

Gender Pay Gap Reporting – Xylem Water Solutions Commercial Team United Kingdom

What is it & why are we doing this?

From April 2017 new legislation requires UK employers with more than 250 employees to calculate and publish their gender pay gap annually.

What is included?

There are certain elements of data we have to publish:

- The gap between the mean (average hourly salary) and median (middle of the group) for men and women
- The distribution of men and women by quartile, essentially splitting our data into four equal groups based on earnings, and displaying the proportion of each gender for each of those four quartiles
- The percentage of men and women who received a bonus during the relevant period, along with the gender gap on bonus payments

This Report provides both the statutory disclosures required by law as well as some more information and background on gender pay at Xylem. We have included data for people employed by the legal entity Xylem Water Solutions UK Ltd, both on fixed term and permanent contracts. We have not included anyone working via a third-party contractor or agency.

What do we have to report on?

Mean gender pay gap	• The difference between the mean hourly rate of pay of male employees and that of female employees
Median gender pay gap	• The difference between the median hourly rate of pay of male employees and that of female employees
Mean bonus gap	• The difference between the mean bonus pay paid to male employees and that paid to female employees
Median bonus gap	• The difference between the median bonus pay paid to male employees and that paid to female employees
Bonus proportions	• The proportions of male and female employees who were paid bonus pay during the relevant period
Quartile pay bands	• The proportions of male and female employees at different levels i.e. in the lower, lower middle, upper middle and upper quartile pay bands

Definitions:

The gender pay gap is the difference between the hourly rate of pay of male and female employees, represented as a percentage.

It's important to note that the Gender Pay Gap is different to Equal Pay which evaluates men and women's earnings where they are doing like for like work / a work of equal value. **Gender Pay Gap is simply reporting pay between men and women, regardless of the role they are doing.**

Mean vs Median

The Gender Pay Gap reporting regulations require us to report on both the mean and median for gross pay and bonus separately. The **mean** is the overall average of the entire data and therefore can be affected and potentially skewed by any exceptionally high or low salaries. The **median** however demonstrates the midpoint of the data.

Example for data: 13, 18, 13, 14, 13, 16, 14, 21, 13

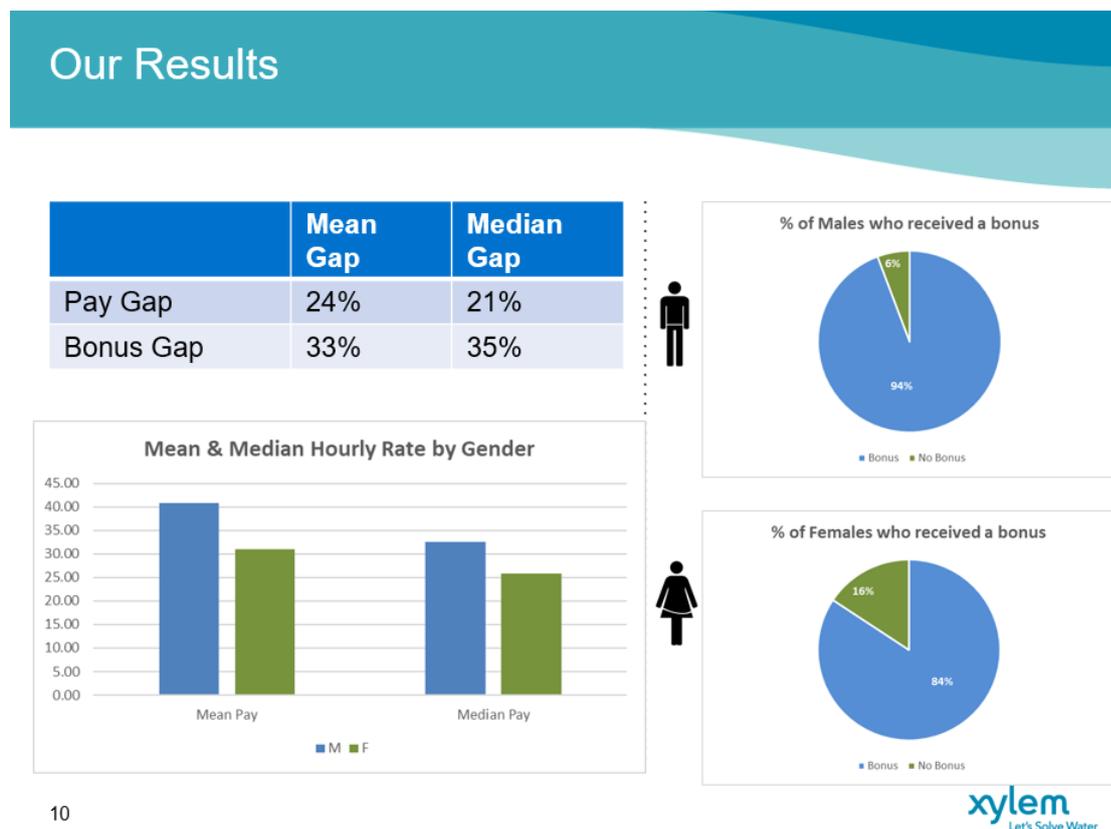
The **mean** is the usual average, so total the value and then divide by the number of elements:
 $(13 + 18 + 13 + 14 + 13 + 16 + 14 + 21 + 13) \div 9 = \text{Mean is } 15$

