



2022

SUSTAINABILITY REPORT

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About This Report

We are pleased to present Xylem’s 2022 Sustainability Report, which describes our efforts in the past year to solve global water challenges, create environmental and social value for our customers, build a sustainable company and empower the communities in which we all live and work. This report covers all Xylem entities globally and is [available on our website](#). A number of pictures included in this report were captured by our Xylem colleagues and submitted via our Sustainability Photo Contest in 2022. Please enjoy our talented colleagues’ art throughout this report!

The statements included in this document regarding future performance and results, expectations, goals, plans, strategies, priorities, commitments, and other statements, including those related to social, environmental and sustainability-related matters, that are not historical facts are forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking and other statements in this document regarding our environmental and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or are required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking social, environmental and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Forward-looking statements are based upon current beliefs, expectations, and assumptions and are subject to significant risks, uncertainties, and changes in circumstances that could cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. Readers of this document are cautioned not to rely on these forward-looking statements, since there can be no assurance that these forward-looking statements will prove to be accurate. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Unless otherwise indicated, forward-looking statements in this document do not take into account the impact of the pending merger with Evoqua Water Technologies Corp. or other future acquisitions or dispositions.

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Message From Our CEO

The need to solve water and resource challenges has never been greater. This past year witnessed natural disasters become more common, more costly and more harmful to communities across the globe. Every day, roughly two billion people lack access to safe drinking water and nearly 40 percent of the world's population faces water scarcity.

These challenges remind us that water is the essence of life, our society and our economy. It's such a powerful force on this planet. But 2022 also demonstrated the power of our people - Xylem customers, communities and colleagues - coming together to help address these challenges. We are privileged to act as a convener across borders and sectors to solve water.

In 2022, we elevated several platforms from this position of strength...

1 We supported a movement to reduce Greenhouse Gas Emissions (GHGs) related to water. Water utilities account for approximately 2% of greenhouse gas emissions, equivalent to the world's shipping industry. By supporting technology adoption, including digital technologies for water utilities, we can lead and accelerate the global water community's drive toward decarbonization to help mitigate the worst effects of climate change... And do so at affordable costs while generating favorable economic returns.

We are also supporting the water utilities worldwide that have set net-zero and climate-neutrality targets through cross-sector thought leadership, policy advocacy and a research paper highlighting pragmatic approaches and proven technologies that can reduce water utility emissions to net-zero.

2 We partnered with other leaders across the globe to launch the Reservoir Center for Water Solutions Solutions in Washington D.C. to address and overcome water challenges, together. In 2022, we convened local, state, national and global agencies, elected officials, municipal utilities, nonprofits and private companies to brainstorm new approaches, raise awareness and most importantly, drive action.

Water issues impact everyone and overcoming them requires the same show of strength. Seminars on climate resiliency and policy brought U.S. water leaders together with utility leaders from across Europe and attendees of COP27 in Egypt. We tackled workforce resiliency and Diversity, Equity and Inclusion through career development panels and discussions on advancing gender parity. We partnered with local environmental conservation nonprofits to drive change in various communities.

3 We are working with the next generation of water leaders to create a movement around water... and build a more sustainable and equitable world. Through our youth engagement programming, Xylem Ignite, Stockholm Junior Water Prize and our partnership with City Football Group (owners of Manchester City, New York City Football Club and other football clubs around the world), we are activating millions to carry the mantle of this critical work.

As we share this year's report, we're taking action - working with our customers to solve their greatest water and climate challenges. Our recently announced agreement to combine with Evoqua, a leader in mission-critical water treatment solutions and services, will bring even greater opportunities to solve water. This combination creates a powerful platform to tackle water scarcity, affordability and resilience at scale.

Thank you for your partnership as we solve water, together.



Patrick Decker
President and CEO

Message From Our CSO

Xylem leveled up Sustainability and Social Impact in 2022 with a focus on **operationalizing our strategies, driving deep accountability, and executing throughout our organization.**

Specific actions include:

- Expanding our sustainability-linked compensation programs beyond senior executives
- Using diverse candidate slates and unconscious bias and inclusion training to advance our Diversity, Equity and Inclusion (DEI) ambitions
- Greening our vehicle fleet
- Investing a portion of our cash on hand with financial institutions that support underserved communities in which we operate
- Partnering with customers to advance Net Zero commitments

These accomplishments built on prior progress of including key sustainability metrics in our quarterly business reviews, broadening senior leadership compensation tied to sustainability goals and expanding KPI-based green finance structures.

As we entered 2023, we finalized an innovative new revolving credit facility tied to three Key Performance Indicators (KPIs) reflected in our 2025 Sustainability Goals - moving away from reliance on more general third-party rating services. These KPIs include **Scope 1 & 2 emission reduction**, our **product "handprint"** to reduce customer GHG emissions, and the percentage of supplier spend reporting key sustainability information via EcoVadis.

We know that innovation and technology are powerful forces in addressing water scarcity, affordability and resilience to climate change, but they are only as good as the *people* developing,

commercializing and scaling them. Quite simply, delivering results depends on our people. And investment in their development and well-being is the backbone of an engaged, skilled and high-performing workforce.

To that end, we expanded resources, tools and flexibility to our employees so they can bring their best to work each day. In the U.S., this included expanding paid parental leave and implementing "Flexible Time Off", empowering employees to take the time off they need, when they need it, with leaders setting the example. Globally, we continue to focus on making wellness resources more prominent and accessible, investing in training and upskilling, including through skill-based volunteering with our Watermark partners and other key stakeholders, and accelerating internal mobility. We also took steps to improve the tools our employees need to better serve our customers and communities, whether from the office, remotely or in hybrid settings. We still have work ahead, but remain focused on attracting and retaining the best talent to solve global water challenges.

We are excited to advance and scale our impact through the pending combination of Xylem and Evoqua. Following the pending closing of the transaction, we will be even better positioned to create a more water-secure and resilient world.



A handwritten signature in grey ink that reads "Claudia Toussaint".

Claudia Toussaint
Chief People and Sustainability Officer

CHAPTER ONE

Sustainability at Xylem

At Xylem, sustainability is central to everything we do. We aim to use our sustainability efforts to build a sustainable company, empower communities and enable our customers to provide a more sustainable water future.

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Our Mission & Values

In nature, Xylem is a vascular tissue in plants that is critical to life. It transports water upwards from the roots to the rest of the plant, providing a vitalizing service. We know clean, abundant water is fundamental to life, growth and the well-being of people and the planet. Developing sustainable solutions to global water challenges is central to who we are as a company, just like it's embodied in our name.



Respect for each other, for a diversity of people and opinions, and for the environment



Responsibility for our words and actions, for customer satisfaction, and for giving back to our communities



Integrity for acting ethically, for doing what we say we will do, and for having the courage to communicate with candor



Creativity for thinking beyond boundaries, for anticipating tomorrow's challenges, and for unlocking growth potential

Our vision is to devote our technology, time and talent to advance the smarter use of water. We look to a future where global water issues do not exist. Xylem's culture, reflected in our core values, is essential for developing diverse, innovative, and engaged teams around the world to bring this vision to life.

As a leading global water technology company, our culture - driven by our mission, vision and values - dictates how we work and partner around the world. We have the privilege of serving a diverse and global set of customers who all share a common goal: responsible use and management of our planet's most valuable resource, water.

We work across our value chain to engage suppliers, colleagues, customers, and other partners in practices that support a resilient business ecosystem. We lead on sustainability by example. This starts with reducing our water use, greenhouse gas (GHG) emissions and waste footprints. And we work to provide a safe, inclusive and rewarding environment for our colleagues worldwide.



How We Think About Sustainability

We are committed to continuously improving our sustainability practices in everything we do as we evolve and adapt in an ever-changing world. For us, sustainability is about leaving the world better off because Xylem exists.

We are constantly looking for new ways to integrate sustainability into our business strategy, develop powerful partnerships to drive change across the sector and reinvent the ways we empower our customers to solve global water challenges.

From our own operations and solutions to the numerous ways we impact communities around the world, sustainability is at the core of everything we do.

Sustainability Across Our Three Cs



Our Customers

Our customers are our most fundamental partners in solving the world's water and sustainability challenges. We partner to anticipate their needs with our broad product offerings and our application expertise.

By deploying our innovative technologies and solutions, our customers mitigate water scarcity, reduce water loss and optimize water systems to improve water affordability. Other solutions prevent stormwater pollution, predict and protect against flooding and lower greenhouse gas emissions to help communities and their water systems become more resilient to the impacts of climate change.



Our Company

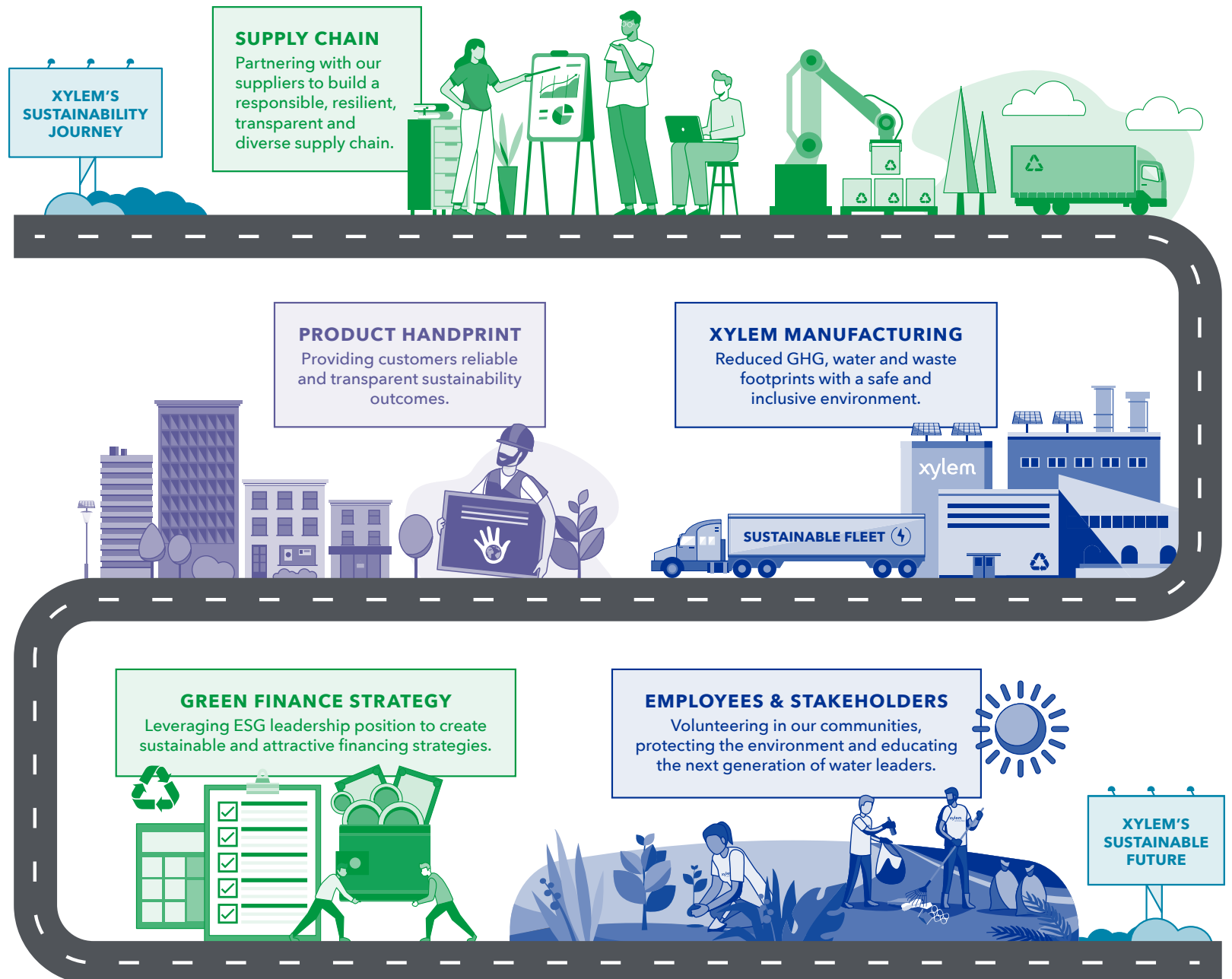
Sustainability is key to operating a resilient and profitable company, running our business with integrity, minimizing our environmental footprint, ensuring the safety of our employees, constantly improving the quality of our products and promoting a culture of diversity, equity and inclusion.



Our Community

People around the world face a growing number of challenges to access reliable and safe sources of water. Through our innovative solutions, technical expertise, robust partnerships and youth engagement, our ability to build a global movement advancing water sustainability and stewardship has never been greater – and has never been more critical.

Sustainability Across Xylem

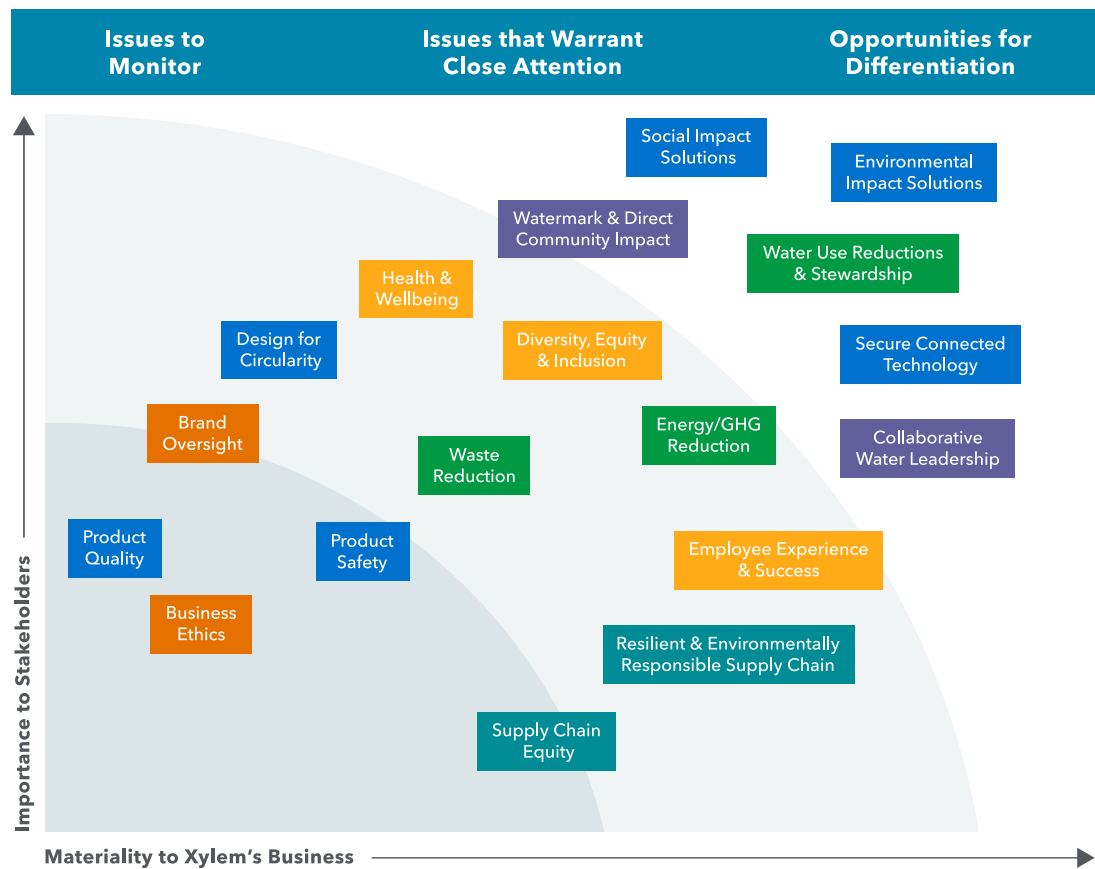


Materiality Matrix

We last updated our Sustainability Materiality Matrix in 2021 with input from a diverse group of stakeholders, including employees, customers and other key partners. This matrix guides the development of sustainability strategy and priorities. Our sustainability management continues to follow the *Resource Transformation: Industrial Machinery & Goods* criteria specified by the Sustainability Accounting Standards Board (SASB) Materiality Map. Yet we also consider other inputs to reflect the unique nature of Xylem’s business operations, including how we partner with municipal utilities.

This past year, we continued to monitor sustainability-related issues that may have a material impact on our company and adjusted the matrix accordingly. You can find more information about our sustainability assessment process on page 17 of our 2020 Sustainability Report. See this report’s [Appendix for our SASB framework reporting](#).

The matrix embodies our growth and insights gained over the past four years, showcasing our ongoing sustainability journey and its crucial place in our business strategy. The 43 ESG issues identified in our materiality assessment have been organized into six distinct categories:



¹ The term material, as used in this report, is based on a different definition of materiality than used in the U.S. securities law.

- **Board Oversight & Governance** – Overseeing strategy and execution to build long-term sustainable value
 - **Environmental Operations** – Reducing our own GHG, water and waste footprint matters
 - **Global Community Impact & Thought Leadership** – Water leadership to increase the impact of our work
 - **Products & Services** – Our solutions uniquely advance environmental and social benefits for our customers
 - **Social Operations** – Our people are key to our success
 - **Supply Chain** – Our suppliers are important partners
- As we move into 2024, we anticipate refreshing our materiality matrix again with input from our key stakeholders.

What We Did

A deep dedication to sustainability throughout our organization allows us to innovate and explore new methods for advancing sustainability. But, to push the boundaries of sustainability in our company and for the sector, we must be credibly committed to the fundamental aspects of sustainability. In 2022, we made a number of enhancements to our sustainability efforts. Including many areas discussed in this report, we continue to refine and enhance our reported data management.

In 2022, we enhanced crucial methodologies for promoting transparency, accountability, and assurance within Xylem. First, we improved our internal auditing systems integration with knowledge of sustainability while also pursuing external assurance of some of our key metrics and goals. Additionally, we spent much of 2022 revitalizing our Sustainability Management System, which provides guidance on internal systems, responsibilities of key stakeholders and other procedures that allow our sustainability priorities to reverberate throughout our organization.

We will continue to invest in internal systems that help us integrate holistic sustainability management, hold us accountable to our values and increase transparency on our progress towards key goals and metrics. This report aims to provide our stakeholders a clear transparent snapshot of where we are today on our sustainability journey.

Recognitions

2022 World Benchmarking Alliance's SDG 2000 Most Influential Companies

2022 Barron's Most Sustainable Companies

2022 Newsweek's Most Responsible Companies

2022 HRC Foundation's Best Places to Work for LGBTQ+ Equality

2022 JUST Capital's America's 32 Industry Leaders for Environmental Performance

2022 JUST Capital's Most JUST Companies

2022 3BL Media's 100 Best Corporate Citizens

2022 Global Water Awards Net Zero Carbon Champion



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Our Strategic Focus Areas

In our 2021 Sustainability Report, we introduced our Sustainability & Social Impact focus areas, taking us beyond our 2025 goals. These include those challenges that most significantly impact our stakeholders and where we believe Xylem has a key and unique role to play in the solutions. As we set new sustainability goals and targets, they will align with these focus areas.

Decarbonize the Water Sector

We frequently see water discussed in the context of climate change on the global stage. Yet this is often in the framing of resiliency and adaptation to extreme weather, drought and unreliable access to services. Water is rarely discussed in the context of climate mitigation. We believe water should lead the global conversation – and more importantly action – on climate mitigation, with real, meaningful GHG-reduction commitments across the sector. This starts with us – which is why we have committed to reaching net-zero emissions by 2050, and to meeting more immediate targets in the meantime. Additionally, we see our role as enablers, getting the conversation started and facilitating the technology adoption to move the sector to net zero.

Water use and management accounts for roughly 10% of global greenhouse gas emissions.¹ This includes the energy to move water, agriculture-related use, treatment, and many other areas in which water services are critical to our daily lives.

Additionally, water and wastewater utilities comprise approximately 2% of global GHG emissions.² As significant customers and stakeholders for us, we want to partner with utilities to help them address their mitigation goals. 2022 was a big year for the water sector's decarbonization conversation and we played a role by:

- Launching our white paper "[Net Zero: The Race We All Win](#)" detailing how utilities can make meaningful reductions to their GHG emissions
- Working with partners across the sector to drive [Race to Zero](#) commitments
- Implementing full-time employee focus on utility decarbonization in Europe
- Partnering across industry to drive policy frameworks, such as [N2O monitoring](#).
- Continuing to find ways to provide customers with disclosure on our products' GHG handprints and footprints

¹ <https://everydrop-counts.org/imglib/pdf/Water%20Climate%20Report%202020.pdf>

² <https://my.globalwaterintel-insights.com/l/2DC/carbonfootprintwp>

In May 2022, we were recognized for our leadership as Global Water Intelligence's "Net Zero Carbon Champion"



NETZero
THE RACE
WE ALL WIN

Mapping the route to
water utility decarbonization

From cover of Xylem 2022 white
paper "The Race We All Win"

Source: [Global Water Awards, 2022](#)

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- Driving investment in technology through our Xylem Innovation Labs (XIL), including [partnership on the Trial Reservoir](#) and including start-ups focused on decarbonization in our Accelerator Cohort
- Supporting and convening partner efforts including GWI's paper "[Mapping Water's Carbon Footprint](#)," speaking at various COP27 events, hosting "[Water and Climate](#)" event, and more

Resiliency & Water Stewardship

In addition to our efforts to mitigate climate change through decarbonization, we must also address resiliency challenges our customers are already facing. Our utility customers are often the first to feel the impacts of the climate crisis via severe stormwater events or scarcity constraints related to drought. These external impacts make providing reliable, safe and affordable water and sanitation services more difficult for utilities. Communities around the world are already feeling the effects of climate change today. Investing now in the resilience of our water infrastructure

is crucial to our customers meeting the needs of their constituents and overcoming the compounding challenges from the climate crisis.

