



Gender Pay Gap Reporting 2024

Xylem Water Solutions UK Ltd

What is it and why are we doing this?

From April 2017 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 in bonus payments.

This Report provides both the statutory disclosures required by law and 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 pay rate 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's and women's earnings where they are doing like-for-like work / a work of equal value. The 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

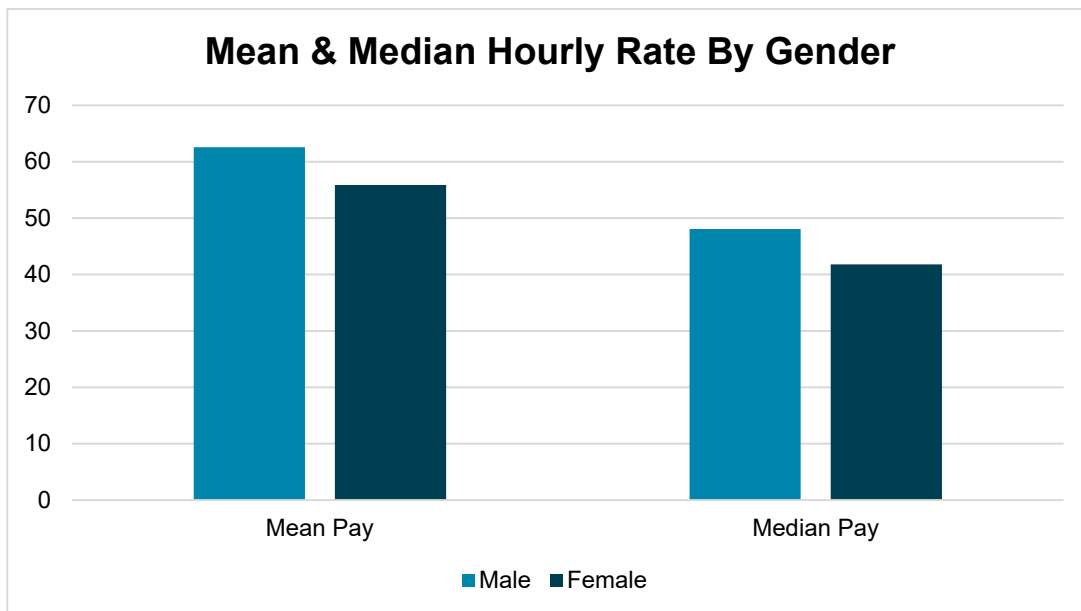
What are our results?

This data refers to a snapshot taken on 5th April 2024 based on a total of 667 employees.