The **median** is the middle value, so first rewrite the list in numerical order:
 13, 13, 13, 13, 14, 14, 16, 18, 21

There are nine numbers in the list, so the middle one will be the 5th number:
 13, 13, 13, 13, 14, 14, 16, 18, 21 = **Median** is 14

Our Results

All these figures have been calculated according to the Gender Pay Gap Reporting Regulations.



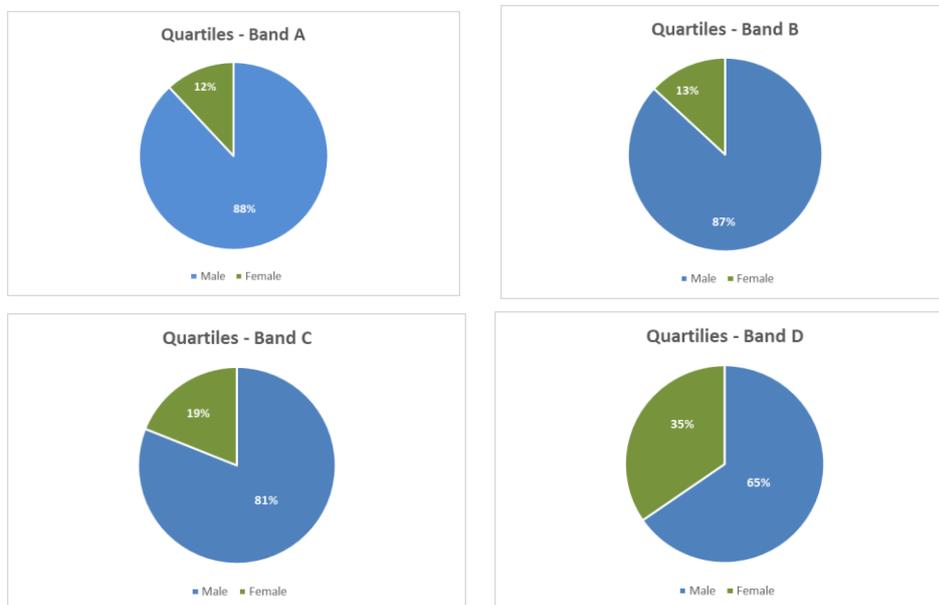
What was included?

Total Employees		524
Males	422	80%
Females	102	20%
Part Time Employees		3%

Hourly pay:

- Basic pay
- Allowances (first aid, car allowance)
- Holiday pay
- NOT overtime
- Bonus payment (annual lump sum paid in March)

Quartiles



What do the figures mean?

- Our gender pay gap is 24% using data as at April 2021.
- The UK National Gender Pay Gap, as reported by the Office of National Statistics 2021, is 15.4%.
- Our gap remains higher than the national average, albeit reducing.

Comparison to 2020

- In 2020 our gender pay gap was 27%, this has now reduced to 24%.
- The UK National Gender Pay Gap for 2020 was 15.5%. In 2021, this has decreased to 15.4%

- The Commercial Team workforce has marginally increased by 1.2%. The breakdown of the workforce by gender has broadly remained the same for 2019, 2020 and 2021 with a circa 80/20 split in favour of men.
- The average pay for men in 2020 was £41.42 per hour and in 2021 it had decreased to £40.84 per hour, similarly for women the average pay was £31.71 per hour in 2020 and decreased to £31.05 per hour for 2021. The decrease is not a reflection of a reduction in the hourly rate paid to employees but rather a reduction in the bonus payment paid out in April 2021 which was a consequence of the impact of COVID on business performance. This has impacted on both sexes albeit the impact was marginally higher for women.

Bonus Gap

Regardless of role or level or seniority within Xylem everyone is responsible for contributing towards the Company's performance, and we have a bonus plan to reflect this. For the period we have identified, 94% of men and 86% of women received a bonus. Those who did not receive a bonus were excluded based on their length of service as they had commenced employment after the cut-off date for eligibility of 1st October 2020 or were members of a different bonus scheme.