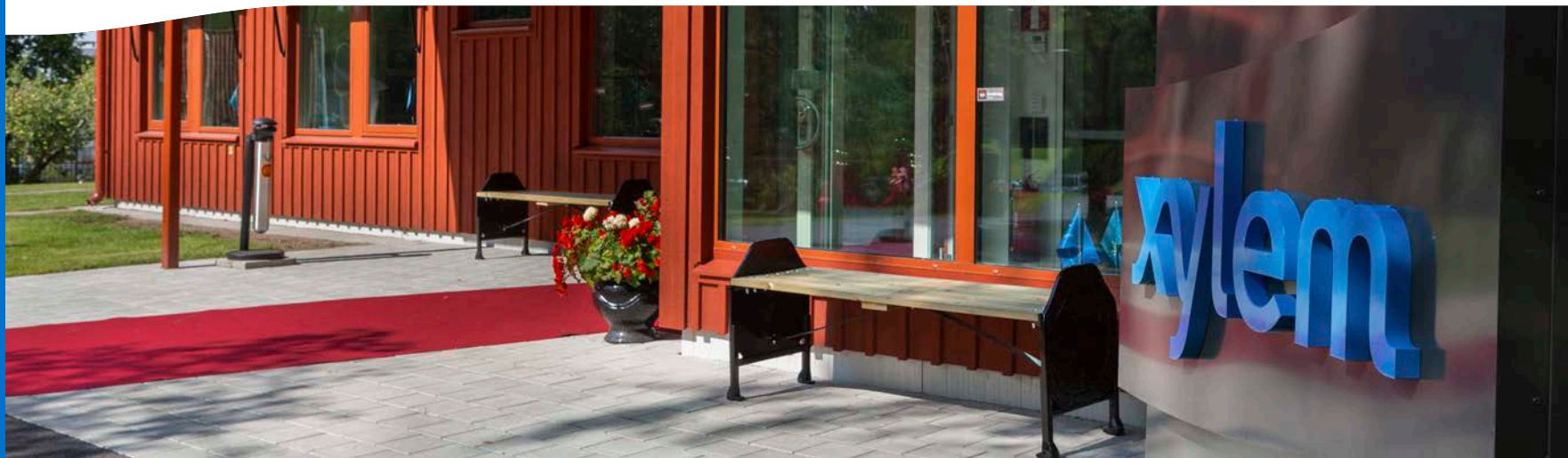
Additionally, we are increasingly hearing from our industrial and commercial building customers that water stewardship is a high-priority area for them. This can be driven by operational demands – for example, food & beverage companies requiring a stable supply of water resources – or by external ESG stakeholder demands. We are seeing increasing commitments from businesses that rely on water resources to be better water stewards in the communities in which they operate. For Xylem, we believe we can be the technology partner of choice to accelerate innovation and thought leadership in this space.

With our solutions and expertise, we are supporting our customers as they develop ways to address water stewardship across their operations. And we are working with partners to help drive the standardization of measuring, reporting and creating targets for water stewardship goals.

26%

reduction of water use in our operations since 2019.

This reduction is driven by our 2025 Goal to reach 100% process-water recycling at our major facilities, but also through smarter practices being implemented across all facilities. In locations like our [Emmaboda](#), Sweden facility, we are using all Xylem equipment to recycle and reuse our process water. This is great for our own water stewardship goals, but also provides a showcase to bring our customers to as they look to address their own on-site reuse.



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Equitable WASH Access

The Challenge

WASH stands for water, sanitation and hygiene, all of which are critical to human health. As stated by UN Water – “Without access to safe, reliable drinking water, sanitation and hygiene services, people’s wellbeing, dignity and opportunities are severely compromised, [particularly women and girls](#).”

Our Solutions

Across the globe, 844 million people lack access to drinking water, and 2.3 billion do not have access to latrines or other basic sanitation facilities (UNICEF, 2023).

The impacts of climate change are already affecting our progress to close this gap, particularly in the poorest regions of the world.

We are committed to addressing these challenges and measure our progress through our 2025 Sustainability Goals to provide **WASH solutions to 20 million people** in underserved and under-resourced communities and to **provide water education to 15 million people**. We make an impact in this space through a variety of investments and actions:

Water Security

With 1.42 billion people currently living in areas of high or extremely high water vulnerability (UNICEF, 2023), we are seeing water scarcity play out in communities all over the world, as demand for water exceeds available supply. Water scarcity is exacerbated by the changing climate, population growth, poor water governance, and the escalation of conflict and migration – which are also potential outcomes faced by many water insecure communities. Other impacts include communities’ health and nutrition, children’s access to education, individual livelihoods, and broader economic development.

WASH solutions must be equitable, resilient to climate change, and address water insecurity. We are proud to partner with UNICEF, who is on the front lines of this important work, helping the most vulnerable group – children. During the 2023 UN Water Conference, Xylem CEO Patrick Decker signed on to UNICEF’s **Op-Ed** piece, emphasizing the responsibility and role that businesses have in addressing water scarcity. Read their recent Water Security for All report [here](#).

- Our Xylem Watermark program, which provides philanthropic funding and in-kind resources to both long-standing and new NGO partners solving WASH challenges globally, and empowers our employees to volunteer their time to help in their own communities
- A full-time team dedicated to solving WASH challenges via commercial portfolio offerings and development partnerships through our Essence of Life business model
- Our volunteer network of disaster response team members, leading Xylem’s responses to provide WASH when a disaster strikes
- Signing the WASH4Work pledge and asking our suppliers to do so as well
- Investing and partnering with leading technology to advance access to WASH in new, affordable ways
- Learn more about how we’re solving WASH challenges with partners in our [Community Impact section](#).

U.S. WASH Access

While the need is greatest in developing regions of the world, it is not exclusive to those regions. As an example, it’s estimated that in the United States, 2.2 million people live without safe drinking water and sanitation. Through our Reservoir Center and U.S. partnerships, we have invested in platforms to discuss U.S. water infrastructure investment and how under-resourced communities can provide better water and sanitation services. This includes:

- Participating in the U.S. WASH collective and committing to its statement of principles
- Partnering with organizations like Moonshot Missions to help under-resourced communities access funding available to them through recent federal infrastructure investments
- Working with U.S. policy makers in Washington D.C. on water infrastructure investments and policy

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Turning Moments Into Momentum

Our advantage as a water technology leader, and our responsibility, is to leverage our global scale, partnerships, and domain expertise to create platforms for greater impact.

Reservoir Center for Water Solutions:

In 2022, we announced the opening of the [Reservoir Center for Water Solutions](#) in Washington, DC. This space now serves as our global headquarters, but also as a gathering space for the water sector to meet. The Reservoir Center is a consortium and collaboration facility that brings together leaders and thinkers from across the water sector, policy world and beyond. Reservoir partners, who can join free of charge, have access to use the facilities for workspaces, meeting space or to host gatherings. [Read more in our Reservoir Annual Report for 2022.](#)

Xylem Innovation Labs:

To solve the world's water challenges, we need to bring new technologies to market. However, the water sector has been conservative with respect to innovation. This is understandable - utilities are responsible for the drinking water and sanitation services for a community and are cautious about making changes. As a large, trusted partner for many utilities and industrial users of water, we see our role as supporting the incubation and acceleration of innovation and reducing the risk to customers as they introduce new technologies into their operations.

Through collaboration with a global network of innovation partners, [Xylem Innovation Labs](#) teams with entrepreneurs to help commercialize their solutions and make them available to utilities and other water managers.

- **Incubation:** Working with several university partners, we support research on cutting-edge solutions to address critical challenges such as micropollutants and resource recovery.
- **Acceleration:** Through our Xylem Innovation Labs Commercial Accelerator program, we host a cohort of 10 start-ups to help them pilot innovative technologies that address a customer pain point.
- **Adoption:** We support scaling innovative technology through partnerships like the [Trial Reservoir with Isle Utilities](#) and by leveraging our global commercial channels.

Community Impact:

Through our community impact programming, which we call Xylem Watermark, we are harnessing the passion and unique skills of our employees and business partners to make a powerful impact in our communities. We empower our colleagues and stakeholders to live our mission to solve water both in their work and their lives by providing paid time off to volunteer, supporting a network of Watermark Champions around the world who coordinate thousands of accessible volunteer opportunities throughout the year, and providing matching funding and community grants to support local NGO partnerships that align with our mission.

Additionally, over the past 12 years, we have built strong, trusting, and innovative relationships with best-in-class global NGO partners, pairing Xylem's strengths with their own in collaborative partnerships that improve safe water and sanitation access, expand water education, engage young people, and provide humanitarian relief to communities impacted by disasters.



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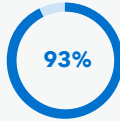

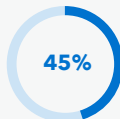
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Our 2025 Sustainability Goals: An Update

Customer Goals

In 2022, we completed our goal to enable customers to reduce their CO₂e footprint by over 2.8 million metric tons! This goal is strategically critical to our mission to help our customers reduce their GHG emissions and reflects the reduction of our customers' Scope 1 and 2 emissions achieved with the use of our products. As such, we will continue to track and report this goal into 2030 and have tied our progress to an updated credit revolver. Read more in our Product Sustainability section.

Customer Goals

Goal	2022 Update	Progress to 2025
Reduce over 3.5 billion cubic meters of non-revenue water	0.47 Bm ³	 55% 1.91 Bm ³
Treat over 13 billion cubic meters of water for reuse	3.08 Bm ³	 79% 10.25 Bm ³
Prevent over 7 billion cubic meters of polluted water from flooding communities or entering local waterways	1.99 Bm ³	 93% 6.54 Bm ³
Reduce water's CO ₂ e footprint by over 2.8 million metric tons	1.05 MMT	 100% 2.80 MMT
Provide access to clean water and sanitation solutions for at least 20 million people living at the base of the global economic pyramid	Provided access to 2.4 million people in 2022	 45% 8.9/20 M people



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Company Goals: Supply Chain

Goal	2022 Update	Progress to 2025
Establish a Supplier Diversity Program and increase supplier diversity to 12% of total U.S. supplier spend	0.8% Increase	 9.1% of our 12% of U.S. supplier spend goal
Require suppliers to take the WASH4Work Pledge for access to safe water, sanitation and hygiene (WASH) at the workplace	5.7% Increase	 of global spend
Engage suppliers in sustainability initiatives through audit programs and corrective action plans	Expanded training and initiated on-site risk assessments	Continue to evolve and progress both remote and on-site assessments
Require suppliers to disclose sustainability information via EcoVadis or equivalent	8.5% Increase	 of global spend
Require suppliers to disclose Scope 1 & 2 GHG emissions and water usage via CDP Supply Chain	8.3% Increase	 of global spend

Company Goals: Operations

Goal	2022 Update	Progress to 2025
Use 100% renewable energy at our major facilities*	Added 5 new facilities	 17/22
Use 100% process-water recycling at our major facilities*	Added 4 new facilities	 12/22
Achieve zero waste to landfill from processes at our major facilities*	Added 6 new facilities	 12/22
Develop 1.5 °C science-based targets for GHG reductions across Scopes 1, 2 and 3	Committed	Targets submitted to Science Based Target Initiative in Q4 2022. As of report launch, anticipate validation in May 2023.
Ensure packaging material consists of 75% reusable, recyclable or compostable content**	37% increase from 2020	85% of packaging consists of 75% reusable, recyclable or compostable content

* Major facilities are defined as those 22 facilities with manufacturing activities that are the top contributors to Xylem's water, waste or GHG metrics, or are located in areas with extremely high water-stress risk.

** Learn more about our sustainable packaging on page 60 of the [2021](#) Sustainability Report and page 66 of the [2020](#) Sustainability Report.

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Company Goals: Workplace

Goal	2022 Update	Progress to 2025
Ensure 100% of employees have access to clean water and safe sanitation at home and during natural disasters	Further refined tracking and outreach across global operations	Continue to monitor for any gaps in access
Achieve 50% female representation in leadership positions* by 2030, 35% by 2025, through merit-based retention, promotion and recruitment	0.7% increase	25.4% women in leadership
Achieve 25% minority representation in U.S. leadership positions* through merit-based retention, promotion and recruitment	1.6% increase	20.9% minorities in U.S. leadership
Assess and monitor equitable pay practices with the goal of eliminating pay differences based on gender, race or ethnicity	We are currently finalizing pay equity assessment based on gender and U.S. minority classifications and will use the results of this assessment to continue to support our commitment to equitable pay by role	By end of 2023, we will have completed a pay equity assessment globally based on gender. We plan to include pay equity analyses into our compensation process on a regular basis going forward
Reduce injury frequency to an incident rate of 0.5 or below	4.5% decrease	In 2022, our injury frequency rate was 0.64, a 4.5% decrease from 2021 and a slight decrease from our baseline in 2019. Read more on page 34 .
Achieve at least an average of 50 hours per employee per year rich learning and development opportunities to build Xylem's ability to solve water for decades to come	14 hours of training per employee	 14/50

Community Goals

Goal	2022 Update	Progress to 2025
Give 1% of company profits** to water-related causes and education	Donated 1.1%, or \$4.1 M, through financial and in-kind equipment donations in 2022	Surpassed 1% target
Provide paid time off for Xylem employees to volunteer 1% of their time	On average, employees volunteered 9 hours in 2022	10 hours of volunteer time off available for all employees
Deploy humanitarian aid to 200 areas affected by water-related natural disasters	Responded to 30 disasters with humanitarian aid in 2022	 81
Provide 15 million people with water education to improve quality of life and raise awareness of water issues	1.7 M people reached with water education	 7 M People
Engage at least 95% of Xylem employees in volunteer activities	9% increase from 2022 participation	87% of employees volunteered
Engage 100,000 stakeholders in volunteer events	1,151 Stakeholders participated in volunteer events	 16,145

* "Leadership Positions" are defined by an internal salary band structure that reflects executive and critical leadership positions.

** "Company Profits" is defined as GAAP Net Income

CHAPTER TWO

Sustainability Governance

The effectiveness and credibility of our sustainability programs, goals and reporting are built on a foundation of robust governance. Our focus on responsible corporate governance promotes the long-term interests of our shareholders and other stakeholders, strengthens Board and management accountability and helps build trust in the company.

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Our Sustainability Management System (SMS) governs all of Xylem’s Environment, Social and Governance (ESG) reporting processes and provides clear guidelines on what sustainability content and data are reported, as well as how and where such data is reported. The SMS is regularly reviewed and updated according to best practices and the insights emerging from our sustainability programs. We strive to continuously improve our sustainability governance and ESG reporting to meet the expectations of our stakeholders and the evolving regulatory landscape.



What We Did

In 2022, we further advanced the review of certain reported data sets, including the following:

Performed an Assurance Readiness Review with third-party assurer of five of our 2025 Sustainability Goals tied to executive Performance Share Units (PSU) grants vesting in 2026

Initiated internal audit of a number of key ESG disclosures and Sustainability Management System documentation

Expanded disclosure review of 2022 reported metrics by Lloyds Register Quality Assurance



Governance Structure

Sustainability goals and disclosures require strong governance involving a number of internal stakeholders. Our structure includes our Board of Directors and Board committees, our CEO and senior leadership team, and a number of other employees.

- Our Board of Directors, primarily through the Nominating and Governance Committee, provides oversight of the company's approach to sustainability and social impact, while the full Board reviews sustainability as a strategic driver of growth. In addition, the Leadership Development and Compensation Committee oversees the company's approach to continuously improving diversity, equity and inclusion, as well as talent development.
- Our Chief Executive Officer, Chief People and Sustainability Officer and members of the senior leadership team execute our sustainability strategy and drive progress toward our strategically aligned goals.
- Internal councils, working groups and embedded subject matter experts (SMEs) deliver day-to-day execution of goals and reporting controls.
- To further drive executive oversight of sustainability performance, a set of Sustainability Goals was added to our Quarterly Business Reviews, alongside financial and operational reviews. A larger group of executives were also granted special ESG PSUs aligned to five key 2025 Sustainability Goals to further enhance accountability. Several Sustainability Goals are included in senior leadership compensation and/or tied to green finance structures for further business alignment to our business strategy.



Robert F. Friel
Chair of the Board of Directors

“ Sustainability is inseparable from our company’s mission to solve the critical water challenges of our time: scarcity, affordability and resilience. Part of the Board’s role is to ensure that sustainability is central to the company’s strategy and execution, always in service to the creation of economic and social value. Putting sustainability at the center of our activities means that it is the foundation of everything we do, rather than merely a set of programs separate from our business. It is also an increasingly powerful competitive advantage with customers - a source of differentiated long-term shareholder and stakeholder value creation. ”

Goal Deployment Committee

Executive Sponsors:

**Senior Vice President (SVP), Chief
People and Sustainability Officer**

SVP, Chief Supply Chain Officer

**SVP, Chief Innovation, Technology and
Product Management Officer**

The Xylem Sustainability Goal Deployment Committee is a global and cross-functional team that meets on a quarterly basis to review progress on our 2025 Sustainability Goals, Science-Based Targets, Net Zero GHG and other communicated goals. The Committee reviews all goals and discusses strategies to support meeting these goals. The Committee includes representatives from a number of teams, including Sustainability, Innovation and Product Development, Supply Chain, Operations, Community Impact, and Human Resources. The implementation of the quarterly reviews by this Committee has strengthened the reporting and analysis of our sustainability goals and initiatives.

ESG Reporting & Green Finance Committee

Executive Sponsors:

**SVP, Chief People and Sustainability
Officer**

SVP, General Counsel

The ESG Reporting & Green Finance Committee is a cross-functional team, including Finance, Legal, Communications and Sustainability. This committee reviews, advises on and guides the evolution of Xylem's approach to ESG disclosure and reporting given its increasing importance to our stakeholders, including the investment community, and the proliferation of ESG ratings, frameworks and data requests. Our approach to reporting is intended to provide transparent and reliable ESG data to our stakeholders and appropriate context for our sustainability performance. In addition, the group reviews and advises on our green finance strategy.

The ESG Reporting and Green Finance Committee was formed in 2022 when we combined our ESG Reporting Working Group and Green Finance Committee into a single committee due to the high crossover of participants in both groups.

Xylem Board of Directors

Strong governance starts with our highest governing body, the [Xylem Board of Directors](#), which is led by our independent Board Chair.

The Board, together with the committees assisting in discharging its duties, is guided by Xylem's [Articles of Incorporation](#), [By-laws](#), [Corporate Governance Principles](#), [Committee Charters](#) and [Code of Conduct](#), which provide the framework of governance for the company. The Board discusses strategy throughout the year and conducts a deep strategic review at least annually. It also regularly hears from customers, investors, financial advisors, relevant third-party advisors and external thought leaders in the water sector. In addition, Board members connect during the year with employees at various levels through facility visits, and engage with employees during Board meetings and other events. For more information on Xylem's Board of Directors, please visit our [website](#).



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Risk Management Oversight

Identifying and mitigating risks improves our decision making and prioritization of time and resources. Management is responsible for day-to-day management of the company's risks, including the creation of appropriate risk management programs, policies and practices. As part of this responsibility, management conducts an Enterprise Risk Management (ERM) program, which is an evergreen process using a widely accepted framework to identify, assess, monitor and communicate the company's

strategic, operational, financial, compliance and reputational risks. The ERM process includes a review of our Sustainability & Social Impact program with a particular emphasis on ESG reporting.

The Board and its committees work with management, our internal and independent auditors, as well as other external advisors, to incorporate ERM into corporate strategy and business operations. As an integral and ongoing part of its work, the Board oversees management's approach to risk

management and execution of its risk management responsibilities.

Further details on delegated responsibility of oversight by the Board are provided on page 22 of our [2023 Proxy Statement](#). For more information on governance at Xylem, see pages 92-93 of the GRI Content Index.



CHAPTER THREE

Operations

Sustainability is embedded in all our operations, enabling us to reduce our environmental footprint and be positive community partners in the areas where we operate. Robust implementation, tracking and reporting demonstrate the long-term resilience and value our activities create.

