



GENDER PAY GAP REPORT 2017



At Johnson Controls we're committed to creating a great working environment and ensuring that all of our employees have an equal opportunity to progress their careers. Equality plays a crucial role in all of our organisations. It makes good commercial sense too; we believe that our diverse workforce gives us a competitive advantage by reflecting the varied markets we serve.

THE GENDER PAY GAP

Under new legislation that came into force in April 2017, employers in Britain with more than 250 employees are required to publish a Gender Pay Gap Report on an annual basis.

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.

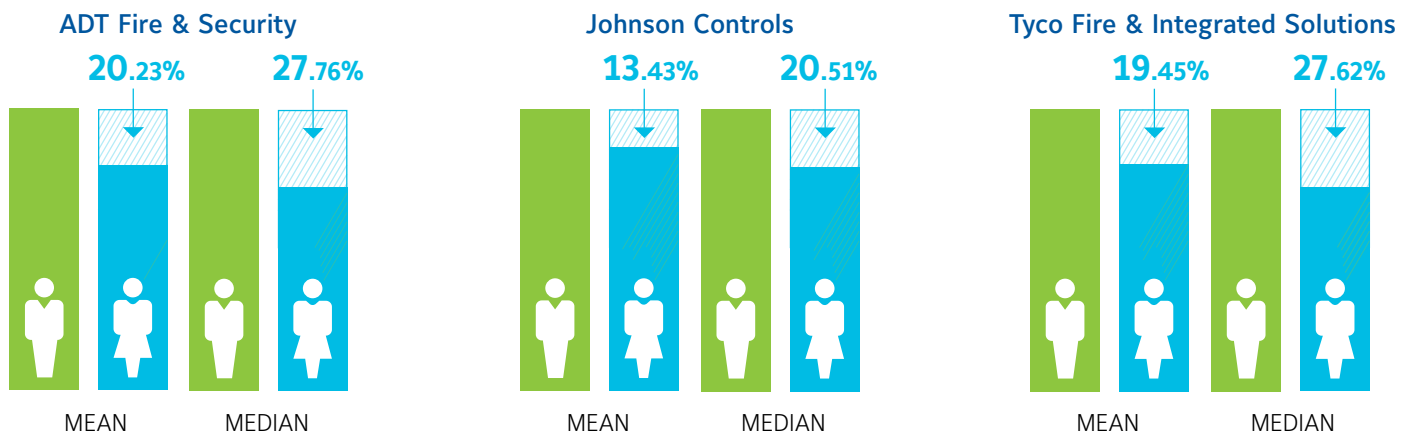
EQUAL PAY

It's important to understand that the Gender Pay Gap is not the same as Equal Pay. Equal Pay measures the pay difference between men and women 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 BE UK Ltd; under the Gender Pay Gap regulations we are required to provide reports for each of these entities.

Gender Pay Results

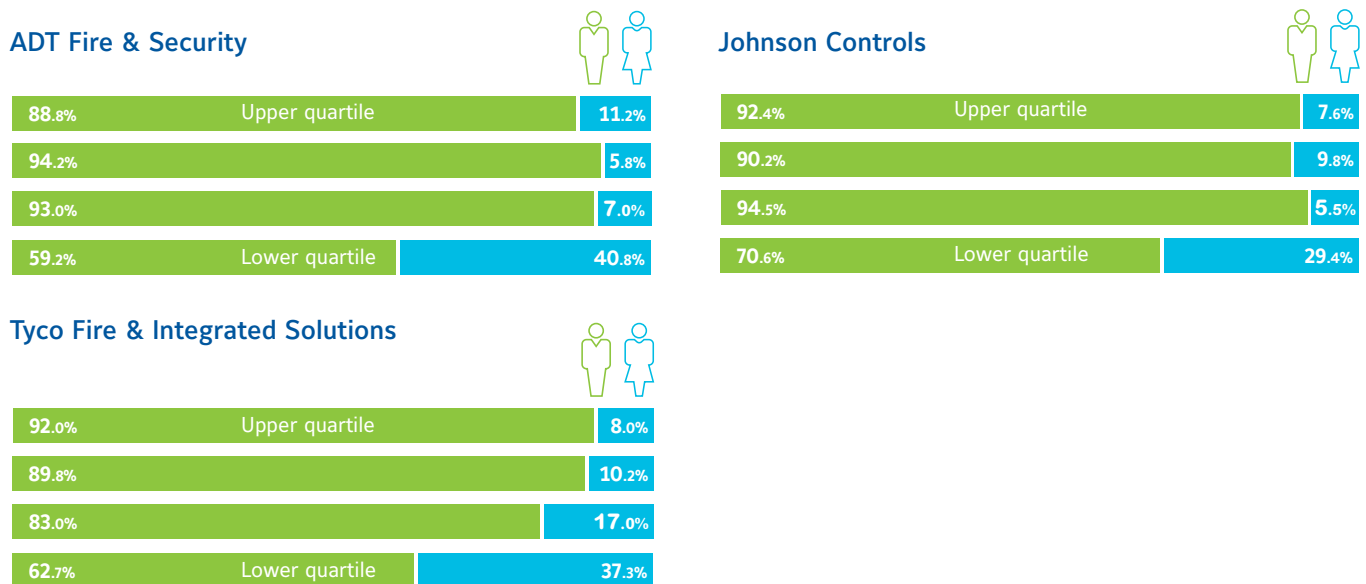


- The **mean** measures the average pay or bonus for a woman against the average pay or bonus for a man
- The **median** compares the difference in the 'middle' pay or bonus for men and women when all values are distributed from low to high
- Legislation requires us to report women's bonuses as a percentage 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 & Security	-12.97%	-88.30%	72.57%	36.18%
Johnson Controls	-13.97%	-52.45%	38.30%	32.35%
Tyco Fire & Integrated Solutions	-29.45%	14.01%	62.31%	42.69%

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.