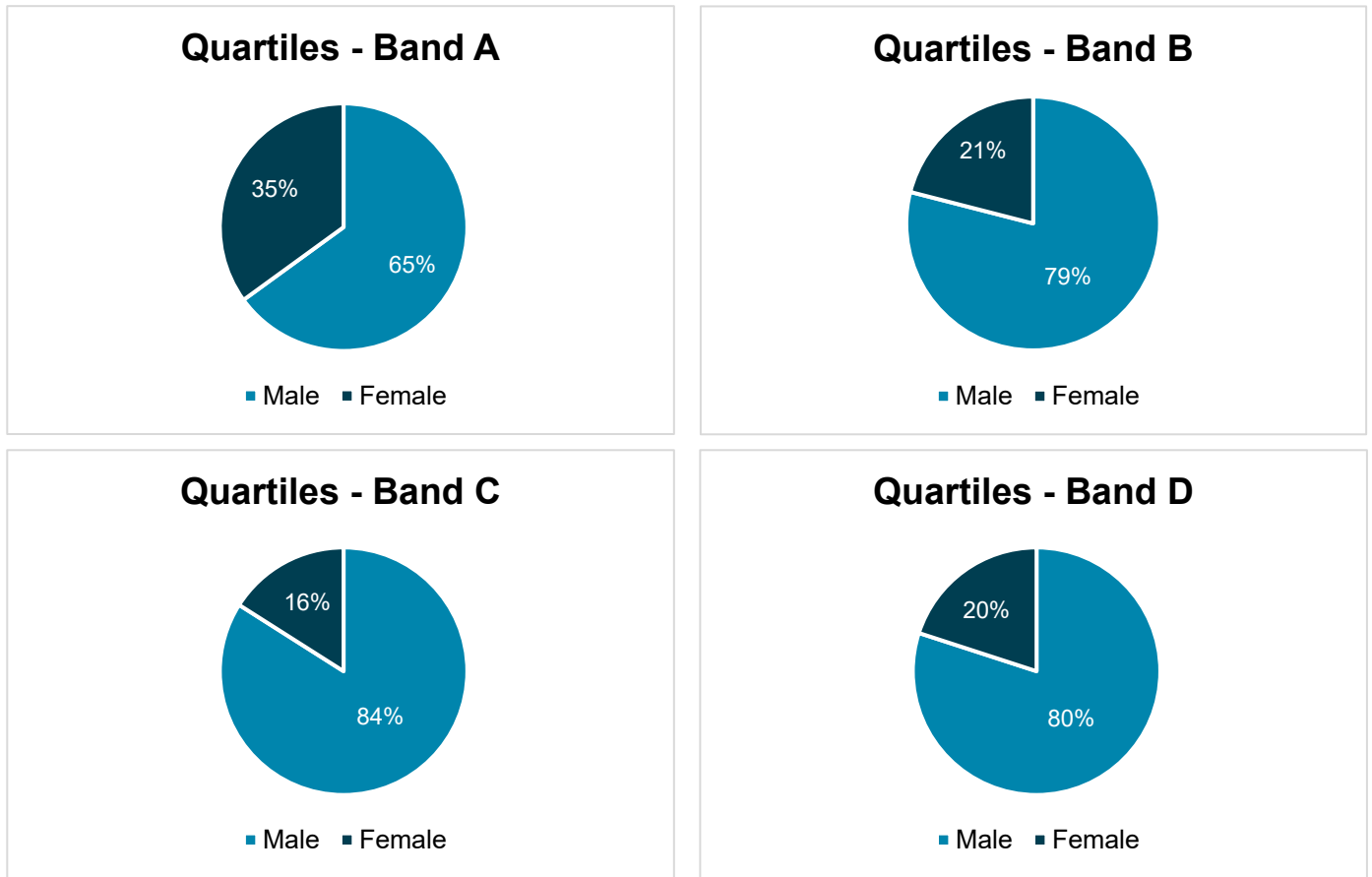
The below table demonstrates what the mean and median gap is with pay and bonus data.

	Mean Gap	Median Gap
Pay Gap	11%	13%
Bonus Gap	13%	16%

The below graph demonstrates what the mean and median gap is in the hourly pay between men and women:



The below charts demonstrate the upper, upper mid, lower mid, and lower quartile bands of hourly pay between men and women:



What do the figures mean?

Our gender pay gap is 11% using April 2024 data. Women who are 23% of the workforce, are relatively overrepresented in the upper quartile in comparison to the lower quartiles.

The UK National Gender Pay Gap, as reported by the Office of National Statistics 2024, is 7%. Our gap remains higher than the national average, albeit decreasing significantly by over 50% over the last two years.

Comparison to 2023

- In 2023 our gender pay gap was 16%, this has now decreased to 11%.
- The total number of employees increased from 635 to 667 and a population of 54 employees were added to the total number of employees in 2024 due to the absorption of two different entities into Xylem Water Solutions UK Ltd.
- The UK National gender pay gap in 2024 decreased to 7% down from 7.5% in 2023.
- The Water Solutions Ltd workforce has increased by 5%. The breakdown of the workforce by gender has broadly remained the same for 2022, 2023, and 2024 with a circa 80/20 split in favour of men.
- The mean pay for men in 2023 was £60.99 per hour and in 2024 it has increased to £62.57 per hour, this is a 2.6% increase. Similarly, for women the mean pay was £51 per hour in 2023 and increased to £55.89 per hour for 2024, an increase of 9.59%.
- In order to recruit highly skilled Engineers, it has been necessary to make pay offers at the top of our pay bands. 99% of this cohort are male which reflects labour market supply.