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What We Did

Further implemented water, waste and energy conservation projects at major facilities

Reduced net Scope 1 & 2 GHG emissions by 21% compared to last year

Updated Environment, Health & Safety (EHS) management system



What We Learned

Frequent data analysis and review has further improved target opportunity selection

Our potential to reduce operational GHG emissions is now mainly in natural gas and diesel fuel usage

Fleet electrification in North America will face hurdles in the coming 1-2 years following supply chain and infrastructure gaps



Where We're Going

Incorporating operations of smaller facilities into efforts to improve sustainability performance (company-wide goals)

Focusing on Scope 1 GHG emissions reduction

Identifying new energy conservation options



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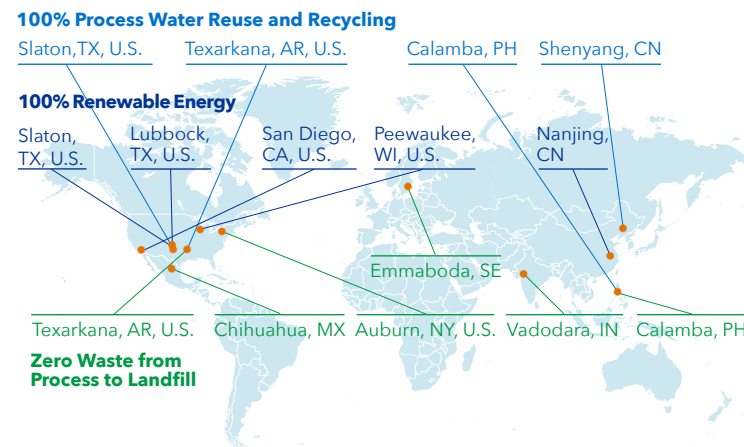
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Progress on Sustainability Goals: Operations

We have a global operations footprint that spans a variety of regions including 42 manufacturing facilities in 19 countries. In 2019, we identified the 22 major facilities that had the greatest energy, waste and water impacts. Although our sustainability practices impact all operations, including over 320 facilities, we have focused our efforts on those 22 facilities through our 2025 Sustainability Goals. Our goals help us track progress across key operational categories: water & effluents, waste reduction, energy & emissions, health & safety and water access for colleagues.

Several facilities achieved 2025 Sustainability Goals in 2022, including:

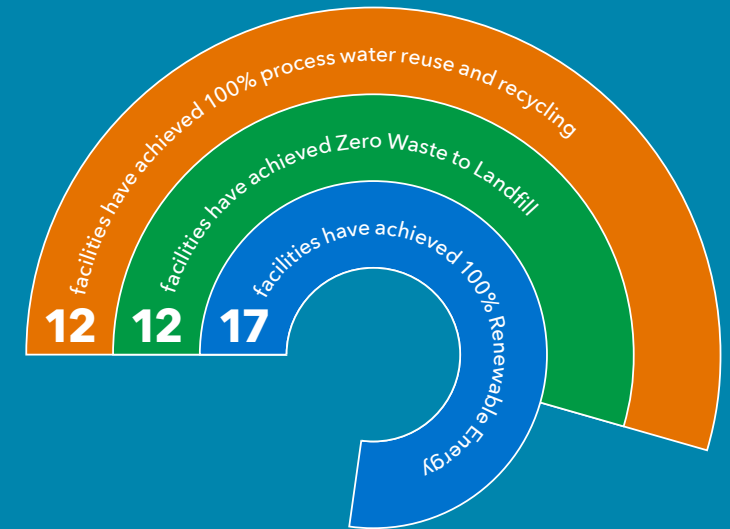


Each facility's goals are internally validated before soliciting external validation:

- Once a facility indicates that a goal has been achieved, data aligned with specific support criteria is reviewed by an internal team.
- Following internal validation, a third party independently collects and analyzes relevant data, and compares it with our set criteria.
- In 2022, we piloted our third-party on-site validation process for goals at three facilities: Renewable Energy at San Diego, California, Waste to Landfill at Texarkana, Arkansas, and Water Recycling at Chihuahua, Mexico.

Our major facilities are defined as those with manufacturing activities that are the top contributors to Xylem's water, waste or GHG metrics, or are in regions with extremely high water-stress risk.

Progress of our 22 major facilities* on our 2025 Sustainability Goals



4 facilities achieved all 3 goals:

- Dubai, United Arab Emirates
- Montecchio, Italy
- Nanjing, China
- Texarkana, AR, U.S.

* Major facilities are defined as those 22 facilities with manufacturing activities that are the top contributors to Xylem's water, waste, or GHGs metrics or located in areas with extreme high water-stress risk.

Water & Effluents

As a company dedicated to addressing global water challenges, we understand how corporate water consumption and usage can impact the local watershed. **In 2022, we reduced our water consumption in high, extremely high and arid water-stressed areas by 14%, equivalent to 2.78 million gallons or 10.53 megaliters metric.**

Our products and services directly support utilities, industrial facilities and residential, commercial and agricultural customers, enabling them to achieve responsible water management. We also recognize the importance of being good water stewards ourselves and remain committed to minimizing our impact on water resources through reduction and reuse, especially in regions facing water scarcity, and in some cases have been able to leverage our own technology to do so.

26%

reduction in our total water use since 2019. 12 of our major facilities are recycling and reusing 100% of their process water.



FACILITY HIGHLIGHT

Emmaboda, Sweden & Shenyang, China

Using Xylem solutions, **Emmaboda** completed a process-water reuse project that will save 5.28 million gallons or 20 megaliters of water per year

Shenyang connected the treated water loop to the expanded workshop contributing to the reduction of fresh water use of approximately 359,000 gallons versus 2021.

We nearly doubled our water recycling and reuse capabilities from 2021, equivalent to 119 megaliters processed.

Our operational water-reduction efforts reflect our dedication to optimizing water and the implementation of reuse systems,

and using our own technology to do so. The table below highlights our efforts to reduce our total water intensity, reflecting an **aggregate decrease of 33% in water intensity over the past five years, equivalent to 133 megaliters.**

Water Discharge and Intensity and Water Consumption (in megaliters)

	2019 Baseline Year	2020	2021	2022
Total Water Withdrawal	442.9	357.8	342.1	325.3
Total Water Recycled and Reused	51.8	58.5	121.4	241
Total Water Treated and Released	56.7	53.6	56.5	32.7
Total Sales (MUSD)	5,250	4,880	5,195	5,522
Total Water Intensity	0.0844	0.0733	0.0658	0.0591
Percentage of Water Recycled and Reused	11.7%	16.4%	35.5%	74.1%

Annually, we submit our Water Security survey to CDP to assess efforts in water sustainability and stewardship. In 2022, we received a Water Security score of B.

Waste Reduction

We adhere to the waste management hierarchy (i.e., prevention, reduction, reuse, recycling, energy recovery and lastly, treatment and disposal) when addressing waste at all of our facilities, including the 22 major facilities included in our 2025 Goal to reach Zero Waste to Landfill.

12 of our major facilities achieved our goal of zero process waste to landfill this year, from 6 facilities in 2021 to 12 in 2022.

A facility meets our zero waste to landfill goal based on industry-wide standards: A minimum of 90% diverted from landfill and no more than 10% used for energy recovery. In 2022, approximately 75% of waste generated at our facilities was recycled, which represents an increase from 65% in 2019.

Efforts to increase the diversion from landfill of waste that can be recycled at some of our larger facilities contributed to relevant reductions of waste to landfill and increases in recycling quantities, as detailed in the table to the right. For example, in 2022 we started recycling programs for cardboard and wood in our factories in Morton Grove, IL, U.S. and Auburn, NY, U.S.

We work on-site and in collaboration with suppliers to reduce packaging, comprehensively segregate waste streams, implement or improve recycling processes and imagine new ways to reuse old materials. Our facility in Slaton, TX, U.S. has championed rethinking what materials are waste through their sand recycling and reuse program that reduces sand use while streamlining production processes.



FACILITY HIGHLIGHT

Morton Grove, IL, U.S., Texarkana, AR, U.S. and Auburn, NY, U.S.

In 2022, a few of our facilities significantly increased recycled waste volumes: Morton Grove, IL; Texarkana, AR and Auburn, NY implemented actions to improve the recycling of waste packaging by 1,531 metric tons

compared to 2021. The same facilities reduced the waste being sent to landfill by 674 metric tons compared to 2021 due to the diversion of several waste categories through recycling and reuse.

Waste by Type and Disposal Method (metric tons)

	2019 Baseline Year	2020	2021	2022
Non-Hazardous Waste Recycled	21,772	21,570	22,421	26,703
Non-Hazardous Waste to Non-Landfill	1,557	1,435	1,653	1,600
Non-Hazardous Waste to Landfill	9,132	7,295	7,140	5,807
Total Non-Hazardous Waste	32,461	30,300	31,214	34,110
Hazardous Waste Recycled	399	289	377	335
Hazardous Waste to Non-Landfill	958	1,090	1,437	1,202
Hazardous Waste to Landfill	111	43	23	55
Total Hazardous Waste	1,467	1,422	1,837	1,592
Total Waste Recycled	22,171	21,860	22,798	27,038
Total Waste to Non-Landfill	2,514	2,525	3,090	2,802
Total Waste to Landfill	9,243	7,338	7,163	5,861
Total Waste	33,929	31,723	33,052	35,702

We have also continued to measure and reduce the waste associated with product packaging.

Although our total waste production increased, we still recycled a greater proportion of our waste compared to 2021. Improving waste and packaging disposal practices at some major facilities increased

the total quantity of waste recycled by 18.6% and reduced the total waste sent to landfill by about 18.2% in the same period. In Emmaboda, an increase in hazardous waste to landfill was noticed due to a portion of sand used in the foundry becoming unrecyclable with current processes. The facility's waste team is actively working to address this increase.

Energy & Emissions

One of our strategic focus areas is to support the decarbonization of the water sector. We strive to lead by example, which is why we are committed to continued energy efficiency and emissions reduction across our entire value chain. In Q4 of 2022, we submitted our 2030 Science Based Targets to SBTi for target validation. As of report publication, we are awaiting final response from SBTi. We will update stakeholders through our website and Climate Action Plan once finalized.

88%

of electricity came from
renewable sources in 2022

Our energy profile underlying our manufacturing, office and service facilities continues to evolve as we expand our use of renewable energy – particularly at U.S. commercial facilities – and invest in energy efficiency measures globally. In 2022, 88% of electricity came from renewable sources, compared to 75% in 2021 and 59% in 2019. Renewable energy purchases have allowed us to green our energy profile in cost-effective ways at facilities that would otherwise not have access to sources of renewable energy.

CDP has recognized our efforts to help mitigate our impacts related to climate change at the Leadership level for implementing current best practices, awarding us a score of A- on our 2022 Climate Change Response.

Emissions from our operational footprint are encompassed by Scope 1 and 2 emissions, which decreased by 21% since 2021 using a market-based calculation for Scope 2. The primary drivers of this change were:

- Increasing our electric vehicle fleet, especially in Europe.
- Increasing our mix of renewable energy at smaller facilities with both commercial and service activities.

Fleet Electrification

In 2022, we committed to transitioning 100% of passenger vehicles to electric or hybrid plug-in solutions and 80% of our global fleet, which includes service vans and trucks, to electric or hybrid plug-in solutions by 2025.

80% of our European vehicle orders placed in 2022 were for either fully electric vehicles or electric hybrid plug-in vehicles. In Europe, with more than 300 chargers across our facilities, we piloted electrified commercial vehicles and found creative and innovative solutions for charging at home and on the road.

Similarly, our teams in the United States and Australia began piloting electric vehicles in their fleets. Our number one priority remains the safety of our teams on the road, while making timely deliveries of our products and services to our customers to tackle the world's water challenges. For this reason, the team has taken a very conscious yet ambitious approach to our electrification efforts in areas where infrastructure is lacking.



FACILITY HIGHLIGHT Commercial Team Americas

During 2022, our American commercial team procured renewable energy credits for 81 facilities across the United States and Canada. This has been crucial in achieving almost 90% of electricity coming from renewable energy sources.

In 2022 we invested \$3.2 Millions in sustainability projects. From those, \$1.0 M involved equipment improvement or retrofitting, \$0.5 M in water related projects, \$0.3 M supported EV charging, \$0.1 M into LED projects and \$1.3 M for other categories. Visit our [operations website](#) to learn more about the environmental impact of those and other relevant projects.

Examples of projects include:



Installation of solar panels



Upgrade to LED lighting



Replacement of equipment (e.g., ovens, cleaning equipment) with more efficient models, and



Improvement of dock seals and other energy-saving measures.

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As testimony to our team's commitment and success in building an affordable and sustainable fleet, our Fleet Procurement Category Manager won the Fleet Europe award as "European Fleet Manager of the Year."

Read our [SVP & President's take](#) on the matter.



Read more about the other ways we're [reducing our environmental impact](#).



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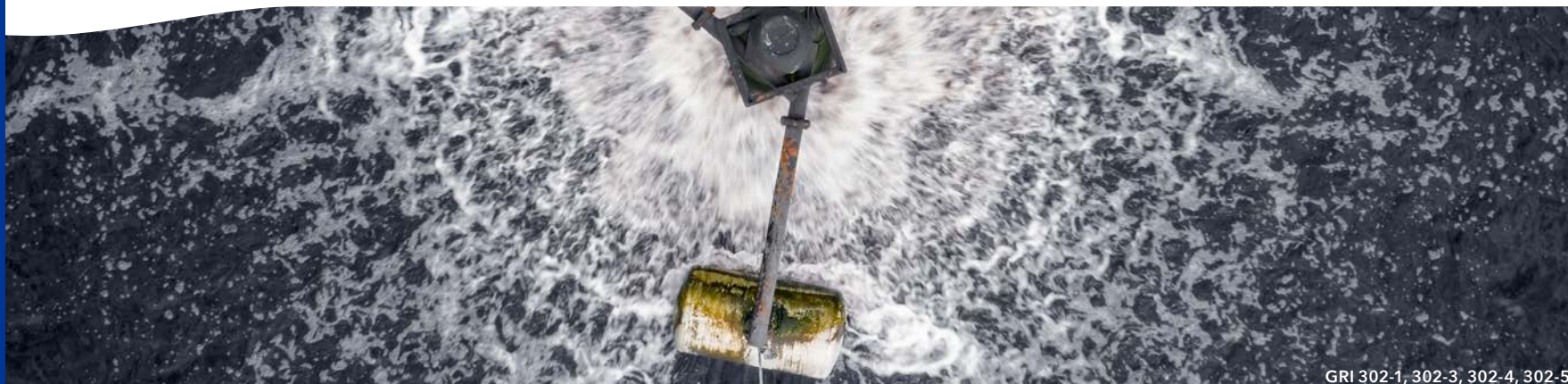
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Energy Consumption (MWh)

	2019	2020	2021	2022
Direct Energy by Type				
Renewable Electricity Generated	1031	1036	1,203	1337
Natural Gas	100,175	88,545	116,305	98,832
Stationary Source Gaseous Propane	0.4	0.0	10	55
Stationary Source Liquid Propane	2,318	3,249	2,206	2,451
Stationary Source Fuel Oil	5,419	7,237	8,671	5,832
Total Stationary Energy Usage	108,943	100,067	128,396	108,506
Mobile Source Gasoline	4,612	3,879	8,237	11,815
Mobile Source Diesel	76,993	71,652	80,510	69,558
Mobile Source Liquid Propane	0.16	0.71	0.71	1.90
Total Mobile Energy Usage	81,605	75,531	88,748	81,375
Total Direct Energy Usage = Stationary + Mobile	190,548	175,598	217,144	189,881
Indirect Energy by Type				
Purchased Electricity	167,232	166,988	162,410	163,572
Purchased Heat	8,498	8,282	10,939	9,078
Total Indirect Energy Usage	175,730	175,269	173,350	172,650
Total Energy Consumption	366,278	350,868	390,493	362,531



Scope 1 Emissions

Direct Greenhouse Gas (GHG) Emissions by Type (metric tons CO₂ equivalent)

	2019	2020	2021	2022
Natural Gas Used	18,158	16,050	21,082	17,915
Stationary Sources Gaseous Propane	0.1	0.0	2.2	11.7
Stationary Sources Liquid Propane	485	680	462	513
Stationary Source Fuel Oil	1,365	1,823	2,185	1,469
Cryogenic CO ₂	1.3	1.3	1.5	1.0
Refrigerant Use	532	183	133	50
Total Stationary GHG Emissions	20,543	18,738	23,866	19,960
Mobile Source Gasoline	1,212	1,019	2,165	3,105
Mobile Source Diesel	20,713	19,276	21,659	18,712
Mobile Source Liquid Propane	4	18	18	48
Total Mobile GHG Emissions	21,929	20,313	23,842	21,866
Total Direct GHG Emissions (Scope 1)	42,471	39,051	47,707	41,826

Scope 2 Emissions

Indirect Greenhouse Gas (GHG) Emissions by Type (metric tons CO₂ equivalent)

	2019	2020	2021	2022
Purchased Electricity	48,354	48,130	42,093	41,214
Purchased Heat	1,773	1,809	2,476	2,054
Total Indirect GHG Emissions (Scope 2 Location Based)	50,127	49,939	44,569	43,268
Total Indirect GHG Emissions (Scope 2 Market Based)	28,763	24,766	18,214	10,132

Note: Our Science Based Target utilizes Market Based Scope 2 emissions for our baseline and target.

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Scope 3 Emissions

Scope 3 Indirect Emissions by Category (metric tons CO₂ equivalent)

	2019	2021	2022
Category 1 - Purchased Goods and Services	1,978,871	2,051,168	2,140,679
Category 3 - Fuel and Energy-Related Activities	20,643	2,563 ¹	2,500 ¹
Category 4 - Upstream Transport	251,410	272,265	101,082
Category 5 - Waste Generated	6,050	6,776	10,958
Category 6 - Business Travel	11,653	2,182	6,349
Category 7 - Employee Commuting	20,400	20,400	20,400
Category 9 - Downstream Transport	45,026	56,518	63,045
Category 11 - Use of Sold Products ²	69,500,776	58,794,207	81,530,938
Total Indirect GHG Emissions (Scope 3)³	71,834,829⁴	61,206,079	83,875,951

¹ Transmission and distribution only.

² Category 11 variability is primarily due to timing of large project installations within our Custom Pump portfolio.

³ Our Scope 3 emissions data were prepared in accordance with the Greenhouse Gas Protocol. However, we expect to update our Scope 3 emissions data for 2019, 2021 and 2022 as we continue to work with our external advisors to improve our methodology. This may include more detailed tracking of use of our products by end-customers in various regions, as well as the incorporation of external feedback, including from the Science Based Target initiative following the submission of our emissions targets. Such process improvements and external feedback could result in significant increases or decreases to Scope 3 emissions data reported for the referenced periods.

Note: Our 2030 SBT is based on 2019 baseline. We did not calculate 2020 as part of our submission process.



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Total Greenhouse Gas (GHG) Emissions Intensity (metric tons CO2 equivalent/annual revenues in millions USD)

	2019	2020	2021	2022
Total GHG Emissions	92,598	88,990	92,276	85,094
Total Sales	5,250	4,880	5,200	5,500
Total GHG Emissions Intensity	17.64	18.2	17.75	15.5
Emissions Avoided via Purchased Renewable Energy Credits	17,605	24,515	25,987	32,825
Renewable Electricity Generated	681	652	605	706
Renewable Purchased Heat	6	5	1,039	809
Net GHG Emissions (including Renewable Electricity)	74,306	63,817	64,645	50,754
Total Net GHG Emissions Intensity	14.15	13.08	12.43	9.23

Managing Other Air Emissions

In addition to Scope 1, 2 and 3 emissions, we remain committed to minimizing our environmental impact across all kinds of air emissions, eliminating or reducing the use of volatile organic compounds (VOCs) wherever possible. As part of our efforts to reduce VOCs and other contaminants, we are constantly improving how we monitor and analyze our data. Through this process, we identified additional emissions of VOC, which inflated our emissions for this year. This is another opportunity for us to reduce our emissions, which we'll track through our VOC emission-reduction goal of 2% by 2024.

Air Emissions (metric tons)

	2019	2020	2021	2022
Volatile Organic Compound (VOC) Emissions	89.4	81.1	81.8	90.3

Other GHG Emissions (metric tons)

	2021	2022
CO ₂	69,193	64,858.27
CH ₄	17	13.97
N ₂ O	85	61.56

GHG Calculation Methodology

We calculate our global GHG emissions footprint each fiscal year following the guidelines of the GHG Protocol Corporate Accounting and Reporting Standard. This footprint covers our complete value chain. Xylem uses operational controls to categorize those emissions within our organizational boundary. We will align our 2030 science-based targets in line with the Science Based Target initiative (SBTi), with a baseline year of 2019:

Scope 1: Direct GHG emissions that occur from sources that are controlled or owned by Xylem (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).

Scope 2: Indirect GHG emissions occurring as a result of energy purchased by Xylem. We use both location and market-based calculation methodologies.

Scope 3: Indirect GHG emissions occurring from assets not owned or controlled by Xylem but directly impacted by our value chain. Scope 3 emissions include all sources not within Xylem's Scope 1 and 2 boundaries, as outlined by the GHG Protocol.

Consistent with SBTi guidelines, our targets focus on the categories of GHG emissions that are the most impactful and actionable for Xylem, and exclude emissions such as capital goods, upstream leased assets, processing of sold products, end-of-life treatment of sold products, downstream leased assets, franchises and investments.

Scope 1, 2 and 3 select data on previous pages were externally verified by Lloyd's Register, and our verification certificate can be found in the Appendix on page 90. We work to continually update our methodology, visibility and accuracy and update results as appropriate each year.

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Health and Safety

Employee health and safety in our operations is one of Xylem’s core values. We have set an ambitious 2025 Goal to reach an injury frequency rate below 0.5, and have taken significant steps toward achieving our desired outcomes. Our motto is “Accept Only Zero,” demonstrating a culture of care and learning that drives daily safety activities, attitudes, behaviors and climate.

