

# Gender Pay Gap

## Report 2021



The power behind **your mission**

Johnson  
Controls



## 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 and with more than 135 years of innovation, we reimagine the performance of buildings to serve people, places and the planet.

From optimising building performance to improving safety and enhancing comfort, we are the power behind our customers' missions, 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 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 women who carry out the same jobs, similar jobs, or work of equal value.

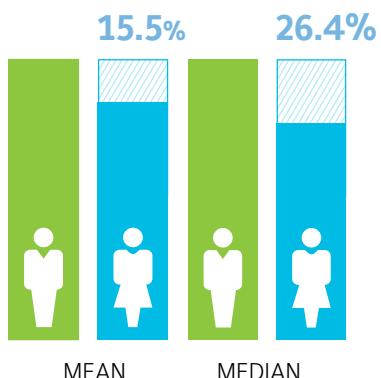
### Our Gender Pay results

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 Building Efficiency UK Ltd; under the Gender Pay Gap Regulations we are required to provide reports for each of these entities.

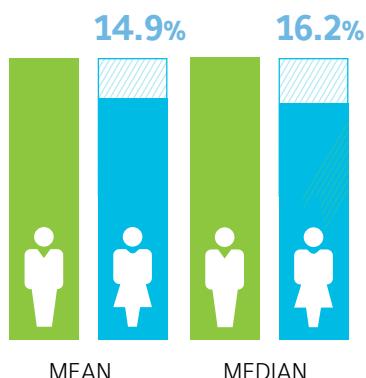
# Gender Pay Results

## Hourly Pay Gap

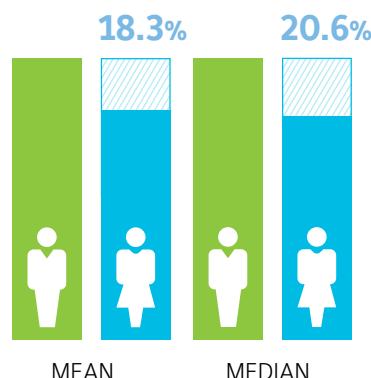
ADT Fire & Security  
Mean and Median



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	-44.7%	-135.0%	70.2%	29.2%
Johnson Controls BE	31.0%	-17.1%	52.0%	27.9%
Tyco Fire & Integrated Solutions	19.8%	-20.5%	64.3%	48.0%

## 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

86%	Upper Quartile	14%
93%	Upper Middle Quartile	7%
91%	Lower Middle Quartile	9%
59%	Lower Quartile	41%



### Johnson Controls Building Efficiency

92%	Upper Quartile	8%
88%	Upper Middle Quartile	12%
97%	Lower Middle Quartile	3%
79%	Lower Quartile	21%



### Tyco Fire & Integrated Solutions

90%	Upper Quartile	10%
86%	Upper Middle Quartile	14%
84%	Lower Middle Quartile	16%
67%	Lower Quartile	33%



# 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:



**82.5%** 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.

## IMPROVEMENTS ON THE GENDER PAY GAP AND JOHNSON CONTROLS

In 2021, there was no implementation of unpaid leave measures through furloughs, voluntary unpaid leave or reduced pay for reduced work as in the 2020 report. This means our population of Full Pay Relevant Employees is much closer to previous periods prior to 2020 and shows an improved performance on a like for like basis. Results in 2021 compared to before 2020 show that we are making ongoing progress to improve the gender pay gap within our organisation.

Across several of the mean and median results in ADT Fire & Security, Johnson Controls BE, and Tyco Fire & Integrated solutions compared to pre-pandemic, we have reduced the gap, while in other areas we are remaining consistent with results we achieved previously. Across the three entities, there were 3,658 Relevant Employees and 3,572 Full Pay Relevant employees. In 2021 over 97% of our employees qualified as Full Pay Relevant, compared to 1,363 (48%) of employees who qualified as Full Pay Relevant in 2020.

## IN CONCLUSION

As a result of our programmes and activities over 2021, we have seen some improvements around the Gender Pay Gap from previous periods, although there is more we can do to progress this further. 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. 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 2021 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. As the pandemic continued, we progressed with the work we have done in supporting Diversity and Inclusion within Johnson Controls and we recognise that there is still further to work to be done as we ease back into business as usual. 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, including our Senior Leaders, 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. We are also launching a Military UK BRG, which will be fully inclusive and create a network to reach out female ex-service personnel that will enable further recruitment opportunities.

## 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. We consistently review how we can develop this relationship further and look to host a series of events to take place throughout 2022. For example, we celebrated International Women's day by hosting a series of panellist discussions and roundtables, which featured key female speaker sharing

their experiences and successes of overcoming bias in the workplace. 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 42% of our successfully placed graduates have been female. In September 2021 we saw an increased number of females join the apprenticeship programme – achieving 9.3% of females in one intake. To date, 9.3% of our engineering apprentices have been female and 29% of our development apprenticeships have been taken up by our existing female talent. The slight drop in 2022 development apprenticeships is due to apprentices successfully passing out of programmes, and we expect this to increase again with 3 new cohorts joining our next intake. We are currently recruiting 85 new apprentices for 2022 and are hopeful for 10% of these to be female hires. 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 33% in full year 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 fifth 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. Following completion of our full talent review, we have seen an increase in participation and further nominations into this programme for 2022. Our 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.



Through an outlook of resilience and determination, we have made strong progress towards **diversity and inclusion** to ensure we provide equal opportunities for all at Johnson Controls. It's been an unprecedented two years of global change, but our strategy and initiatives in recruitment, promotion, and retention are proving what can happen in a heavily male dominated industry when you provide the right resources. We will always strive to support all our staff, no matter their gender. Our people are the business, and we are nothing without our people.

*Andy Ellis*

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



The business case is overwhelming and impossible to ignore. In 2022, diversity and inclusion initiatives aren't just about fairness or forging a positive company culture; their progress is critical to company performance and, more than ever before, fostering innovation and improving our bottom line. We need innovative and creative thinking to succeed as an organisation, and that only happens with a diverse workforce. But **building a diverse workforce** takes commitment and action. It's therefore vital that we continue to promote diversity and inclusion at every level and build it into the talent recruitment process.

We will continue to diversify our company and encourage successful careers for all our female employees. With the strategies we've implemented, we can only hold ourselves accountable and I truly believe we are on our way to achieving an accessible and open environment for all. We will continue to foster a culture where all employees – regardless of gender – are given equal opportunities to thrive.

*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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