How do we compare to similar businesses?

Employer	Employer Size	Hourly Rate (Mean Gap)	Hourly Rate (Median Gap)
FLOWSERVE GB LIMITED	250 to 499	15.77%	9.48%
GRUNDFOS PUMPS LIMITED	250 to 499	18%	19%
XYLEM WATER SOLUTIONS UK LTD	1000 to 4999	11%	13%
SEVERN TRENT WATER LIMITED	5000 to 19,999	2%	7.8%

Bonus Gap

Regardless of role 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, 96% of men and 97% of women received a bonus. Those who did not receive a bonus were ineligible based on their start date after the 1st of October 2024.

This table demonstrates the comparison of the percentage of bonuses paid to women and men in the years of 2023 and 2024:

	2023	2024
Male	89.5%	96%
Female	89%	97%

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.

This table demonstrates the different in the pay quartiles in the years of 2023 and 2024 for both women and men:

Quartiles	2023 Male	2023 Female	2024 Male	2024 Female
Upper	67%	33%	65%	35%
Upper Mid	74%	26%	79%	21%
Lower Mid	84%	16%	84%	16%
Lower	83%	17%	80%	20%

There has been a marginal increase in the proportion of women in the upper quartile.

The increase in male representation in the lower quartile reflects an increase in headcount in the unskilled technical engineering group who traditionally are predominantly male.

Why do we have a Gender Pay Gap?

In 2023 our gender pay gap was 16%, this has now decreased to 11%, which is encouraging and has reflected the increased focus that has been put on addressing any systemic barriers to ensuring fair pay. Nevertheless, there remain some areas that require continued efforts in particular:

- Continuing to review upper quartile recruitment to ensure we have a purposeful diverse slate of candidates.
- Continuing to ensure that access to talent development opportunities and internal promotions are considered through a diversity and inclusion lens.
- Growing our graduate and apprenticeship schemes, focussing on attracting diverse talent.

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

- More men in senior roles/management.
- Fewer women in STEM (science, technology, engineering, and maths). *
- We also have a low proportion of female employees (23%).
- Xylem works within the Manufacturing and Engineering industry, a traditional sector. reliant on the knowledge and skills of those from STEM-related areas of work. Women make up 26% of all people employed in STEM industries, demonstrating that women are marginally underrepresented within this group. **

The majority of our female employees operate in Scheduler, Service Coordinator, Entry Level Finance positions or administrative roles which attract less pay when compared with the higher-paid External Sales and professional engineering roles.

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 permanent 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 the 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 payout.
- We also made other payments that fall under pay, for example, retention payments associated with re-organisation activities in the prior year, recognition awards or recruitment (recommend a friend) which may 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 and action accordingly. Detailed guidance is provided to managers.
- We are continuing with a programme to ensure that all leadership and management recruitments have a diverse slate of applicants in respect to gender.
- To ensure that all employees understand the importance of diversity and inclusion in the workplace all meetings start with a diversity and inclusion tip.
- When hiring we pay with reference to market, skills, and qualifications rather than current salary to avoid continuing gender bias from other employers.
- 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 have reviewed and expanded our talent pipeline through graduate and apprenticeship programmes focussing on attracting diverse and marginalised talent within this sector.
- We continue to cultivate a flexible working culture to enable part-time working at all levels.

Sources:

Women In STEM Statistics: Progress and Challenges - (www.Stemwomen.com) *

Resources & Statistics - WISE (wisecampaign.org.uk) **