Safety performance is reviewed at all levels of the organization and included in management assessments and day-to-day operational culture. Proactive activities reinforcing our safety culture include employee training and engagement, frequent management review meetings, third-party compliance audits, lessons learned, Safety Week and our CEO Safety Awards. We integrate safety into our day-to-day operations, including management performance assessments, to proactively reinforce our safety culture.

In 2022, Xylem achieved 14 Health and Safety Awards from the Royal Society for the Prevention of Accidents (RoSPA).

Every year, nearly 2,000 entrants vie to achieve the highest possible accolade in the United Kingdom’s longest-running health and safety industry awards. With applicants from 50 countries and reaching seven million employees, RoSPA Award-winning organizations are recognized as global leaders in health and safety practices.

With 8 Gold Awards, 3 Silver Awards and 3 Bronze Awards representing eight different countries, Xylem is proud to have been recognized for the quality of its continuous health and safety improvements in 2022.

In 2022, our injury frequency rate was 0.64, a 4.5% decrease from 2021 and a slight decrease from our baseline in 2019. Our path to achieving our goal will require a reduction to 0.57 in 2023 and 0.54 in 2024, ultimately bringing us to 0.50 or better in 2025. Injury frequency is commonly referred to as accidents per 100 employees, but it’s directly measured as the number of employee injuries per 200,000 hours worked.

Injury Frequency

2019	2020	2021	2022
0.67	0.64	0.66	0.64

In 2022, we logged an additional +1,100,000 work hours over prior years while reducing our injury rate by 4.5% and developing more robust performance management, training systems and employee engagement methodologies. We’ve identified vital safety system improvements, which we launched in 2022, and expect to realize their benefits in 2023.

- **Strategic three-year Environment, Health and Safety (EHS) operating plan:** New ways of working and simplifying our corporate function will include an upgrade to an electronic EHS global system platform to reduce costs, consolidate platforms and improve safety outcomes.
- **Safety leadership training:** Leverage a global leadership program and a regional workshop for EHS team members to collaborate and standardize responsibilities.
- **Animate the Xylem EHS world through monthly insights and executive briefs:** Increase transparency and insight for global teams into data, analysis and best practices for safety.
- **Improve contractor safety:** Reduce the risk of contractor safety accidents and improve the safety performance of high-risk contract work.

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WASH Access for Employees

In 2022, we continued to uphold our commitment to the WASH4Work program as a signatory, providing all employees with access to safe water, sanitation, and hygiene (WASH) facilities while at work. Our facilities undergo annual testing to ensure the quality of drinking water, and we provide clean and adequate washroom facilities for all employees. This includes our commitment to the [WASH4Work pledge](#).

Additionally, as part of our 2025 Sustainability Goals, we are working to provide access to safe drinking water and sanitation for our employees both at home and during natural disasters. We are building capacity to better understand our employees' WASH situations outside of the workplace in a way that is respectful of their privacy.

Our ongoing efforts to improve our WASH program include standardizing our approach across all regions and focusing on areas at the highest risk for WASH challenges. At the core of our approach to all health and safety topics, including WASH, is the belief that every employee should feel empowered and supported to seek assistance when they need it. We are committed to fostering a culture of safety and well-being through ongoing communication, training, and engagement initiatives.



A Culture of Health, Safety and Sustainability

- Our Emmaboda facility in Sweden purchases around 750 pairs of new safety shoes every year
- Employees noticed an opportunity to streamline processes and support their community by refurbishing shoes for facility guests and donating to community members
- This employee-driven initiative rescues approximately 300 shoes from landfill each year; of which 100 are reused on site and the others donated



CHAPTER FOUR

Supply Chain

Fulfilling our sustainability commitments requires close collaboration with our supply chain partners. Together, we learn, grow and evolve our strategy, striving to maintain a more sustainable supply chain. We have high standards for our supply partners, requiring them to commit to behaving ethically, responsibly, sustainably and consistently with our own behaviors and values. We believe that these high standards will continue to create long-term sustainable value for our customers.

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What We Did

Launched Sustainability Supply Chain Financing programs with CitiBank and ING.

Fully incorporated Tier 2 suppliers into our Supplier Diversity program.

Launched our on-site supplier Sustainability Audit program.

Enhanced our Supply Chain Risk Management program.



What We Learned

Partnering with our suppliers through sustainability initiatives strengthens and adds true value to our supplier relationships.

Many of our supply partners share the same values as Xylem when it comes to volunteerism and community impact.

It is important to work strategically with our supply partners and procurement teams to deepen our understanding of environmental and sustainability disclosures and assessment results, and how to act on them.

Through enhancements to our Risk Management program, we have learned that greater transparency, communication and flexibility are critical.



Where We're Going

Continuing to deepen integration of sustainability into our category strategies, project management and supplier relationship management practices.

Developing detailed 2030 roadmap for Scope 3, Category 1 through sourcing strategies and our supplier relationship management.

Expanding our supply partner sustainability improvement and development efforts, and maturing our on-site sustainability audit process and capabilities.

Continuing to develop our Risk Management program to focus on integration into routine procurement practices, embedding sustainability into our risk management process, enhanced partnership, and business continuity.



Transparency & Risk Management

We work with more than 10,000 supply partners globally, supporting our global procurement and production efforts. **We understand that partnering with our supply partners to drive transparency and accountability across our value chain is critical to conducting our business responsibly and sustainably.**

Xylem's high standards in ethics apply to all our supply partners, who are required to strictly adhere to our [Supplier Code of Conduct](#). Consistent with our procurement processes, all supply partners are required to act in accordance with our business standards, product quality, process capabilities and commitment to sustainability.

Through increased visibility and transparency in our supply chain's social and environmental practices, Xylem continues to de-risk critical aspects of the supply chain. In building this transparency, Xylem better understands the challenges our supply partners face, and enables us to lead the way in partnering for continual improvement. Additionally, it is a great opportunity to show leadership in our space as we partner with our suppliers to continuously improve our value chain's sustainable business practices.

Supply Chain Risk Mitigation

Over the past three years, Xylem has established a comprehensive and scalable Global Supply Chain Risk Management Program. The focus of the program is on identifying and quantifying supplier risk, as well as establishing risk-mitigation approaches that would reduce the overall risk exposure from the identified areas of concern.

Specifically, we aimed to:

- ✓ Achieve early threat identification
- ✋ Implement preventative risk actions: business continuity planning, supply agreements, high-risk mitigation planning
- ↓ Reduce Tier 1³ single-source exposure to best in class
- ↑ Increase Tier 2⁴+ visibility
- 🔗 Integrate controls and approvals into product development process
- 🔍 Introduce business intelligence to identify macro risks
- 🌐 Build organizational setup to manage risk

In 2022, our risk management efforts were recognized by our receipt of the award for Supply Chain Risk Management Program of the Year, hosted by riskmethods Solution, in the category "Large Enterprise Adoption."

39.7%

of our global supply base by spend has completed the EcoVadis assessment.



[Press release about our 2022 SCRUM Top Program of the Year awards.](#)

3 Tier 1 refers to suppliers that supply product directly into Xylem's finished products

4 Tier 2 refers to suppliers or subcontractors that supply products/services for our Tier 1 suppliers

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Our Risk Management program is a cycle focused on identifying, assessing, mitigating and monitoring risk in our supply chain. It contains strategic (proactive, long-term focused) and tactical (reactive, problem-solving) aspects.

The cycle illustrated above applies to both suppliers and supply chains (e.g., sourcing markets and countries).

While for supplier-related risk management we can make use of several tools and programs, the market-specific risks are generally addressed in our category strategies.

We utilize EcoVadis or equivalent sustainability ratings to regularly assess the performance of our supply base on labor and human rights, environment, ethics and sustainable procurement. Through this assessment, we look to increase transparency on both risks and opportunities in these areas, and help our suppliers track and improve their performance year by year.

In 2022, we continued reviewing scorecards with our supply partners and requesting corrective action plans from our suppliers with scores below our expectations. We also created a framework to include probabilistic social and environmental risk as an integral part of our strategy for supplier engagement with our desktop audits. We follow a clear path to mitigating identified risks through the assessments. **By the end of 2022, 61% of the suppliers that were re-evaluated had improved their score, and 21% remained stable. Our average supply base performance score is higher than the average EcoVadis network score and has continued improving since 2020.**



While the effects of the COVID-19 pandemic in China have continued to delay our plans for launching our on-site sustainability audits, we took important steps to prepare for the launch of this program. These include training our Supplier Quality Engineers in the ISO14001, OSHA45000 and SA8000 standards along with the pilot of our on-site sustainability audits with some of our direct materials suppliers in China. These crucial steps taken over the past year ensure that we continue to mature our sustainability

risk-mitigation strategy and our supplier sustainability development. We intend to roll out sustainability standards training to our procurement teams across the globe this year, and to build our knowledge and capabilities to conduct on-site audits, following up on corrective actions virtually and on site, and creating a strong framework so that supplier sustainability performance development and risk mitigation are integral parts of our sourcing strategies and processes.

Conflict Minerals Program

As a manufacturer of heavy industrial goods, we use tin, tungsten, tantalum, and gold (3TG) in many of our products. For example, we produce seals that contain tungsten and electronics that contain tin and gold. Over the past five years, we have worked diligently to comply with US SEC requirements regarding the sourcing of these materials, which is detailed in our [Conflict Minerals Policy](#). **In 2022, utilizing a third-party service provider, we surveyed thousands of in-scope suppliers and received a 65.5% response rate, just under our response rate goal of 68%. This represents an increase of 0.5% from 65% in 2021 and 58% in 2020.**

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Climate Risks & Opportunities

As the disclosure cycle closed in the second year of our CDP Supply Chain program, Xylem saw a 70% response rate from our 300+ invited suppliers. The quality of the information collected via the disclosure improved as we engaged a higher number of supply partners and increased the number of training sessions. **As of the end of 2022, 32.4% of our supply base by spend has disclosed their GHG emissions and/or water usage via our CDP Supply Chain program, which is an 8.3% increase over 2021.** Calculating emissions, mitigating climate change and water-related risks, and setting emissions-reduction targets remain the key priorities we look to drive within our supply base. These will enable us to establish a baseline, monitor and improve as we continue partnering with our suppliers to achieve our SBTi targets.

Learn more about how we work with [CDP to model positive environmental action.](#)

From our 2021 to 2022 CDP disclosure cycle, we have seen a near doubling in the suppliers that are looking to collaborate with Xylem to reduce their emissions footprint. We expect this trend to continue in 2023 and look to capitalize on these opportunities, partnering with suppliers across both direct and indirect categories.

32.4%

of our global supply base by spend has completed the CDP disclosure.



Supply Chain Diversity

We remain committed to supplier diversity as part of our strategic sourcing process by providing opportunities to diverse businesses. Xylem collaborates with organizations across the U.S., including the National Minority Supplier Development Council and the Small Business Administration. **This strategy allows Xylem to help generate economic value and jobs in our communities, while also increasing competition and fostering innovation.** We proactively seek for our suppliers to reflect the diversity of the communities and customers we serve.

In October 2022, Xylem participated in the National Minority Supplier Development Council 50th Anniversary Conference. **At this event, we participated in sessions focused on creating opportunities for minority-owned suppliers to grow as well as Match-Maker Sessions, which enabled connections that may lead to commercial activity.**

A highlight of the event was the launch of Magic Johnson's new initiative The Exchange, which has a mission to connect Minority Suppliers with government and private programs and grants. As a Corporate Member, Xylem had the opportunity to attend the State of NMSDC 2022 Address.

9.1%

of U.S. spend from diverse suppliers,
0.8% increase from 2021.

We expanded our program to Tier 2 suppliers, which has helped to drive Tier 1 suppliers' buying behaviors and maximize Xylem's impact. In 2023, we will be focusing on sourcing new suppliers along with moving more spend to our current diverse supply base.



Supplier Watermark Event

In May 2022, Xylem and one of our supply partners came together to build a water tower at a government school for girls in Maharashtra, India. The water tower helps provide clean and safe water access to the local community, supporting the daily drinking water requirements of up to 1,800 people.

The volunteers from both companies teamed up in groups to complete the activity. The entire operation, which lasted for more than six hours, consisted of unpacking the components from the shipping crates, assembling the tower structure and filtration system by carefully piecing together various sub-components, installing water-supply pipes and fittings, and finally raising the tower structure and securing it on a platform. The team also assembled the parts of the AquaSan system, a mobile system that will enable the school to sanitize washrooms and surfaces with chlorinated water to improve the hygiene and health of the students. Training was conducted for the school custodians and community members who will be in charge of the ongoing system operations.

This event is an example of how we partner with our suppliers for sustainability, to solve water and fulfill our common commitments of the WASH Pledge.



Water/Stewardship Engagement, Community Impact Through WASH & Watermark

We ran a series of webinars throughout 2022, in collaboration with WASH4WORK, to welcome new signatories and further promote the program. WASH4WORK guided suppliers on how to implement these programs within their supply chains and reviewed common challenges in connection with this implementation.

In 2022, we onboarded an additional 171 supply partners to the program, which brings the program total to 612 Xylem supply partners, covering 40.4% of spend.

2022 Progress, Embedding Sustainability into our Sourcing Strategies and Supplier Relationships:

- **In 2022, we focused our efforts on methodical inclusion of sustainability and diversity topics in our category strategy development and project management practices.** We launched a pilot project addressing sustainability via our e-sourcing tool, and are in the process of further implementing this practice, as well as integrating sustainability criteria in business and contract awarding.

- We further strengthened the sustainability criteria of our supply partners evaluation scorecard. Our focus is on growing business with supply partners who participate in our sustainability strategy and who share the same common sustainability goals and values. In 2023, we will further strengthen how sustainability affects supplier relationship management practices and continue to screen our suppliers' sustainability performance through EcoVadis and our Supplier Quality Audits. We performed 27 Watermark Events with our supply partners, deepening our engagement and driving meaningful impact within their local communities. We plan to build on this momentum in 2023 by providing additional structure to the program across our global procurement community.
- We launched pilots of our on-site sustainability audits, dedicated to supporting our supply partners in improving their sustainability performance and mitigating environmental and social risks within their operations and supply chains.

In 2022, we designed a new Supplier Relationship Management program, which will be launched in Q3 2023.

The program will incorporate our sustainability initiatives into the regular reviews we will have with our Supply Partners. The purpose of this program is to shift from a performance-focused model to a value-creation model and to improve the overall supplier experience with Xylem, supporting our aim to be the customer of choice for our supply partners. This program will focus on developing our strategic supply partners and deepening the connection between our strategy and our performance. We will implement a "best in class" process by engaging with an external expert partner in this field and we will enhance our current program, making it as simple and as automatic as possible. This will create more value for our facilities, our procurement teams and most importantly, our supply partners.

612

of our suppliers have joined the WASH pledge initiative since January 2020.

Xylem Champions WASH in the Supply Chains at CEO Water Mandate and IWA World Water Congress

In 2022, our Xylem Global Procurement team was proud to participate in two major industry events to share our approach to tackling safe WASH in our supply chain, our challenges and learnings from our sustainable procurement programs, and how young people play an important role in engaging our business partners. Our partnership with HireMilitary is mutually beneficial for both the transitioning service member and Xylem, easing the service member's transition to civilian life and helping Xylem fill positions with skilled mechanics, shop technicians and field technicians.



Andrea Montuori

Xylem Global Procurement Sustainability Manager, IWA Water Congress in Copenhagen, September 2022.

“ By working with WBCSD and WASH4WORK in the past years, we have proven that by engaging our suppliers with the WASH Pledge initiative, we can both leverage and strengthen our partnership with suppliers while raising awareness of WASH challenges and ensuring safe standards of WASH in value chains' operations and communities. ”

CHAPTER FIVE

Product Sustainability

Product Sustainability at Xylem embeds tools and processes into all functions that touch a product during its lifetime. This includes leveraging Xylem's digital solutions to advance our sustainability goals and support our net-zero GHG commitment and how we measure the handprint impacts of our solutions in use. Product Sustainability aligns with the company's growth objectives across various products, solutions and services.

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What We Did

Attained our goal to reduce water's carbon footprint by 2.8 million metric tons of CO₂e by 2025

Fortified our capabilities to perform Life Cycle Assessments (LCAs) by onboarding new tools

A 50% increase in the number of innovative products adding to our handprint, helping customers to reduce the footprint of their operations



What We Learned

Reduction of Scope 3 Category 11 use-phase emissions must be our highest product sustainability priority

Variable frequency drives (VFDs) plus Xylem Vue represent our best opportunity for reducing use-phase emissions

We should evaluate ways our products can support carbon capture efforts, to balance our Net Zero equation



Where We're Going

Developing environmental disclosure reports for our products, based upon LCAs

Embedding 'design for sustainability' tools and practices in our engineering functions to accelerate our sustainable product impact

Developing roadmaps that outline the innovations and steps that will be required to reach SBT and Net Zero targets





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Product Sustainability: Handprint vs. Footprint

Setting our Science-Based Target clarified that Xylem’s biggest GHG emission challenge is Scope 3 Category 11, emissions that result from the use of our technologies. Until a greater portion of the world’s electricity comes from renewable sources, solutions that can directly or indirectly reduce power consumption will play an outsized role in our 2030 and 2050 GHG commitments. Our net zero ambitions, as well as our 2025 Sustainability Goals, are important for our own sustainability journey, but also for our customers’ commitments.

Structuring our product sustainability program around product handprints and footprints helps us to achieve both (see table at right). A footprint references environmental outcomes such as climate change, water depletion, and human toxicity. A handprint has a positive influence on one’s footprint, meaning that it helps to reduce one’s environmental impact in those same categories.

Product Handprints

We have collaborated with the Massachusetts Institute of Technology Sustainability and Health Initiative for NetPositive Enterprise (MIT SHINE) for our approach to the 2025 Sustainability Goals, which we consider to be handprint goals.

Xylem’s Product Sustainability program is based on handprints and footprints. Each describes a product’s environmental impact and aligns with goals of the global sustainability community. Both employ methods and metrics described in this chapter.

	Handprint	Footprint
Measures	Reduction of Environmental Impact	Total Environmental Impact
UN Alignment	UN SDGs 6, 11, 13	UN SDG 13
Methods	MIT SHINE	LCA and GHG Protocol
Metrics	2025 Sustainability Goals	Science-Based Targets

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Xylem Innovations That Support Our Handprint

2025 Sustainability Goal	Product Example	Product Innovation	UN SDG Alignment
Reduce over 3.5 billion m ³ of non-revenue water (NRW)	Sensus iPERL® smart meters	Improved accuracy at low flow rates, with accuracy retained over a 15-year product life, enables superior leak detection relative to older models.	 6 CLEAN WATER AND SANITATION
Treat 13 billion m ³ of water for reuse	Wedeco Duron UV Disinfection System	Sensor-based, real-time dose control, combined with high-efficiency Ecoray lamp and ballast technology, translates to lower capital costs and energy consumption without compromising treatment, making reuse feasible.	 6 CLEAN WATER AND SANITATION
Prevent over 7 billion m ³ of polluted water from flooding communities or entering local waterways	Xylem Vue Digital Support Systems	Digital twin technology enables rapid modeling of scenarios based on real-time conditions, providing decision intelligence and preventing sewer overflows.	 11 SUSTAINABLE CITIES AND COMMUNITIES
Reduce water's CO ₂ e footprint by over 2.8 million metric tons	Flygt mixers	Unique propeller design maximizes thrust while minimizing energy consumption, combined with high-efficiency motor (IE3).	 13 CLIMATE ACTION

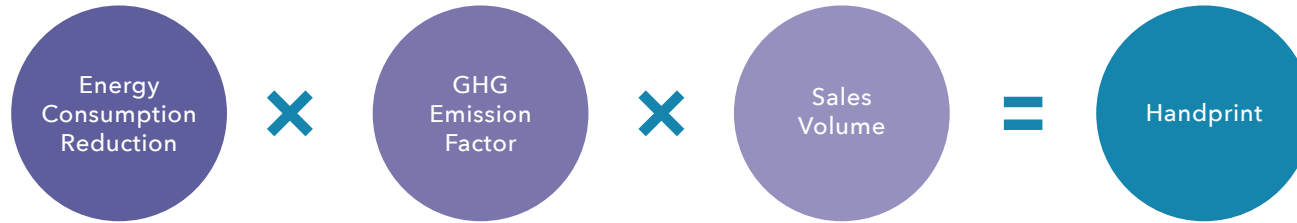
Handprints are assessed for groups of products, like the examples shown in the table above. Common features in the product family, such as the power requirements, are the bases of our calculations. Our handprint criteria are that 1) the technologies are innovative relative to the market, such that when used they represent a change from business as usual for the customer, and 2) the impact must be measurable using metrics that you would use to measure a footprint.⁵

How we apply this definition varies depending on the goal and the group of products. For example, the handprint definition applies very neatly to the fourth goal listed in the table above, reducing water's carbon footprint. Technologies such as the mixers, displayed right, require less electricity to operate than their predecessors, due to the way that Xylem has integrated more efficient motors into the design. The energy reduction with typical use is one factor in our calculation of this product's handprint.



⁵ Elliot, R.N., P. Srinivasan, and A. Hoffmeister. 2022. *A Preliminary Assessment of Handprint Methodologies for Information and Communications Technology Grid Management Solutions*. Washington, DC: American Council for an Energy-Efficient Economy. <https://www.aceee.org/white-paper/2022/11/preliminary-assessment-handprint-methodologies-information-and-communications>. Accessed February 10, 2023.