Comparison

	2020	2021
Male	95%	94%
Female	93%	84%

For the bonus we had a group of 12 women (12% of the female cohort) who were on a different bonus scheme that paid out monthly, however, they did not meet the performance target in April 2021. Thus, this cohort were recorded as not receiving a bonus. This has skewed both the average pay for women in the reference period used and the data on bonus eligibility. Additionally, there was a significant cohort of women new starters who because of their length of service did not qualify to receive the bonus in 2021.

Pay Quartiles

We have apportioned each employee into a quartile. This was distributed by splitting the entire population into four equal groups from highest to lowest based on earnings.

Comparison

Quartiles	2020 Male	2020 Female	2021 Male	2021 Female
Upper	88%	12%	89%	11%
Upper Mid	92%	8%	87%	13%
Lower Mid	82%	18%	81%	19%
Lower	59%	41%	65%	35%

There has been an increase in the percentage of men in the lowest quartile this is a consequence of having agreement to replace a significant number of frontline Engineers and production workers during 2020. Because of their start date they were ineligible for bonus that year.

Why do we have a Gender Pay Gap?

There has been a marginal decrease in the company's gender pay gap which is encouraging and to a degree has reflected the increased focus that has been put on addressing any systemic barriers to ensuring fair pay. Nevertheless, there remains some areas that require continued efforts in particular:

- Ensuring all employees have equal access to the same bonus scheme
- Continuing to review upper quartile recruitment to ensure we have a diverse slate of candidates
- Continuing to ensure that access to talent development opportunities and internal promotions are considered through a diversity and inclusion lens

Additionally, Xylem's pay gap reflects factors which are common to our industry including:

- More men in senior roles/management
- Less women in STEM (science, technology, engineering and maths) roles
- We also have a low proportion of female employees (20%)
- Xylem works within the Manufacturing and Engineering industry, a sector that is traditionally reliant on the knowledge and skills of those from STEM related areas of work. Women make up 24% of all people employed in STEM industries, * demonstrating that women are largely underrepresented within this group

Most of our female employees operate in Scheduler, Service Coordinator or Administrative roles which attract less pay when compared with the higher paid External Sales roles for example:

- Internal Sales – 65% male vs 35% female
- External Sales – 95% male

There is some inequity in the way in which we are required to do the calculation. The figures include those with a car allowance but not those with a car benefit, so we are only comparing earnings rather than the total reward package someone may receive (pension, benefits, car etc.)

Bonus comments:

- At Xylem Water Solutions every employee is eligible for a discretionary bonus scheme.
- There will be people who did not receive payment as they did not qualify either due to start date (after 1st October) or some other reason due to the criteria e.g. disciplinary
- The scheme is based on company, team, and individual financial and project targets. An individual's own performance will influence their exact pay out
- We also made other payments that fall under pay, for example retention payments associated with re-organisation activities in the prior year, or recruitment (recommend a friend) which will distort the data slightly

How are we addressing the gap?

We are committed to the Equality Act 2010 and ensuring both applicants and employees have equal opportunity and fair treatment.

- At Xylem we conduct our annual merit reviews based on individual performance and review the outcomes for bias
- We have commenced a programme to ensure that all leadership and management recruitments have a diverse slate of applicants in respect to gender

- All eligible employees will be paid their bonus on an annual basis from 2022 onwards
- We are focusing on building a local women's employee network to support and create the right environment for women to grow and flourish within the company
- To ensure that all employees understand the importance of diversity and inclusion in the workplace all meetings start with a diversity and inclusion tip at the beginning
- When hiring we pay with reference to market, skills and qualifications
- We are reviewing our recruitment material for gender bias
- We are looking at the overall representation of women in management teams and what we can do to encourage progression via understanding available roles and how we can attract more women
- We have launched a mentoring scheme for employees with high potential and a focus on diversity. Additionally, we are actively participating in the 30% club
- We are actively participating in Recruitment/Career events at local schools, colleges, and universities to encourage a STEM (Science, Technology, Engineering and Maths) career
- We are reviewing our talent pipeline through graduate and apprenticeship programmes
- We are cultivating a flexible working culture to enable part time working at all levels

This data is correct as at April 2021.

Sources:

[*https://www.stemwomen.co.uk/blog/2021/01/women-in-stem-percentages-of-women-in-stem-statistics#:~:text=Since%202016%2C%20the%20number%20of,STEM%20workforce%20in%20the%20UK.](https://www.stemwomen.co.uk/blog/2021/01/women-in-stem-percentages-of-women-in-stem-statistics#:~:text=Since%202016%2C%20the%20number%20of,STEM%20workforce%20in%20the%20UK.)

[**https://www.wisecampaign.org.uk/statistics/updated-workforce-statistics-to-september-2020/](https://www.wisecampaign.org.uk/statistics/updated-workforce-statistics-to-september-2020/)