

Gender Pay Gap Reporting

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

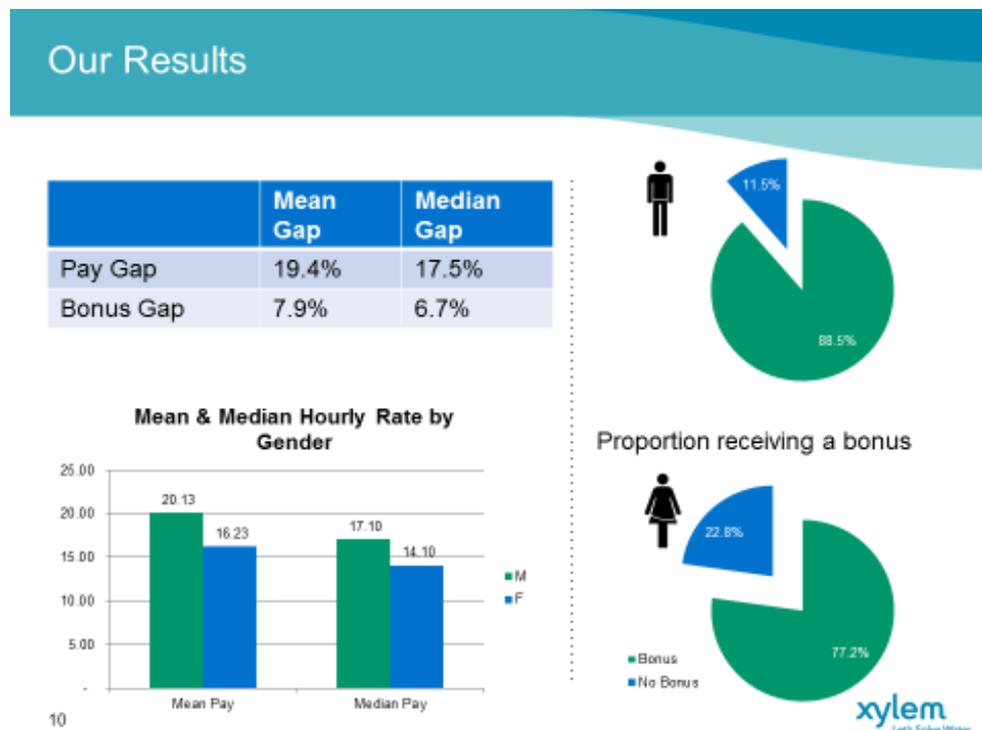
The **mean** is the usual average, so total the value and then divide by the number of elements:
 $(13 + 18 + 13 + 14 + 13 + 16 + 14 + 21 + 13) \div 9 = \mathbf{Mean}$ is 15

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



What was included?

511 employees

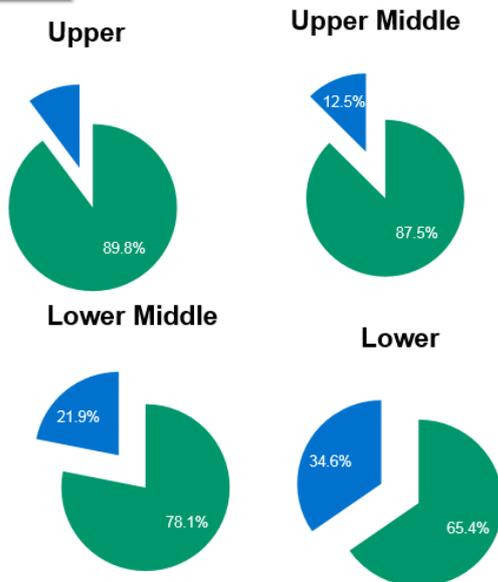
Male: 410 (80%)

Female: 101 (20%)

Hourly pay:

- Basic pay
- Allowances (first aid, car allowance)
- Shift premium (London weighting)
- Holiday pay
- NOT overtime

Chart Area files



What do the figures mean?

- Our gender pay gap is 19.4% using data as at April 2018
- The UK Gender Pay Gap, as reported by the Office of National Statistics, is 17.9%
- Our gap is therefore higher than the national average and we are working to understand how we can improve this.

Comparison to 2017

- Our gender pay gap was 13.9% using data as at April 2017 which has increased by 13.7%.
- The UK Gender Pay Gap, as reported by the Office of National Statistics, was 18.1%

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've reported on 88.5% of men and 77.2% of women received a bonus, and anyone employed before 1st October 2017, regardless of role was eligible for this.

Comparison

	2017	2018
Male	92.6%	88.5%
Female	89.5%	77.2%

Pay Quartiles

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

The data for each quartile generally mirrors the split between men and women at a national level within the sector that Xylem operates (i.e. 80% male and 20% female across the UK). Only 10.2% of the top quartile are women compared to 34.6% of the lower quartile. Women in Xylem are predominately employed within support/administrative positions which are evaluated at a lower pay rate than professional qualified Engineering roles, thus women have higher representation in the lower quartile.

Comparison

Quartiles	2017 Male	2017 Female	2018 Male	2018 Female
Upper	89%	11%	89.8%	10.2%
Upper Mid	85%	15%	87.5%	12.5%
Lower Mid	80%	20%	78.1%	21.9%
Lower	73%	27%	65.4%	34.6%

Why do we have a Gender Pay Gap?

Our analysis suggests that our gender pay gap stems from factors which are common to our industry including:

- More men in senior roles/management
- More women in less STEM (science, technology, engineering and maths) roles
- We also have a significantly 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 22% of all people employed in STEM industries,* demonstrating that women are largely underrepresented within this group.
- In addition with effect from 1st April 2018 we changed the mechanism through which we recompensed Engineers for their travel which has meant that it is now incorporated into their salary and thus reflected as an increase to the hourly rate for this all Male group.

The above factors have a significant influence on our median Gender Pay Gap within Xylem as we have a large number of Service Engineers or office based Engineers within our technical teams, and nationally there's a minority of STEM workers in the UK being female (20.5% of those working in the Engineering sector are women. This proportion is even lower when considering just those working in core and related engineering roles, which is at 12.0%)**

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

- Finance – 24% male vs 76% female
- Internal Sales – 78% male vs 22% female
- External Sales – 10% female

The UK&I Senior Leadership team has a 50/50 male/female split, however there is a significant difference within the pay brackets due to the roles the undertake.

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 everyone is eligible for our 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 bonus, 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 closing 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.
- When hiring we pay with reference to market, skills and qualifications
- 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 Women's Network which is looking at ways to promote, development and progression amongst female colleagues.
- 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 2018.

Sources:

[*https://www.engineeringuk.com/media/1576/7444_enguk18_synopsis_standalone_aw.pdf](https://www.engineeringuk.com/media/1576/7444_enguk18_synopsis_standalone_aw.pdf)

[**https://www.wisecampaign.org.uk/statistics/2018-workforce-statistics/](https://www.wisecampaign.org.uk/statistics/2018-workforce-statistics/)