Formula for our 2025 Sustainability Goal to reduce water's CO₂e footprint



Second, we use a GHG emission factor developed by the U.S. EPA to estimate the carbon emissions from reduced electricity consumption because of improved energy efficiencies.⁶

The third factor is the units sold of that product (sales volume). We can thus calculate the handprint of each product in terms of kg or tons of carbon dioxide equivalents (e.g., kg CO₂e).

15+
product innovations tracked using the handprint methodology in 2022, the sum of which is our total handprint for this goal, as reported on page [15](#).

By contrast, standard carbon accounting doesn't work for the other three product innovation goals. For these goals, the footprint metrics relate to other impact areas, such as eutrophication (pollution of water with nutrients) and avoidance of water depletion in source waters.

For example, Xylem technology supports the prevention of combined sewer overflows (CSOs) for our customers. Avoiding CSOs aligns with MIT SHINE's definition for a handprint because 1) the technology is an innovative platform relative to using the customer's default discharge control system and 2) volume of nutrient-rich water release is a standard footprint metric, as it contributes to freshwater eutrophication.

In 2022 we started to make handprint information more accessible to customers via Product Sustainability Cards, like the one shown to the right for the Flygt Concertor XPC pump. The cards were originally created for a trade show and were so popular that we posted them on websites that encourage conversations with customers about their sustainability needs. Customer input will help us to identify new ways to build sustainability into our products.

Product Sustainability Card for Flygt Concertor Pump



Flygt Concertor XPC
Wastewater Pump

Environmental impact:
Flygt Concertor XPC saves up to **9,000 kg of CO₂e** per year.

Fun fact:
Save up to **12800 kW / year** on electrical energy consumption as a result of improved energy efficiency, equivalent to **35,953 kilometers** driven by an average gasoline-powered passenger vehicle.

⁶ U.S. EPA, Greenhouse Gases Equivalencies Calculator - Calculations and References. Greenhouse Gases Equivalencies Calculator - Calculations and References | U.S. EPA, accessed February 8, 2023.

Product Footprints

Customers have various things in mind when they ask us about a product’s footprint. Increasingly, they want to understand their climate change impacts as they use, service and dispose of the product. This type of information requires a life cycle assessment (LCA).

An LCA may assess a range of environmental impacts, including but not limited to carbon footprints, through all the stages of a product’s existence. An LCA serves as the foundation of an Environmental Product Declaration (EPD), a standardized report that customers often request.⁷

EPDs are based on LCAs that comply with specific ISO standards (listed in the table below). These standards have been applied at Xylem for analyses in the past, but today we aim to onboard specific software tools to assure compliance and speed up generation of EPDs.

ISO Standards Relevant to Product Footprints⁸

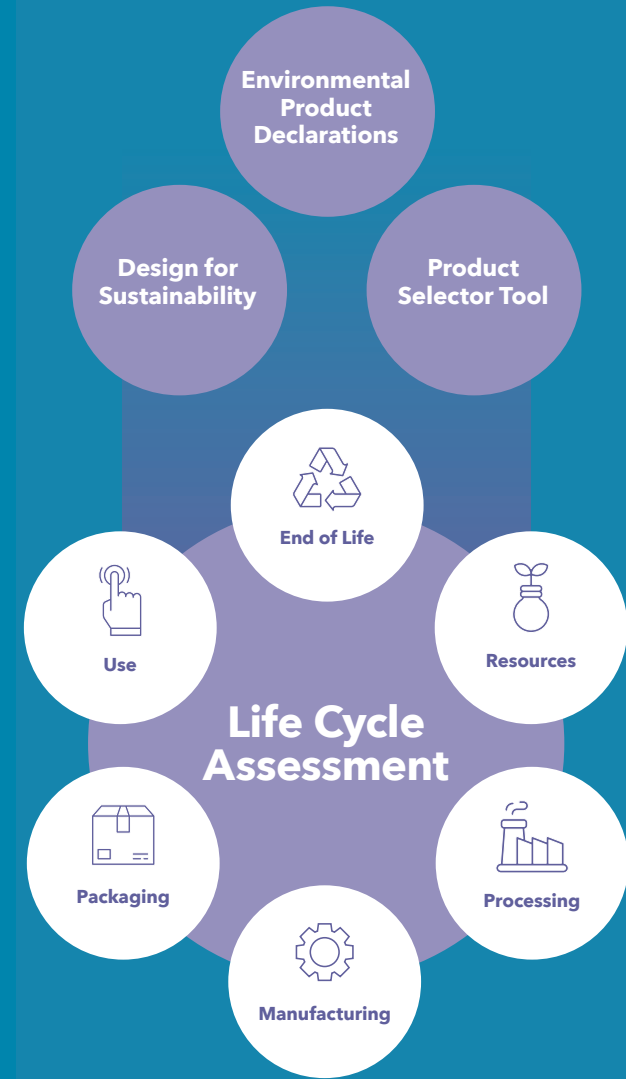
ISO Standard	Description
14025:2006	Principles and procedures for environmental declarations
14067:2018	Guidance for product carbon footprints
14040:2006	Principles and framework for LCAs
14044:2006	Requirements and guidelines for LCAs

Our customers also ask for product footprint information pre-sale, and our design engineers aim to reduce product footprints early in Xylem Product Development. For our customers, a Product Selector Tool is under development, and we will add emissions and footprint information to our quoting processes. For our engineers, Design for Sustainability (DfS) engineering needs are being specified to help select tools to standardize that work. EPDs and Product Selectors (purple circles in figure shown to the right), all rest upon a robust capability to perform LCAs.

⁷ [The International EPD System](#), accessed February 17, 2023.

⁸ [The International Organization for Standardization](#), accessed February 17, 2023.

LCAs view all stages of a product’s life cycle and underlie our emerging capabilities in Environmental Product Declarations, Design for Sustainability, and Product Selectors.



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Product Safety is a priority throughout the product’s full life cycle. We have developed Product Safety Practices that are divided into Pre-Sale, Post-Sale, and a Sustaining System that governs both.

The Product Safety Coordinator (PSC) is the conduit to our customers and colleagues who are touching our products every day. A Product Safety Review Board governs and establishes best practices with annual audits, quarterly reviews and learning cycles to constantly improve our product safety standards.

Leveraging this framework we continually look for ways to improve the safety of our products. For example, we expanded the definition of a product safety inquiry in 2022 to include “near misses.” Today’s near miss could be tomorrow’s accident, so this change helps us prevent incidents. Capturing near misses is only possible because of the high engagement of our team with our customers, and the deep product knowledge of the PSCs is invaluable in reviews. With this updated definition we recorded 25 product safety inquiries in 2022, with 3 not qualifying as an incident upon review, 17 being near misses, and 8 being moderate incidents with no personal injury. Every incident resulted in a corrective action taken to mitigate and prevent future incidents.

Xylem Product Safety Practices

Pre-Sale = New Product Development & Operations

- Product Design & Development
- Purchasing, Quality and Cybersecurity
- Hazardous Materials, Materials Compliance

Post-Sale = Product Safety Inquiry

- Product Safety Records
- Inquiry Forms
- Product Safety Dashboard

Sustaining System

- Product Safety Coordinator at each Xylem facility
- Xylem Product Safety Manual or Handbook adapted to each facility
- Product Safety Review Board meetings (quarterly, corporate level)
- Annual Product Safety Training
- Product Safety Audits, Tracking and Trending



The Future of Product Sustainability at Xylem

As stated at the beginning of this chapter, we confirmed in 2023 that Xylem's biggest hurdle to reaching net zero is Scope 3 Category 11 emissions, the use of sold products. These comprise over 95% of Xylem's overall GHG emissions. These use-phase emissions feature prominently in our 2030 Science Based Target, where the target set for us is to reduce Scope 3 GHG emission economic intensity by 55% by 2030.

There are three ways that Product Sustainability addresses both our 2030 SBT target and our 2050 Net Zero goals. The first we have already mentioned: design for sustainability, which enables product design teams to make the most sustainable choices. Second, we want to leverage the cutting-edge work being carried out within Xylem Innovation Labs (XIL). In fact, one of XIL's core priorities is to identify cutting-edge water technologies that help decarbonize the water sector. Most technologies supported by XIL propose a significant sustainability advantage that we could evaluate using LCAs. Together, design for sustainability and XIL will change our future.

Third, VFDs and Vue have the potential to reduce energy usage by 25% for some products. These are near-term payoffs that we and our customers can already feel.

Reaching net zero will require the expanded analytical capabilities that have been described in this chapter, starting with LCAs and extending to Design for Sustainability, EPDs and enabling customers to factor sustainability into their decisions with Product Selectors. These capabilities foreshadow a shift in how we think about Product Sustainability: it will drive our processes and behaviors in the same manner as product functionality, safety and profitability.

25%

potential energy reduction for some products through VFDs and Vue.



CHAPTER SIX

Talent and Diversity, Equity and Inclusion

To innovate on global water challenges, serve our stakeholders and build a sustainable company, we have built a ~17,000-person team - each bringing diverse perspectives to our operations around the world - to create value for our customers, company and communities.

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Board Diversity

Talent and Diversity, Equity and Inclusion



What We Did

Increased internal Diversity, Equity, and Inclusion (DE&I), transparency with the DE&I Insights Dashboard, a visual snapshot of key workforce demographic data

Implemented a pulse survey to supplement our listening strategy

Provided people leaders with training to support the “New Ways of Working” with remote and hybrid work models



What We Learned

Inclusivity demands transparency. Deeper insights on representation data inform where we are making progress and help identify focus areas

Process simplification, leveraging technology and continued development of career paths and skills development are key focus areas

People leader roles continue to evolve and become more complex, which requires support in the form of ongoing training and development



Where We're Going

Further democratizing internal workplace DE&I data disclosures to inform strategy and improve decision making

Conducting regular quarterly surveys to ensure we are staying close to our employees and taking actions that have the greatest impact

Designing a first-time manager program to be piloted in 2023 that will support the ongoing development of our people leaders

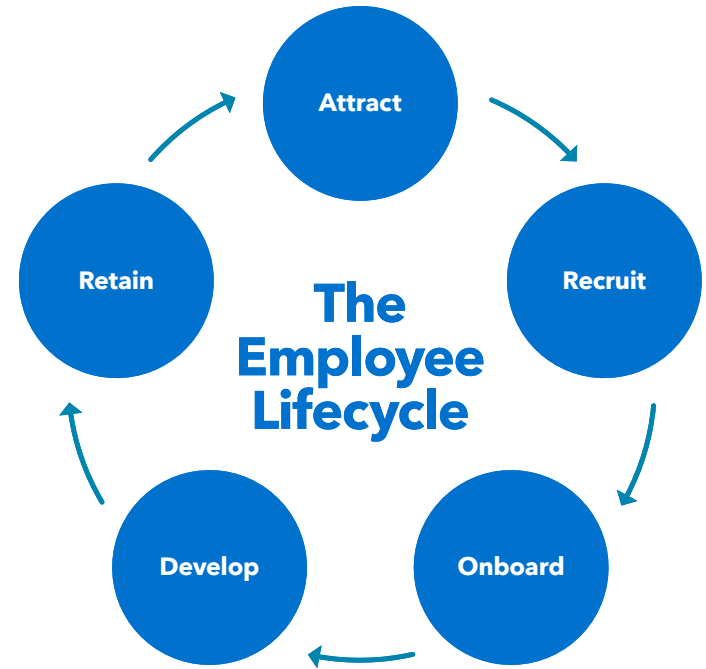


Advancing Diversity, Equity and Inclusion in 2022

At Xylem, cultivating quality talent and leadership globally is a top strategic priority.

Our commitment to fostering a diverse workforce across the organization makes this possible. We're focused on creating a connected, equitable and inclusive culture where everyone - regardless of their background, orientation, or beliefs - can be their authentic selves and be empowered to do their best work. We know that supporting our employees' professional growth and continuous learning equally advances our organization's strength, creativity and capability.

From attraction and recruitment to retaining talent for the long term, we are creating a meaningful and inclusive employee experience across the talent life cycle.



Achieving Our Women in Leadership Goal

We set ambitious 2025 Sustainability Goals at Xylem that drive organizational and cultural changes to strengthen our business, develop the sector, and have a positive impact on the world. Our female representation goal – to increase the number of women in leadership roles to parity by 2030 – was set to accelerate Xylem to an important measure of organizational strength that the sector has lagged on.

While we remain fully committed to reaching our goal as soon as possible, we are not on track to meet our ambition of 35% female representation in leadership by 2025. This is in line with trends we are seeing across other businesses and industries and is driven by several factors:

- Challenges retaining women, who voluntarily left Xylem 1.3 times more than men in 2022
- Water sector barriers that reveal “... women are less attracted to the water sector, are recruited at lower rates, face hurdles in retention, and often have fewer opportunities to advance in their careers”⁹
- A highly competitive market for women in STEM

We are taking action to increase women in leadership roles and have developed policies to support an even more inclusive culture.

- To improve work culture for new parents, we enhanced our U.S. paid parental leave to eight weeks and short-term disability coverage to provide 100% of income for the first six weeks of leave.
- We introduced flexible time off for exempt US employees, empowering them to take time off when and where they need to.
- In 2022, we launched a reverse mentoring program to help build connections between senior leaders and diverse talent deeper in the organization. This, and our soon to be launched sponsorship program, increase visibility of – and open opportunities for – promising female talent.

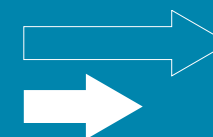
These changes and existing policies are having a positive impact, evidenced by 27% female representation in our 2022 executive leadership development program. We are also matching the female intake of our more junior development program cohorts with our sustainability leadership representation goals.

We continue our focus on strategies to hire, promote and retain women to meet our parity in leadership goal, and are encouraged by progress in the hiring and promotion of women to leadership roles in 2022.

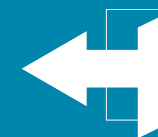
Challenges for Female Leaders



Women are **dramatically underrepresented** in leadership (only one in four C-suite executives is a woman).



Women are **promoted at slower rates** than men (for every 100 men promoted from entry-level to manager, only 87 women are promoted).



Women leaders are **leaving their companies at higher rates** than ever before (for every woman at the director level who gets promoted, two women directors are choosing to leave their company).

Source: [Women in the Workplace 2022, McKinsey](#)

⁹ World Bank 2019, “Women in Water Utilities: Breaking Barriers”

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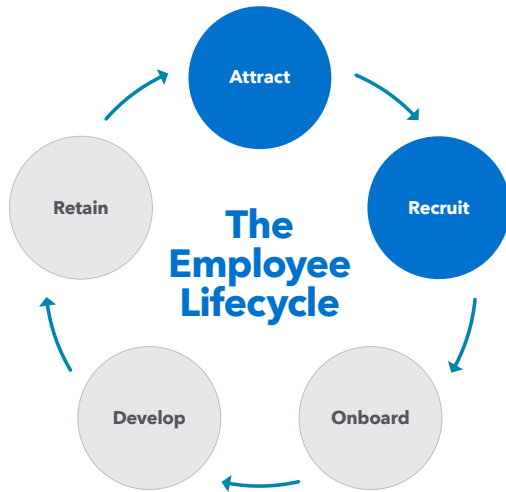
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Attract & Recruit

To achieve Xylem’s mission, we harness our solutions, partnerships, creativity, and passion to develop innovative products, be better stewards of the environment, and empower communities around the world.

Our mission to solve global water challenges not only aligns our **more than 17,000 employees** around one purpose, but also attracts top talent who are increasingly looking to contribute their time and energy to something that will benefit the world and seeking employers who are dedicated to doing the same. We’re attracting top talent by implementing policies that encourage inclusion, engaging young people in work on water challenges, and leveraging external diversity partnerships.

Xylem people leaders advance our mission by practicing inclusive and equitable hiring when filling open positions. To increase the opportunity to identify and consider diverse talent for Xylem roles, we expanded our diverse candidate slate goal from open people leader roles only to all open professional positions in 2022 – a threefold increase in positions included in the goal. With clear direction that, without exception, the most qualified candidate is to be hired, we made solid progress toward this expanded goal in 2022, with 82% of open professional roles having diverse slates.

The water sector is facing a talent gap and we are dedicated to exposing young people to the water challenges we face and equipping them to be a part of the solution and the next generation of water leaders. This includes our youth empowerment programming such as Xylem Ignite, Stockholm Junior Water Prize and Water Heroes Academy. Learn more about these programs in our [Community & Social Impact Section](#).



Xylem uses a local approach to [attract and recruit university students](#) globally – empowering talent acquisition and human resources teams to set strategies that work best to attract talent in the disciplines they need for entry-level programs and direct-hire opportunities in their respective country or region. In Emerging Markets, building an internship program to attract students in STEM was a priority in 2022. In partnership with the [Qatar Foundation](#), Xylem shared internship program opportunities and introduced the Ignite Global Innovation Challenge to university students. A workshop is also planned for female students in STEM during which female Xylem leaders will share their stories to encourage them to pursue careers in water. In Europe, to attract entry-level female engineers in Sweden, our local office has entered a partnership with Cogig's [Female Technical Engineer](#) program, which

directly connects us to female engineering students from large technical universities. Launched in February 2023, the partnership kicks off with a full-day introductory event for program participants to get to know sponsor companies – then offers opportunities for student site visits, student mentorship and student recruiting over the course of the partnership. To better attract undergraduate talent pipelines in the United States, Xylem reframed its university recruiting strategy in 2022 to focus on building deep relationships with four universities (including two HBCUs) – each with majors in functions key to our strategy and with highly diverse student populations. With the support of a Xylem university champion, each school has a volunteer team of alumni in place to build connections, identify engagement opportunities, and optimize how we interact with each school. We believe this

relationship-focused approach better reflects our purpose and will reach the student talent we need to advance our mission to create a more water-secure world.

Xylem is advancing its fair chance hiring practices in the U.S. to further open our talent pool to provide greater employment opportunities to people with criminal records (nearly 70 million Americans). Working with sourcing consultant Envoy, Xylem, building on its long-standing commitment to DE&I, is launching a Fair Chance employment initiative pilot for two major facilities in 2023 for people with past convictions. The pilot scope includes planning and strategy development, talent recruitment, policy and practice updates, community partnerships, coaching and training for key staff and teams and a final blueprint for company-wide implementation.

External diversity partnerships is another way we expand our sourcing reach and help attract talent with broader experiences, alternative skillsets, and new perspectives to our work. In 2022, Xylem focused efforts on building brand recognition and defining our engagement strategy with our key partnerships:



PARKER DEWEY

Partnership: Supporting diverse early-career hiring with Parker Dewey

- Short-term, paid, professional projects completed by college students or recent graduates provide support for Xylem while engaging the next generation of water innovators and leaders.
- 52 projects in 2022 attracted a highly diverse group of micro-interns, with more than half self-identifying as racially or ethnically diverse and nearly three-quarters self-identifying as female.
- Feedback from Xylem project sponsors has been overwhelmingly positive, and we aim to grow utilization of micro-interns to help us get work done and build equitable pathways to hire in 2023.



“ Micro-interns did an excellent job helping to produce videos featuring Emerging Markets colleagues as part of our internal “Faces of Emerging Markets” campaign. Not only is this program great to help us complete projects that we don’t have the time or resources for, but it also gives students opportunities to expand their portfolios and produce real-world projects. ”

Deborah Li
Manager, Internal Communications, Emerging Markets, Singapore

Partnership: Helping US military talent transitioning into the private sector with HireMilitary

- In 2022, HireMilitary sourced two active service members in the Department of Defense Skillbridge program to work as interns for Xylem Assessment Services until formally separating from the military and joining Xylem full time.
- Our partnership with HireMilitary is mutually beneficial for both the transitioning service member and Xylem, easing the service member’s transition to civilian life and helping Xylem fill positions with skilled mechanics, shop technicians and field technicians.



Before joining Xylem, **Mike McGann**, SVP & President, Americas and Measurement & Control Solutions, worked as a Logistics Officer in the United States Marine Corps for more than four years.

[Why I’m Grateful for Hire a Veteran Day and Reasons to Consider Hiring Veterans](#)

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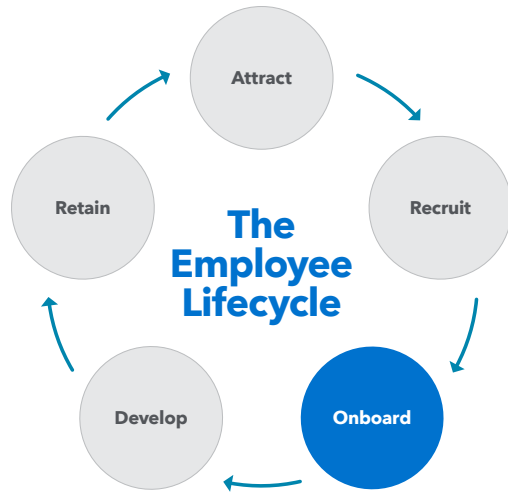
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Onboard & Connect

Xylem is committed to anticipating and embracing changes in the evolving landscape of work, where employees place an increased value on flexibility, well-being, and purpose in the companies they choose to work for. How our more than 17,000 employees connect to Xylem’s culture, mission, and their colleagues begins with their orientation and onboarding.

