue this in the future for the good of Johnson Controls, and our industry as a whole."

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