Our Gender Pay Gap explained

OUR INDUSTRIES

Traditionally, the fire, security, buildings management and construction industries have not attracted many female employees and 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. 83% 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.

BONUSES

In all three of our entities, we see some fairly dramatic differences in bonus numbers that would appear to favour female employees to a significant degree. Once again, the disproportionate distribution of men and women in our organisations account for many of these differences. Men are much more likely to be recipients of a bonus than women, but, as the numbers show, those bonuses are markedly lower.

Most male recipients of a bonus receive small incentives and commissions throughout the year, while most female recipients of a bonus are eligible for traditional, annual incentives on account of being senior professionals or managers. This explains why we have a gender bonus gap in favour of women.

MERGERS AND ACQUISITIONS

Due to large merger and acquisition activity during the reportable period, there were some large, historical equity grants (stocks/shares) and other payments that were realised, inflating the difference in bonus pay.

IN CONCLUSION

While a Gender Pay Gap is apparent over a number of calculations in our report and is larger than we'd like it to be, we are confident that these figures are more a reflection of the company's gender mix across functions rather than a representation of pay disparity. As a company, we remain committed to monitoring pay across both genders to ensure employees are being paid equally for the jobs that they occupy regardless of gender, and also to encouraging women to join our industry.

ADDRESSING THE GAPS

Whilst having a Gender Pay Gap is not unlawful we are focused on bridging the Gender Pay Gap within our organisations. As such, Johnson Controls continues to be committed to gender equality. We are constantly evaluating our compensation programmes to ensure equal pay.

We view it as a strategic opportunity to attract and develop the best talent available, whatever their gender, and 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 key objective for Johnson Controls and in 2018 we are making significant changes to the way in which we operate to progress against this goal. Our seven point plan sits at the heart of this initiative.

1. Industry partnerships

Our partnerships with external organisations such as the Women's Engineering Society (WES) and Women Into Science and Engineering (WISE) have 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 will continue to progress over a longer timescale. However, our recent successes are putting gender diversity at the forefront of decision making within our company.

2. Raising awareness

We are passionate about increasing the female talent pool within our marketplace and recognise that to do this we must work together with our industry partners to inspire young women to pursue a career in engineering. An example of this is our partnership with the WES on the excellent ['She's an Engineer' initiative](#). Here, we showcased the role of one of our female engineers, presenting a role model to encourage potential female candidates into the industry.

3. Apprenticeship and intern programmes

We have a successful apprenticeship and intern programme where we are actively encouraging greater numbers of female applicants by advertising in the Women's Engineering Society Newsletter and other media targeting women. In 2017, 33% of all interns employed in the UK&I were female hires. Inevitably it will take some time before we start seeing the results of encouraging more women to join at the apprentice and graduate levels. However, we remain convinced that this is the right approach to address the imbalance that we currently have.

4. Hiring strategies

We recently created a 'Diversity Recruitment Flyer' – an information pamphlet distributed to all applicants of Johnson Controls, 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 (TA) team are heavily targeted on diverse hiring methodologies.

5. Removing barriers

We are beginning to track female candidates from application through to interview and beyond, which will allow us to monitor and remove any challenges that are impeding the hiring of women into the company. Through utilisation of job boards on the WES and WISE networks we are able to gain maximum exposure to female candidates. The partnership with the 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

Johnson Controls has recently introduced a 'Diversity Talent Programme' for 2018. This programme will make it a priority for managers to create a sustainable pipeline of female leaders from within the company. Female employees selected to participate in this programme will be identified at every level of the company and assisted with the creation of a personal development programme to identify the development focuses required to achieve the next step in their career as it arrives. This development framework also identifies mechanisms to support diverse talent including classroom learning, coaching and mentoring, VP/GM Sponsorship opportunities, Networking and 360 feedback. 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. In 2017 we nominated three key females for the Women in Security Awards who we believe contribute significantly to the industry and the wider world of security. We also celebrated International Women's Day across all of our sites in the UK demonstrating the company's commitment to the #PressforProgress campaign.

At Johnson Controls, Diversity & Inclusion is a strong part of our culture. While we are pleased with the work we have done in supporting the women within Johnson Controls and encouraging more to join us, we recognise that there is still 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.



"Valuing and respecting the individual strengths of our employees sits at the heart of our success. We will continue to encourage more women to join our industry and remain committed to providing equal opportunities to all of our employees."

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

"We are passionate about attracting, retaining and supporting women across all of our organisations. This will continue to be a key focus throughout 2018 and beyond."

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