In 2022, we enhanced our onboarding processes to foster stronger intracompany connections. The transition from candidate to new hire can be a complicated process involving multiple teams, including Talent Acquisition, HR Business Partners, and hiring managers. **In a monthly onboarding survey, with an average 46% participation rate, our onboarding experience gets a 4 out of 5 approval rating.** Opportunities to enhance the onboarding experience by streamlining access to our systems and carefully considering the timing and relevance of information dissemination during an employee’s initial weeks are key improvement areas for us in 2023.

Once an employee is hired, we offer several opportunities - in addition to local and role-specific onboarding activities - for new employees to learn more about Xylem, our products and services, and to make connections with their new colleagues around the world. We have refined our Global Onboarding Program for our office-based employees by providing comprehensive onboarding support through three distinct programs on a quarterly basis.

1. Xylem offers employees the opportunity to interact with senior leaders and gain an understanding of key topics that are core to who Xylem is to help our new colleagues grow and succeed.
2. We facilitate quarterly networking events that enable new employees from around the world to connect with others and share their experiences with one another.
3. Lastly, we host a live virtual training event titled “Your First 100 Days” to equip new employees with the necessary skills and resources to make the most of their onboarding and help them develop a plan for their first months at Xylem.



To foster connection among our American manufacturing and field staff, we held biannual “Essential Worker Appreciation Day” celebrations in 2022. These employees continue to play a vital role in building the products and solutions integral to Xylem’s purpose and serving our customers. Each celebration had a distinct theme, with the May event focusing on “*We Act Locally & Think Globally: Appreciated Efforts*” and the October event highlighting “*Xylem Essential Workers: The Heart of What We Do.*” The celebrations were comprised of three key components, including opportunities to interact with senior leadership, Xylem-branded giveaways and, most importantly, a Watermark activity that aligns with Xylem’s purpose and mission. **The October celebration alone saw the participation of 2,000+ employees from 10 facilities, who assembled 30+ no-sew blankets and 200+ hygiene kits for local charities.** We are grateful for the contributions of our manufacturing and field employees globally and appreciate their dedication to serving our customers.



Xylem Employee Network Groups



Women's Network



Emerging Leaders Network



Veterans Network



LGBT+ & Allies Network



Working Parents Network



People of Color & Allies Network



Hispanic Origin & Latin Affinity (HOLA) Network



Non-Native English Speakers & Allies Network



Maji Network

To cultivate a sense of unity and camaraderie among our workforce, we have established a thriving array of Employee Network Groups. To date, we have eight employee affinity groups that represent and celebrate the differences among our employees. Our local Employee Network chapters and our enterprise social platform “Xylem Now” provide avenues for employees to connect, exchange ideas, and appreciate diversity. In 2022, we observed a continued rise in our Employee Network participation, with 22% of employees participating in one or more of our Employee Network Groups. Our Employee Networks are led by engaged employees and sponsored by senior leadership, who actively support the groups in their efforts to create an inclusive work environment. To this end, the networks constantly find innovative

ways to highlight their unique qualities and promote a respect for differences.

For example, feedback from listening sessions suggested that the scope and breadth of our People of Color and Allies Network was not aligned with many of our employees’ needs. Specifically, our Black and African American colleagues expressed an interest in establishing a group to fully represent them at Xylem. To support this request, a new group - Xylem Maji Network - was established to focus on these colleagues.

In another example, on International Women’s Day 2022, our Women’s Network chapters worldwide organized celebratory events that showcased the diversity and strengths of our female employees. Some examples include:

- Our Australia & New Zealand Women’s Network Chapter celebrated all week long with different events, including selected employees attending a United Nations fundraising event for women.
- A global webcast event featuring Dana Rubin, an advocate for women’s public voice & influence, who presented “Speaking while Female.”
- Videos and interviews with women leaders from around the enterprise, highlighting their approach to leadership and how they find balance.
- A roundtable discussion with senior leaders to discuss the impacts that the pandemic has had specifically on women in the workplace and what Xylem can do to better support our women colleagues.
- Impactful testimonials posted on our social networking platform “Xylem Now” by male colleagues from around the globe, showing their support to #breakthebias.



Hayati Yarkadas
SVP and President, Europe, Water Infrastructure, and Global Lifecycle Services

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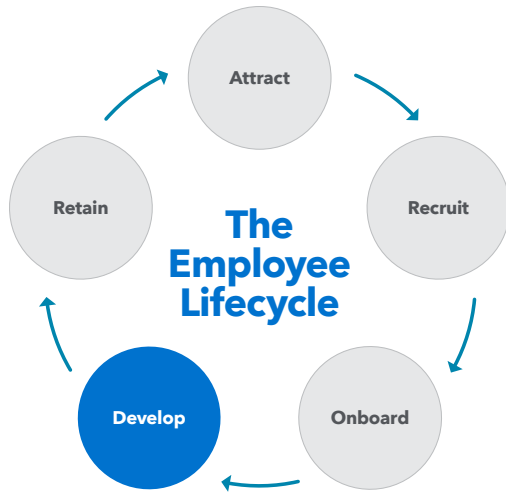
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Develop & Promote

Advancing our employees' well-being and professional development makes our organization more resilient and better able to meet our customers' needs while promoting a sense of engagement and investment.

We adopt a 70/20/10 approach to employee development, recognizing that most learning takes place on the job (70%) and through social interactions with others (20%). While these experiences are invaluable, they are not reflected in our learning management system, which only tracks formal learning hours (10%). Our goal is to accurately record all formal learning hours in our system and to continuously provide opportunities for both formal and informal development for our employees.



70% Experiential

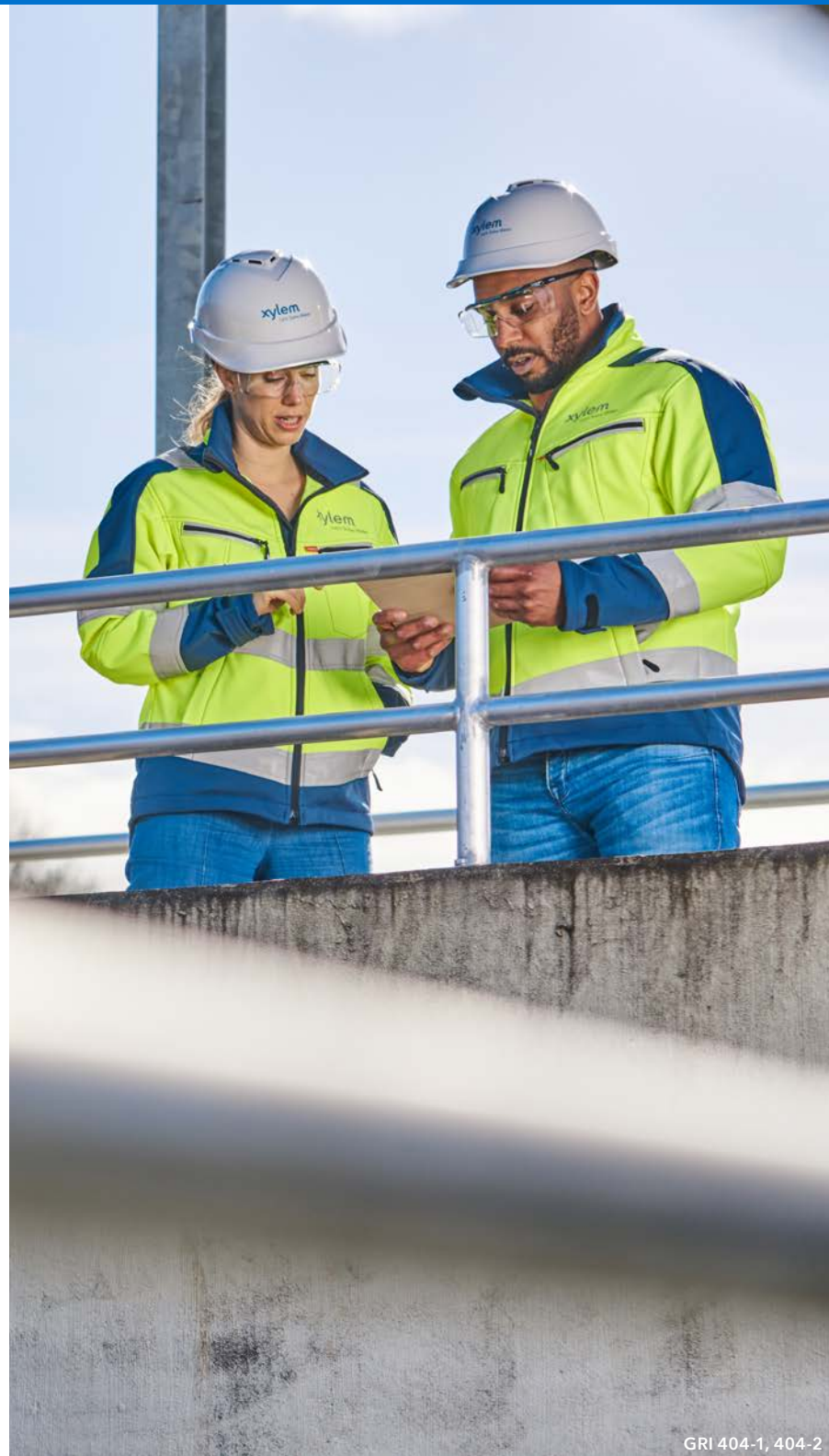
Working with new & challenging experiences

20% Social Learning

Build communities & special interest groups
Mentoring & Coaching

10% Training

Structured courses, workshops & E-learning



Reverse mentoring is proving to be an effective tool for navigating biases, sharing knowledge, creating engagement and building diverse, intergenerational relationships. We will continue to scale this program in 2023 to further promote understanding and inclusivity in our culture.

We discovered there was an error in the number of “formal learning hours” that were reported in our 2019-2021 Sustainability Reports. A detailed comparison of the reported versus actual hours is provided below. We have established a standardized reporting process since. **We have observed a positive trend of increasing formal learning hours, with a notable 14.3% increase from 2021 to 2022, translating to an average increase from 12.91 to 14.04 formal learning hours per employee.**

Learning hours per employee	2019	2020	2021	2022
Previously communicated average # of formal learning hours per employee	11.9	19.3	12.6	NA
Actual average # of formal learning hours per employee	10.72	6.0	12.9	14.0

Developing our people

Recognizing that learning can occur beyond traditional settings, this year we made a concerted effort to offer opportunities for employees to learn from one another. **One such initiative was the expansion of our reverse mentorship program**, where 23 pairs of mentors - members of our Employee Network Groups and diverse populations - and Xylem senior leader mentees met regularly throughout the year to:

- Introduce leaders to the experiences of under-represented employee groups
- Exchange critical knowledge and skills that may support the ambitions of both parties
- Identify and overcome barriers that marginalized groups face in the workplace
- Foster innovation by enhancing diversity, curiosity and relationship building

The Power of Reverse Mentoring



MENTOR

LaShawn Miller

Manager, Financial Planning & Analysis

“ I’ve been invigorated by the level of engagement, eagerness to learn and genuine desire to effect change demonstrated through the reverse mentoring sessions. Our sessions have encouraged me to be brave enough to ask difficult questions, have uncomfortable conversations, and consciously search within myself for biases. ”



MENTEE

Marc Buxton

Vice President, General Manager Smith-Blair, Inc., a Xylem Brand

“ The conversations with LaShawn have helped me look at things differently and ask some questions I may not have asked previously of myself and others around me, especially in relation to unconscious bias and inclusion. Her open and candid feedback has helped me to grow as a business leader but more importantly as a person. ”

Connecting Executive Development to Our Board



Randa Alameh

Sr. Director, Global Product Management - WI Digital & Treatment

“ Getting to meet with our Board of Directors was an incredible experience, as it provided a valuable opportunity to gain insights into their perspective on Xylem and how they approach critical business decisions. The informal dinner setting created an environment that allowed my peers and I to learn about the Board members’ career trajectories, their experiences, and the journey that led them to become the remarkable leaders they are today. It’s safe to say we left the meeting inspired and energized! ”

Another way we’re promoting intracompany learning is through our Executive Development Program (EDP), which offers participants the chance to engage with our Board of Directors during the program’s final session. The evening event allowed EDP participants to connect with Board members, exchange insights and authentically learn about Directors’ experiences.

Learning and growth

In 2022, other ways we invested in our employees’ learning and growth included:

- Providing a diverse range of learning content to all employees. Our on-demand learning content in the learning management system continues to expand, supplemented by live virtual trainings. In 2022, we offered live virtual events attended by over 2,000 employees. These events covered a range of topics including feedback, coaching, change management, inclusive leadership and effective remote work practices.



Jerome A. Peribere

Chair, Leadership Development and Compensation Committee

“ Xylem’s Board recognizes that our people, with their diverse backgrounds and experiences, are a vital strategic priority and investing in their development is key to the success of the Company. I, and my fellow directors, very much enjoy engaging with the participants in our Executive Development Program, made up of a passionate and talented group of Xylem colleagues who are our next generation of enterprise leaders. Both the Board and the Program participants benefit tremendously from these interactions, where we share perspectives on our company, strategy, and culture. ”

- As part of Xylem’s digital transformation efforts, introducing the first of three planned online learning modules aimed at improving employees’ understanding of digital terminology (e.g., cloud, SaaS, etc.) and highlighting digital Xylem solutions that support our customers. The program was completed by over 5,000 employees and the majority reported an increase in their digital literacy after completing the training. Feedback from participants included:

- “The course was **very well done**, and I especially liked the inclusion of our own Xylem leadership and employees.”
- “**Digital is an important subject** and it’s great that this training is deployed across Xylem.
- “The course **broadened my understanding** of how Xylem views digital literacy.”
- “This was a great course. **Very clear details, excellent content**, and presented in just the right amount of time”

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- Enhancing our early-in-career rotational programs as a means of attracting and cultivating diverse talent. We currently offer three programs focused on finance, operations and engineering, each of which features three rotational opportunities over a one-and-a-half/two-year period. These programs promote a cross-enterprise mindset and help to build a talent pool of diverse employees. In 2022, we proudly achieved 50% female participation and 38% participation from U.S. minorities in our early-in-career programs.
- Conducting a monthly XPLORE DE&I Series that equips employees with tools for promoting an inclusive culture and illuminates the benefits of a diverse workforce. Almost 5,000 colleagues from around the world participated in facilitated group discussions, asked questions and shared their experiences. Session topics included addressing racial inequities, managing microaggressions, how to be better allies and more.
- Encouraging employees to work on projects outside their daily responsibilities to advance their development, understanding of Xylem's offerings, and leadership skills. Opportunities range from becoming a mentor to young African women studying water management at the University of Cape Town to roles like Innovation Champion, which received over 100 applications from Xylem employees in 2022, successfully filling all 48 available positions.
- Empowering employees to proactively seek and apply for appealing job opportunities within the company. **In 2022, over 20% of the open roles that were posted were filled by internal colleagues, in addition to intentional transfers and promotions.**

Goulds Water Technology Factory School Introduces First-Ever Female-Only Class

Inaugural class bolsters support and provides a pipeline for women in the trades.

Training Male Allies

Five male Diversity, Equity and Inclusion Council leaders in Emerging Markets participated in **MetaMind**'s Male Allies training during Q4 2022 to build their awareness and skills to be active gender diversity ambassadors at Xylem. Based on their positive experience, Emerging Markets will increase engagement of male leaders in the program in 2023.



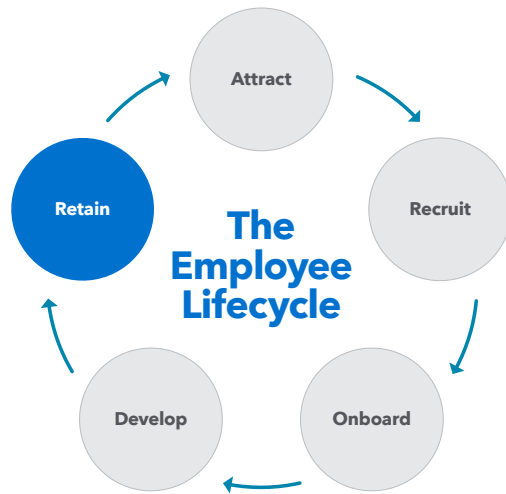
Samba Guindo
Regional Sales Manager West-Africa
and Emerging Markets DEI Council

“ The training was excellent and very interesting. It gave me tools and ideas to create an awareness of gender equity and inclusion within my team and inspired my personal mantra: Have the courage to do what's right... and you will be a powerful, inclusive leader and male ally. ”

Education Beyond our Colleagues

Enabling our customers and distributor partners to gain knowledge of Xylem's products and services is crucial to our success. In 2022, our customers and partners participated in over 14,536 hours of learning opportunities that were designed and delivered by Xylem employees. We are dedicated to further evolving our partnerships by offering ongoing training opportunities.

In 2022, 87% of Xylem employees volunteered their time, dedicating over 156,000 hours to community service.



Retain

With unprecedented rates of job turnover during 2022, retaining our talented employees is critical to our ability to address global water challenges. To keep employees engaged, we are focused on cultivating a positive culture, connecting colleagues to our purpose, offering contemporary benefits that meet a broad spectrum of employee needs and equipping our people leaders with tools to foster inclusivity.

Xylem employees across our organization, in all roles, are connected by working towards our mission and vision. Having a positive impact in the communities we are a part of is a core component of Xylem's culture.

Not only are we able to help customers and communities address critical water challenges through our solutions, but we are also committed to social impact through service directly in the communities around the world we are a part of.

We encourage and support volunteering through [Watermark](#), our corporate social responsibility program, to help our colleagues make a difference in the world and feel the benefits of service themselves. In fact, Xylem provides 10 hours of time off annually for employees volunteering.

Contemporary benefits offerings also play an important role in retaining talent. Xylem offers comprehensive [Total Rewards](#) options designed to meet the needs of our employees globally.

While individual program components may differ by country, location and role, our competitive compensation packages and benefits go beyond salaries and wages to



include health insurance coverage, retirement plans, paid leave, wellness programs, flexible work schedules, stock options, remote and hybrid work alternatives, and more. During 2022, Xylem made significant enhancements to policies and benefits to increase U.S. exempt employees' abilities to manage their flexibility and paid time off. Our transition to Flexible Time Off simplifies how our employees take time off by giving them the flexibility to take time off work when they choose (including vacation, sick and personal time), and for how long they need. We also improved our support for working caregivers by enhancing our paid parental leave to eight weeks of paid time off and short-term

disability coverage to provide 100% of income for the first six weeks of paid leave. These changes further enable our employees to stay well, refreshed, and renewed while managing their work with excellence.

Understanding that every colleague has different needs when it comes to managing their finances, Xylem introduced a new, optional compensation tool called Alight Digital Wallet that allows US employees to access earned wages prior to their payday. Using the app, employees can view their available wages, select how much money they want to access and choose where to deposit funds. For many, this can reduce the financial stress of waiting for payday, including allowing employees to access funds in case of an unexpected expense between paydays. Going forward, we aim to offer financial flexibility more broadly with similar benefits in other markets as allowed by region/country.

Employee mental health matters and Xylem makes it a priority at work, making it okay to not be okay. In 2022, 117 employees became certified Mental Health First Aiders - completing two-day experiential training in how to be aware of and support an employee experiencing a mental health issue or crisis at work and help them access proper resources - bringing **our total certified Mental Health First Aiders to 535 globally**. We also offer our colleagues assistance through our Employee Assistance Programs, which are available globally in 47 countries. Self-paced online learning in the Xylem Learning Center and our Mental Health and Well-being internal social media group provide additional resources.

At Xylem, we aim to create a culture where everyone feels involved, respected, valued and connected - where they can bring their authentic self to work every day. Equipping our people leaders to lead inclusively is one way we are building a culture of inclusivity. **In 2022, we trained more than 700 people leaders to manage unconscious bias at work, providing them with easy-to-adopt tips to self-check for unconscious bias in their everyday decisions - from hiring to team dynamics and career growth.**

We also created and equipped over 2,600 people leaders with Leadership Action Plans for Sponsoring DE&I, a one-page summary of practical tips and resources for how to build understanding of

DE&I and integrate it into everyday work practices - including how we recruit talent, run meetings, manage projects, and interact with each other. To further increase transparency, we created a dynamic internal DE&I Momentum Dashboard that gives people leaders insight into Xylem global and U.S. workplace demographic data. The dashboard gives leaders regular overviews of progress toward our 2025 DE&I goals and the Leadership Action Plan equips them with the tools to achieve them.

Equipping People Leaders to Lead Inclusively



Ray Britt

Sr. Director, Global System Test,
Morrisville, NC, U.S.

“ The inclusive leadership training and discussion forums provided over the past year were very impactful to me as a leader and to my team as a whole.

Learning to identify personal “blind spots” and especially feedback from a diverse set of meeting participants helped us see our team environment in a new light.

The use of these tools has improved how our team conducts virtual and on-site meetings, composes work teams and how we recruit talented resources. ”

Xylem Workforce Demographics

A key component of our DE&I efforts is to continue improving our transparency of diversity data. We believe that this promotes internal accountability and provides a clear view of the diversity of our workforce and progress we are making to both our employees and prospective talent. Over the past three years, we have included DE&I data in our quarterly executive business reviews and have incorporated our 2025 Sustainability Goal to reach 35% women in leadership roles by 2025 in our ESG Performance Share Units (PSU) grant awarded in 2021.

In 2022, we created a dynamic internal DE&I dashboard that gives insight into Xylem global and U.S. workplace demographic data, a significant milestone to increasing transparency. In 2023 and beyond, we will continue to find ways to disclose workforce diversity data as one component of building a transparent and inclusive culture across the organization.

Data shared to the right is representative of Xylem's workforce as of December 31, 2022, and covers three dimensions of diversity - global gender, U.S. race and ethnic minority, and age, including the percentage change from the prior year.

Xylem is a global company.

63% of our employees are based outside the U.S.

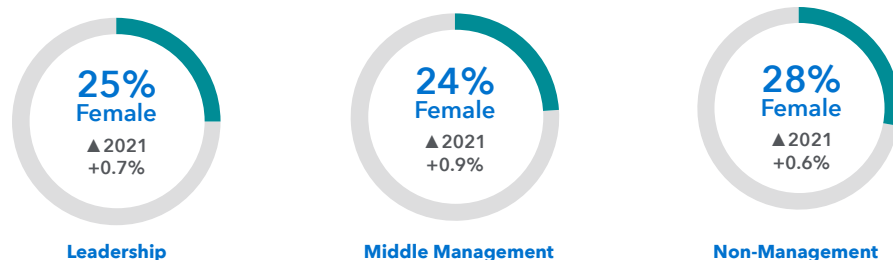
Xylem Employees by Geographic Area

Total end-of-year headcount as of December 31, 2022



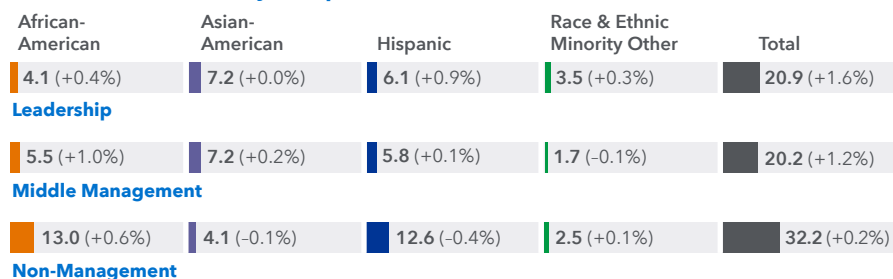
Americas Include North and South America. Emerging markets include Australia and New Zealand.

2022 Global Female

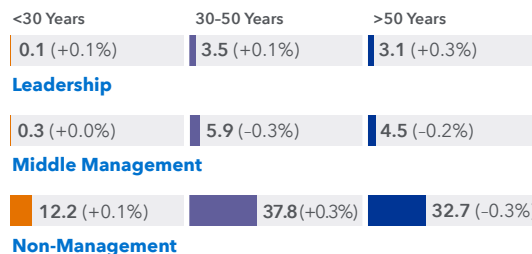


U.S. Data

Race and Ethnic Minority Group % of U.S. Employees (▲2021)



Age Group % of U.S. Employees (▲2021)



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Advancing Diversity, Equity, Inclusion in 2022

Achieving Our Women in Leadership Goal

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Develop & Promote

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Board Diversity

Xylem and its [Board of Directors](#) believe diversity in the boardroom is critical to the success of the company and its ability to create long-term value for our shareholders and other stakeholders. The Board actively seeks to consider a diverse group of candidates for membership on the Board, taking into account diversity in terms of viewpoints, professional experience, education and skills, as well as race, ethnicity, gender and nationality.

As set forth in our Corporate Governance Principles, our Board is committed to seeking highly qualified women and individuals from minority groups to include in the pool of candidates from which Board nominees are selected as part of each Board search. Over the past six years, as part of its ongoing refreshment, our Board has added five directors that bring additional diversity and fresh perspectives as well as deep experience to our Board.

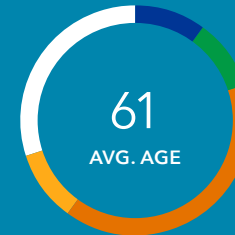


Xylem's Director Nominees - Diversity*



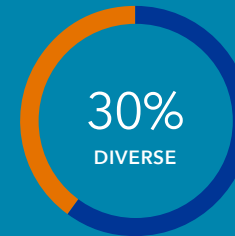
Director Tenure

- 0-3
- 3-6
- 6-10
- >10



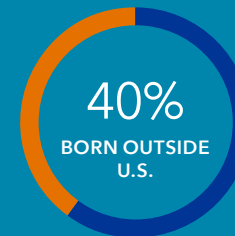
Director Age

- 40-45
- 50-55
- 56-60
- 61-65
- >65



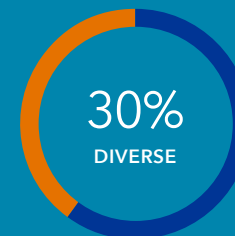
Ethnicity/Race

- White
- Diverse



Global Origin

- U.S.
- Non-U.S.



Gender Diversity

- Male
- Female

* Tenure and age as of the date of the 2023 Annual Meeting; gender, ethnicity / race and global origin as identified by the director nominees.

CHAPTER SEVEN

Community Impact

The collaborative work of our employees and partners is what enables us to make a powerful impact in our communities by improving safe water and sanitation access, expanding water education, engaging young people, and responding to disasters with humanitarian assistance.

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What We Did

Record-setting employee engagement far above benchmark

Operationalized our global youth and disaster response programming, investing in full-time support

Mobilized response across multiple focus areas in response to crises like Ukraine



What We Learned

Major events like the war in Ukraine taught us to be prepared to provide a multi-disciplinary response

Employee engagement is greater when volunteer opportunities are spread out throughout the year and colleagues have the opportunity to support local causes



Where We're Going

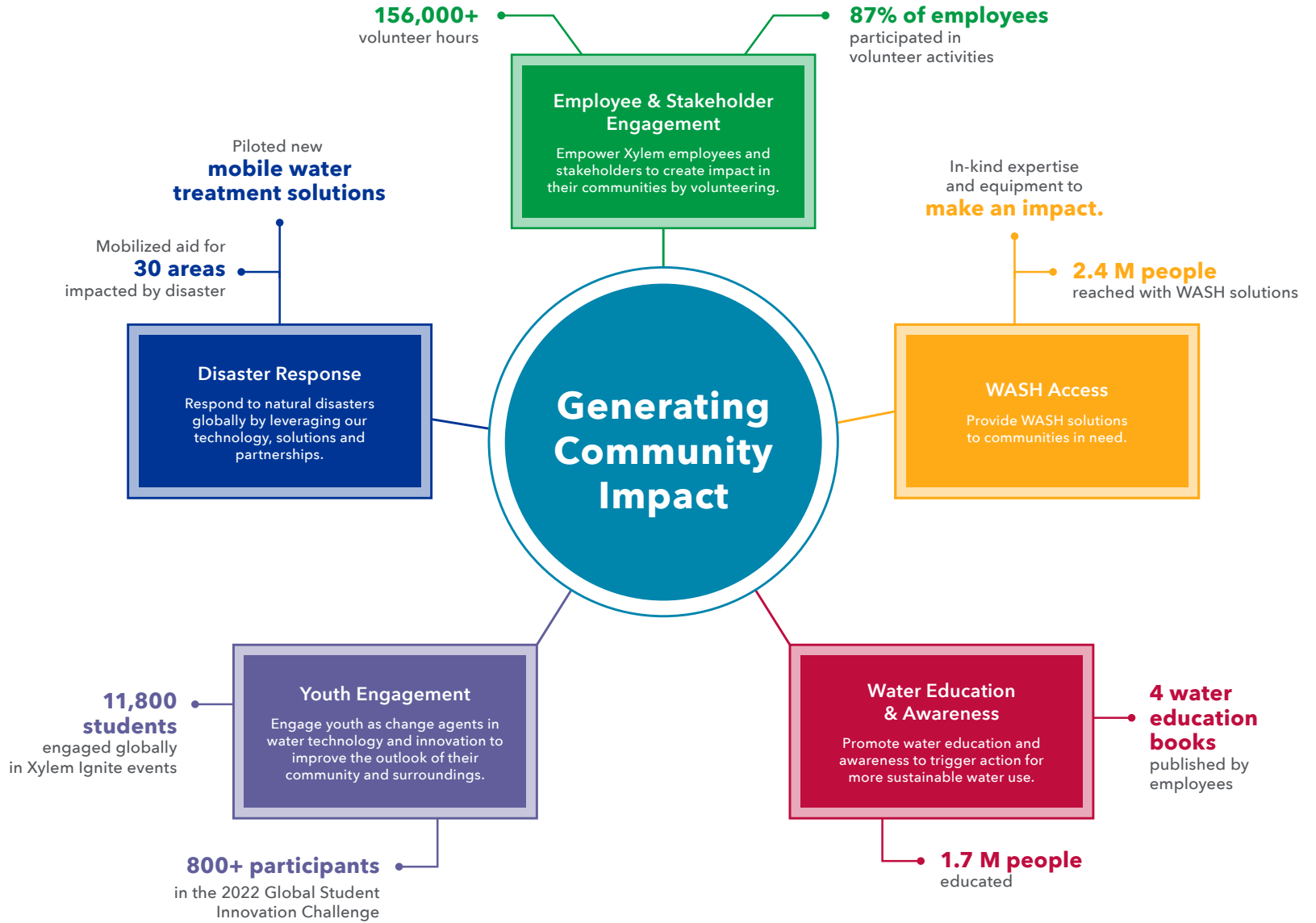
Continuing to expand our external stakeholder engagement among business partners as well as mobilizing members of the general public

Focusing our skills-based volunteering on capacity-building efforts that will allow communities to sustain their critical WASH infrastructure

Striving for full utilization of our current volunteer time-off guidance



Generating Community Impact



Employee & Stakeholder Engagement

Our employees and stakeholders, including customers, suppliers, and other business partners align to our mission to solve water and give back in the communities where we live and work. Our impact continues to grow, as there are endless opportunities for our employees to harness their passion, unique expertise and diverse skillsets to benefit others.

Volunteering is woven into the very culture of our organization, with more than 87% of our employees participating in 2022.

The sustained growth of our employee and stakeholder engagement programming in 2022 can be attributed to:

- Our network of **400+ highly motivated employees who serve as Watermark Champions and Leads** and consistently provide in-person virtual, individual, and skills-based volunteer opportunities to our organization and business partners globally. Standout colleagues, like [Roberto](#)

Building Capacity in Communities

The capacity of communities to sustain their water systems is increasingly important in the face of challenges such as climate change, scarcity, and population growth. A skilled workforce with knowledge of new and innovative solutions can ensure that water infrastructure operates efficiently, keeping water accessible and affordable. This is especially important in under-resourced communities and for those on the front lines of climate change.

Xylem's 17,000+ employees possess essential expertise and experience that can be shared with stakeholders in the international development space, such as NGOs and the communities they support.

[DePaco](#) in Barcelona, exemplify what it means to be a Watermark Champion by engaging other employees and impacting the lives of young people.

- Our [four annual signature events](#), during which all of Xylem participates in accessible activities with the opportunity to win community impact-centered prizes, such as funds to donate to approved charities.
- A skills-based volunteer program, which allows employees from around the world to apply their expertise to impactful WASH

projects in underserved communities, from their own desk or out in the field.

[In South Africa](#), our colleagues use their expertise to install efficient irrigation systems in school gardens and pass on knowledge to students and young agricultural entrepreneurs.

- Our [Community Grants and Matching Program](#), which encourages employees and external partners to engage with local nonprofit organizations that align with Xylem's mission, empowering them to pursue projects that are important to them.



Source: George, Xylem Colleague, 2022

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Protecting Biodiversity through Watershed Restoration

Collective action is needed to mitigate the human impacts on our watersheds, which directly influence biodiversity and the health of our ecosystems, and can negatively affect human health. By mobilizing our network of employees and partners around the world to each take meaningful actions to protect their watersheds, we are making a global impact.

In June and July 2022, Watermark ran our first “Watershed Challenge” initiative, which involved tree plantings, water-monitoring events, waterfront clean-ups, invasive species removals, stream restorations, educational webinars and more.

Working with partner EarthEcho International, we promoted educational activities for employees, young people and wider communities, helping them learn about their watershed and how they can have a positive impact on it.

Just as our products and services help our customers protect biodiversity and watersheds, we also leverage Xylem’s knowledge and passion to positively impact the watersheds where we live and operate. We also expect the same of our supplier partners and include them in our watershed restoration and biodiversity initiatives. (See page [36](#) for more about our Supply Chain partnerships.)

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Water, Sanitation and Hygiene Access

Current projections demonstrate that major acceleration is needed in order to meet SDG 6 and ensure availability and sustainable management of water and sanitation for all. Since 2000, the world has increased access to water supply sanitation at a 1% annual rate, but at least 3% annual increases are needed in order to ensure that everyone has access to even basic water supply and sanitation.¹⁰ Climate change and water scarcity threaten this even more, with the gap between global demand and supply of fresh water expected to reach 40% by 2030.¹¹ We cannot wait to act – safe water and sanitation access is fundamental to the prosperity of communities. When communities become water secure, health improves, the ability to access education and economic opportunities increases, and the cycle of poverty can be broken.

Xylem Watermark and our partners are focused on WASH access projects that are climate resilient, and which mitigate the effects of climate change. For example:

- In Jordan, Xylem supported Mercy Corps in developing innovative and localized climate-resilient WASH solutions, which helped catalyze additional investments from international development agencies to expand across the region.
- With NGO partner Americares, we were able to reach nearly 2 million people in 2022 with projects that improved water and sanitation infrastructure health centers and schools. We accompany WASH infrastructure work with education and community engagement, for example, Youth WASH Clubs and “Clean Village Competitions” in [Malawi](#).

¹⁰ UN-Water, 2020

¹¹ World Economic Forum, 2022

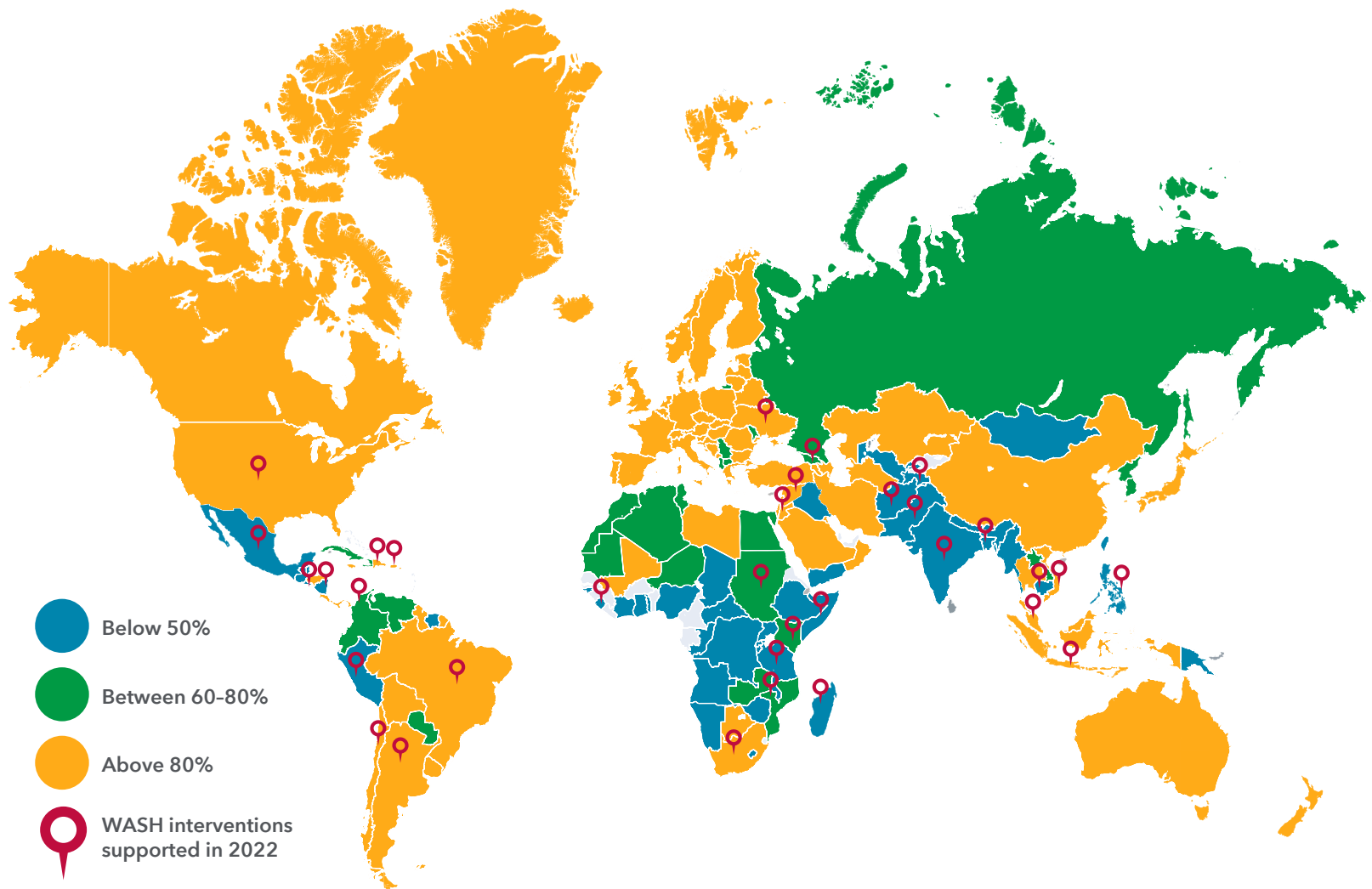
Measuring WASH Access

We work with best-in-class NGO partners and leverage our resources – financial and in-kind donations, and technical expertise – to install, improve and repair infrastructure and distribute essential supplies that solve communities’ water, sanitation and hygiene challenges:

- When installing new WASH solutions in schools, hospitals, homes and communities, we account for the number of people impacted based on the output of the solutions. For example, each [AquaBlock Emergency Water Systems](#) we deploy with our partner Planet Water Foundation, produces 1,500 liters of drinking water per hour capable of supporting the daily drinking water requirements of up to 10,000 people.
- When making improvements to an institution’s or community’s WASH infrastructure or facilities, for example repairing handwashing stations at a school, installing latrines at a hospital, or improving the efficiency of existing water systems to conserve water, our partners on the ground help us to measure the impact of the intervention based on the population of people who utilize those facilities, and who will benefit from the improvements going forward.
- We work at the systems level to improve WASH access and education by advocating for improvements at the government level with partners like UNICEF. Xylem provides UNICEF India with dedicated funding for its WASH program. We measure the number of people we reach through improved WASH education and access as a proportion of UNICEF India’s annual WASH beneficiaries.



Clean Water Access by Country (%)



We are focused on leveraging our global presence to reach communities that face the most significant barriers to WASH access - whether that be due to lack of resources, climate change exacerbating water challenges, or other factors. Locations in which we supported projects that improved WASH access for communities are marked in red.

Sources: washdata.org, the World Bank, and UNICEF

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Water Awareness and Education

Solving water is not a mission that can be accomplished alone. It is critical that we work together, mobilizing our communities to take action, and enabling people to take safe and conservative steps with their water, sanitation and hygiene actions. For any new water solution to be fully utilized and sustainably managed, the community must also understand the value of clean, safe water and be trained to use and maintain the solutions. For example, in [Malawi with our partner Americares](#), Xylem supported the development of local youth water education clubs to supplement the WASH infrastructure improvements to schools and communities.

1.7 M

people reached in 2022 with water education

Through our campaigns with Manchester City Football Club, we have reached 1 billion people to date with campaigns and activities that drive water awareness, education, and volunteerism. In 2022, we reached 1.7 M people with water education. We made this significant progress towards our education and awareness goals by:

- Continuing to invest in long-term, multi-year partnerships with global organizations like UNICEF, which allow us to ensure WASH is a key part of early [education](#).
- Reaching new audiences with important messages about water through the power of sport and global spokespeople like Pep Guardiola.
- Encouraging employees to volunteer as educators and facilitating opportunities for them to connect with students of all ages.

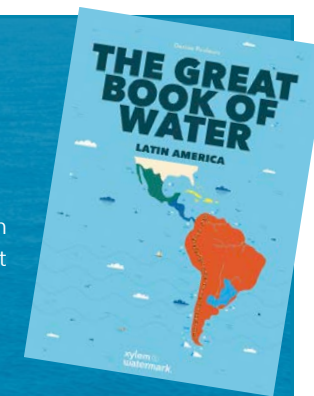
It's important to us that we don't just take steps to educate the public about water, but that we also enable them to take meaningful actions. In 2022, our Take Steps to Solve Water campaign inspired 270,000 people to join our Strava challenges to pick up litter and walk for water. Xylem has most recently launched our Water Heroes Hub, designed to help anyone become a water hero by educating themselves, and taking actions designed to address water challenges along with others around the world. Check it out [here](#).

Changing the world one book at a time

For the past few years, employees in Chile, India and South Africa have been writing books that teach children about the water in their region, *The Great Book of Water* and *Splash*.

The Great Book of Water was the first Xylem-published children's book, written by an employee in Chile, Denise Pouleurs. The first version, written in Spanish, is focused on helping children around the world learn about water in Latin America. Now, a new version is available, highlighting the water in India. These books have found unique ways to get into the hands of children, one being through mobile libraries in Colombia. It is available in three languages: Spanish, Portuguese and English.

Splash is the first book of a series that tells the story of a water droplet named Splash and its journey through Africa, with the mission of spreading the message of the importance of water and ways to conserve it. *Splash* is available in libraries in South Africa, Kenya and Egypt and will be launched in several more African countries and translated into local languages.



270,000

people joined our Take Steps to Solve Water campaign in 2022, inspiring them to join a global community on Strava to pick up litter and walk for water.

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Youth Engagement

Empowering the next generation of young people to solve our critical water issues means equipping them with knowledge, tools, and platforms to develop and actualize their innovative ideas. Through our extensive youth-focused programming, Xylem is committed to developing young talent, empowering youth-led water actions in communities, and elevating youth representation in leadership opportunities.



Develop

Providing youth with mentorship, skills-building and opportunities for innovation:

- [Xylem Ignite](#), our global program that in 2022 engaged 11,800+ students in events including the [Global Student Innovation Challenge](#), regional hackathons, and our six-month [Innovation Incubator](#) in which students are paired with Xylem mentors to accelerate progress on water projects.
- [Stockholm Junior Water Prize](#), the world's leading water innovation competition among high school students, of which Xylem is a founding sponsor.
- Providing micro-internships, internships, and early-career opportunities to generate a talent development pipeline - [Learn more in the Talent and Diversity, Equity and Inclusion section](#).



Activate

Supporting young people in youth-led water projects:

- [Water Heroes Academy](#), in which young leaders across 10 cities reached more

than 6,000 students through peer-to-peer water education through football, with mentorship from Xylem employees.

- [EarthEcho Water Challenge Ambassadors](#), are community scientists ages 14-22 leading water quality monitoring efforts in their communities through the EarthEcho Water Challenge, a global water quality monitoring program. In 2022, Ambassadors engaged 2,290 community members within the U.S. and Spain through water education and waterway improvement events.



Lead

Providing young people with leadership opportunities:

- WEF Inflow Xylem sponsored STEMpath scholars - undergraduate/graduate students in STEM majors from historically underrepresented racial/ethnic groups - are introduced to the water sector in the WEF InFLOW program, and attend WEFTEC where they engage in leadership events and network with program sponsors to solidify their interest in working in the water sector.
- MIT IACME partnership, offering mentorship and sponsorship for university students from underrepresented backgrounds.
- Reservoir Youth & Young Professionals programming empowers young people to help solve interconnected sustainability challenges.
- Empowering young professionals within Xylem through our Emerging Leaders Network, one of our Employee Network Groups.



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The Future of Water is Female



Empowerment and inclusivity for women in the water industry is vital to ensure continued growth and innovation. This must start at an early age, and as we look to provide opportunities for young people to develop and succeed in water, we must ensure young women are included.

Fortunately, the future is bright, as last year we saw four impressive young women sweep the prestigious Stockholm Junior Water Prize awards.

Annabelle M. Rayson from Canada received the prestigious 2022 Stockholm Junior Water Prize for her research on how to treat and prevent harmful algae blooms. Speaking about winning the prize, Rayson said:

“ It’s an absolute honor to be here with so many other brilliant young people, representing all the small-town little girls out there dreaming of her own microscope and lab coat. Hey girls, we can still make it. ”

The “Diploma of Excellence” was awarded to Laura Nedel Drebes and Camilly Pereira dos Santos from Brazil, for their development of sustainable and affordable sanitary pads from industrial byproducts.

The “People’s Choice Award” went to Mishal Faraz from the United Arab Emirates, for creating a gamified platform for schools, designed to discourage the use of single-use plastic water bottles and strengthen water security.

Xylem is also committed to providing opportunities for dialogue about women’s empowerment in STEM, hosting events such as the panel [Empowering the Next Generation of Women Closing the Gender Gap](#), which was co-sponsored by the Embassy of Sweden in Washington, DC and the Women’s Aquatic Network during Stockholm International Water Institute (SIWI)’s World Water Week.



Humanitarian Disaster Response

As the frequency and severity of water-related natural disasters increases, Xylem aims to alleviate the immense social and economic toll on communities by leveraging our unique expertise and resources to provide sustained relief for those most in need. We have established ourselves as a trusted disaster response partner, with a network of employees and experienced partners around the world who enable us to act quickly in situations where communities are at risk - often the same regions where our employees live and work.

Access to safe WASH resources following a disaster saves lives, as does technology that safely transports water to make affected communities accessible to humanitarian responders. It's also essential that we direct resources towards making vulnerable communities more resilient in the long term, mitigating their risk of future disaster events.

In 2022, we provided humanitarian aid to 30 areas impacted by disasters across 17 countries, and mobilized disaster preparedness efforts among employees and partners, and in support of communities.

Xylem provides humanitarian aid to disaster-affected areas by:

- Deploying in-kind technology, such as pumping and treatment solutions that treat contaminated water supplies. In South Africa, we commissioned a trailer-mounted water treatment system following severe flooding outside of Durban.
- Mobilizing community-led volunteer efforts from employees and partners, including the collection and donation of critical supplies, rebuilding efforts, and more.
- Funding via grants and matching fundraisers for NGO partner response efforts, such the distribution of WASH supplies and infrastructure repairs, including in slow-moving disasters like the drought in the Horn of Africa, where Xylem [partnered with Mercy Corps](#) to repair essential boreholes.



We focus on disaster preparedness and mitigation efforts by:

- Equipping employees with knowledge and resources to prepare for disasters, via webinars and interactive activities to facilitate the assembly of disaster preparedness kits.
- Supporting global virtual efforts to map remote, disaster-susceptible areas so that humanitarian aid can be efficiently delivered (MapSwipe).
- Funding of preparedness and resilience efforts with NGO partners like Mercy Corps, in places like Puerto Rico.
- Establishing standard response processes across geographies, with support from volunteer leaders across all regions in which we operate.

View a more complete list of our humanitarian disaster response efforts on our [website](#).

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The Crisis in Ukraine

Not all disasters that Xylem responds to are natural. Unfortunately, conflicts like the war in Ukraine also generate a critical need for emergency water solutions.

Xylem employees and partners utilized our same processes for responding to natural disasters to act quickly, launching multiple avenues for assistance including:

- Donating four emergency water filtration systems, and helping to coordinate the deployment of eight more with **Planet Water Foundation** and local partners, to meet the urgent need for clean water faced by communities
- Donating more than 17 metric tons of top-of-the-line water technology, including Godwin pumps, to help water operators get back online and solve complex challenges such as bypassing damaged sewage lines and pumping water to firefighters
- Hosting refugee families, providing essential supplies and ongoing educational and entertainment activities for children
- Collecting and donating supplies from across Europe, distributed by colleagues in Poland and local NGOs
- Matching donated funds from our employees and partners globally to NGO partners such as UNICEF and Americares



CHAPTER EIGHT

Green Finance

We have a long history of partnering with financial institutions to tie our financing strategy to sustainability. We continue to see growing maturity in sustainability-linked financing structures and interest from banks to partner on these structures to support positive environmental and social outcomes. Our reputation for sustainability performance has made us an attractive partner for the financial community.



Green Finance

In 2023, we continued to align our sustainability, operational and financing strategies across our value chain, adding to our suite of green financing tools a new revolving credit facility that ties the facility fee and interest rates to certain sustainability-related key performance indicators.

This followed the addition in 2021 of an [ESG-linked demand deposit account with Goldman Sachs](#) that links yield on deposits to achievement of our 2025 Sustainability Goals; our completion in 2020 of a \$1 billion Green Bond offering, the proceeds of which were allocated to projects that help improve water accessibility, water affordability and water systems resilience; and our 2019 execution of the first sustainable improvement loan in the U.S. General Industrial Sector that tied the company's borrowing rates to our Sustainalytics rating.

In 2022, we [partnered with CNote, a women-led impact investment platform, to invest a portion of our cash on hand in community banks](#) operating in underserved communities. These investments unlock diversified and proven community investments that increase economic mobility and financial inclusion.

As noted above, in 2023, we announced a 5-year \$1 billion revolving credit facility

with an option to increase to an aggregate principal amount of \$1.3 billion. This facility ties the facility fees and interest rates to three key sustainability-related key performance indicators:

1. Reduction in total absolute scope 1 (direct) and 2 (market-based) GHG emissions in metric tons of CO₂, in line with achieving our 2030 Science Based Target commitment.
2. Reduction of cumulative volume of GHG emissions reduced by Xylem's products and solutions in million metric tons CO₂e. Measurement of the CO₂e footprint reduction based on [Xylem's and MIT's Sustainability and Health Initiative for Net Positive Enterprise methodology](#).
3. Percent of global supply chain spend (in USD) reporting [Sustainability progress via EcoVadis rating](#) (or equivalent).

We follow, and refresh, as appropriate, our [Green Finance Framework](#). This framework is in accordance with the Green Bond Principles (GBP) 2018 and the Green Loan Principles (GLP) 2020, which both provide guidelines in four key areas: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting.

Going forward, we expect to continue to utilize a sustainability-based financing strategy that helps drive meaningful environmental and/or social outcomes.

Learn more about our Green Finance practices:

- [5 Ways Xylem is integrating green finance](#)
- [Q&A with CFO, Sandy Rowland: Building on Xylem's Green Finance](#)



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CHAPTER NINE

Ethics & Compliance

Xylem is committed to doing business with integrity and we do not tolerate workplace misconduct or any form of bribery or corruption wherever we conduct business around the world. Our Global Ethics and Compliance Program is built on best practices. It is designed to prevent, detect and respond to misconduct and to make sure business is conducted ethically and compliantly.

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Our Approach to Ethics & Compliance

Our robust anti-corruption program is designed to help promote and maintain our values as well as compliance with applicable anti-corruption laws.

We continuously improve our programs based on risk assessment, trends, analysis of data and regulatory changes. Corporate policies are reviewed, updated and communicated on a regular cadence. Ethics and compliance-related training is assigned annually and many of our training modules require colleagues to certify that they will adhere to our policies.

Our ethics and compliance communication campaigns often feature messages from senior leaders informing our colleagues about ethical expectations, including speaking up when they suspect that our Code of Conduct or policies are not being followed.

Our Chief Ethics and Compliance Officer (CECO) provides regular updates on our program to the relevant committees of our Board of Directors and to our senior business leaders from Human Resources, Finance, Sales, Legal, and Internal Audit.



Source: Ruben, Xylem Colleague, 2022

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Upholding High Ethical Standards and Accountability

Our Global Ethics and Compliance Program is designed to foster a culture where our colleagues and other stakeholders act responsibly, with integrity, and feel empowered to speak up when they witness or have a question about potential misconduct. Our Code of Conduct, the pillar of our Global Ethics and Compliance Program, unites us as one company under the same ethical principles. These principles guide us to make decisions that are consistent with our core values, help create an inclusive, equitable workplace, demonstrate our commitment to sustainability, and strengthen our trusted reputation and sense of purpose. All employees, directors, and officers are accountable to adhere to the Code of Conduct and we expect our business partners to adhere to the same high standards. If local laws and regulations are more stringent than our Code of Conduct, then local laws are to be followed.

Our interactive [Code of Conduct](#) features:

- **easy-to-understand examples** and references;
- **quick links** to our global policies and tools; and
- **direct access** to the Xylem Integrity Line reporting portal.

Education and Training Programs

Employees are required to complete Code of Conduct and harassment prevention

training when joining Xylem and annually thereafter, along with other compliance and ethics topics.

The training provides our colleagues with insight into our values, the behaviors, actions and decisions that support these values, and guidance to help them comply with relevant laws. We consistently strive to meet our annual target of at least 95% training completion.

Salaried employees certify that they understand how the Code and our policies apply to their jobs and how to comply with them. The Code of Conduct training alternates between comprehensive and refresher training focusing on critical topics. Production colleagues are trained in person at least biennially on our Code of Conduct and harassment-prevention topics and regularly receive messaging about our Code, policies and the importance of reporting misconduct.

We review and monitor internal data, such as reports to the Xylem Integrity Line, ethics and compliance trends, company and industry-wide developments, and relevant regulations. Then, we update the ethics and compliance training to address these inputs. Our training and communication often include scenarios to help bring the learning to life.

The training is conducted both online and with live instructors. **In 2022, the Legal and Trade Compliance departments delivered more than 3,697 hours of live training.** The online trainings covered our Code of Conduct, harassment prevention, anti-corruption, attorney-client privilege, substance abuse prevention, data privacy and cybersecurity. We also gave in-person anti-corruption compliance training to our key commercial partners.



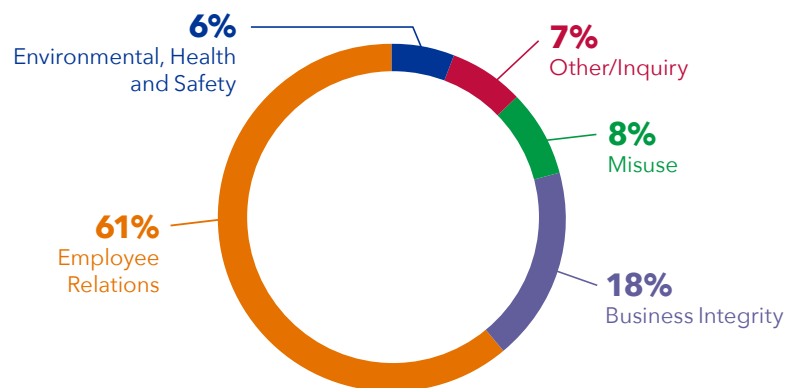
Reporting Mechanisms

Doing the right thing includes speaking up. We offer a variety of resources for employees and other stakeholders to raise concerns. Colleagues are encouraged and expected to speak up if they have questions or concerns about the Code of Conduct, how it applies or whether it is being followed. This also applies to possible violations of laws or company policies. **In 2022, we received and investigated 175 reports.**

Options for employees and other stakeholders to report concerns include:

- **Xylem Integrity Line.** This 24-hour confidential reporting portal is available to all employees, suppliers and customers. Language support is provided in all of Xylem’s key languages. Reports can be made through the website or by phone, and can be anonymous, where legally permitted, through the same mechanisms.
- **Ombudsperson Network.** Globally, 100 ombudspersons are trained to receive employees’ questions and reports relating to ethics and compliance concerns. Ombudspersons are required to take all reasonable and legally permissible steps to protect the identity of all those who report possible violations in good faith.
- **Management, Human Resources, Legal, Internal Audit, and Ethics and Compliance Teams** (including the Chief Ethics and Compliance Officer). Employees are encouraged to raise concerns directly with any of these internal resources.
- **Audit Committee of the Board.** Concerns can be brought directly to this committee, which is independent of management.

2022 Xylem Integrity Line Issue Types Received



Integrating Our Commitment to Ethical Business into Our Anti-Corruption Risk Processes

At least annually, we assess bribery and corruption risks facing Xylem. Such risks are closely monitored, and we have processes, policies, and training to mitigate them. Regular audits of certain facilities are conducted by our Internal Audit function to review compliance with our policies and applicable laws, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other global anti-corruption laws. Our Ethics and Compliance team, under guidance of the SVP, General Counsel, is responsible for the governance of our anti-corruption program.

We have adopted an anti-corruption due diligence framework to identify third parties that are at higher risk. As part of our screening process, third parties meeting the framework must certify alignment with our Code of Conduct and agree to comply with all applicable anti-corruption and anti-bribery laws. Third parties are required to complete online anti-corruption training through our due diligence platform. Our due diligence review process is repeated periodically, depending on a risk-ranking algorithm. In 2022, as in prior years, in-person anti-corruption compliance training was delivered to our key commercial partners.

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Intellectual Property

Xylem's wide range of products and services requires a robust research and development program. The innovation efforts of our program often lead to the development of new products and services, which may include new proprietary technologies, unique branding or other intellectual property. We also undertake collaborative research and development efforts with a variety of third parties from time to time. Such collaborations may result in intellectual property ownership and commercialization agreements between Xylem and third parties.

We protect intellectual property to prevent its unauthorized use, thereby sustaining the competitive advantages it provides to us. Our enterprise-wide Intellectual Property Policy guides our management of intellectual property, including protection of patents, trade secrets, proprietary technical information, trademarks, service marks, trade names, and copyrights.

The Intellectual Property Policy also includes a patent award program. Xylem employee-inventors are eligible for patent filing and bonus grants to encourage prompt disclosure of patentable inventions relevant to our business and to assist our Intellectual Property team (outlined below) in procuring patents and protecting Xylem inventions. If it is determined that an otherwise patentable invention should be retained as a trade secret rather than covered in a patent application, employee-inventors are still eligible to receive the equivalent of the patent filing bonus.

Consistent with our Intellectual Property Policy, Xylem's Product Development (XPD) process facilitates respecting the valid intellectual property rights of third parties. As part of our XPD process, patent searches are conducted to identify third-party patents that may present obstacles to the commercial launch of products or services being developed. To the extent that any third-party patent is identified as a potential obstacle, we will either design around the third-party patent, initiate a validity review with the relevant government authority if applicable, or seek out a licensing arrangement with the third-party patent owner. If none of these options to clear a potential obstacle are commercially feasible, the development effort will be terminated by the XPD. Public trademark registers are searched to help avoid any conflicts between proposed branding for new products and services with third-party trademark rights.

Intellectual Property Training for Employees

Xylem employees closely involved in the XPD process receive intellectual property training. By going through this training, employees gain an understanding of the importance of intellectual property rights as they pertain to protecting proprietary technologies and brands. Employees are trained in how this protection sustains our competitiveness in the conduct of business. The employees come away from the training with a clear sense of Xylem's Intellectual Property Policy. Xylem's intellectual property activities are managed in concert by Xylem's legal and technical employees.

Intellectual property protection at Xylem is a collaborative effort between employees in our Legal group, including our SVP, General Counsel, our VP, Chief Intellectual Property Counsel, and our VP, Chief Technology Counsel, and personnel in our Innovation, Technology and Product Management group, including our SVP, Chief Innovation, Technology and Product Management Officer and Leaders of Xylem's Innovation, Technology and Product Management Council. The collaboration results in an intellectual property portfolio that is aligned appropriately with our business to protect its proprietary technologies and brands. **At the end of 2022, Xylem had approximately 3,200 patents, 800 patent applications, 2,300 trademark registrations and 125 trademark applications in more than 100 countries.**



CHAPTER TEN

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GRI Content Index



**CONTENT INDEX
ESSENTIALS SERVICE**

2023

Statement of use	Xylem, Inc. has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Standard / Other Source	Disclosure	Response/ Location
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Xylem Inc.: 301 Water Street SE Washington, DC, 20003 Xylem Facilities Worldwide: See our website for the full list of facilities worldwide. Publicly traded company listed on the New York Stock Exchange (XYL).
	2-2 Entities included in the organization's sustainability reporting	This report covers Xylem Inc. and its subsidiaries.
	2-3 Reporting period, frequency and contact point	Reporting period: January 1, 2022 - December 31, 2022 Frequency: Annual Contact Point: xylem.sustainability@xylem.com
	2-4 Restatements of information	There were no restatements of information during the reporting period.

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<p>GRI 2: General Disclosures 2021 (continued)</p>	<p>2-5 External assurance</p>	<p>See Assurance, pages 115-117.</p> <div data-bbox="1050 159 1528 841" style="border: 1px solid black; padding: 10px;">  <p>LRQA Independent Assurance Statement Relating to Xylem, Inc. GHG Emissions, Energy, Waste and Water Inventories and Injury and Illness Metrics for Calendar Year 2022</p> <p>This Assurance Statement has been prepared for Xylem, Inc. in accordance with our contract.</p> <p>Terms of Engagement LRQA was commissioned by Xylem, Inc. (Xylem) to provide independent assurance on its greenhouse gas (GHG) Emissions, Energy Use Inventories, Water Withdrawal Inventories, Waste Inventories and Injury and Illness Metrics ("the Report") for the Calendar Year 2022 against the assurance criteria below to a limited level of assurance using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas data. LRQA's verification procedure is based on current best practice and is in accordance with ISAE 3000 and ISAE 3410.</p> <p>Our assurance engagement covered Xylem's operations and activities globally and specifically the following requirements:</p> <ul style="list-style-type: none"> Verifying conformance with: <ul style="list-style-type: none"> Xylem Environmental and Safety Metrics Reporting Requirements 1/14/2022 version 7 World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WBCSD Protocol) for the GHG data¹ Evaluating the accuracy and reliability of data and information for only the selected indicators listed below: <ul style="list-style-type: none"> Direct (Scope 1), Energy Indirect (Scope 2) and Other Indirect (Scope 3) GHG emissions; <ul style="list-style-type: none"> Scope 3 GHG emissions verified by LRQA include the following: purchased goods and services, waste generated and business travel emissions; Water Withdrawal inventory includes surface water, groundwater and third-party water Waste Generated inventory includes hazardous and non-hazardous waste Injury and Illness metrics of Total Recordable Rate, Days Away from Work Rate and Severity Rate <p>LRQA's responsibility is only to Xylem. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Xylem's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of Xylem.</p> <p>LRQA's Opinion Based on LRQA's approach nothing has come to our attention that would cause us to believe that Xylem has not, in all material respects:</p> <ul style="list-style-type: none"> Met the requirements of the criteria listed above; and Disclosed accurate and reliable performance data and information as summarized in Table 1 below. <p>The opinion expressed is formed on the basis of a limited level of assurance² and at the materiality of the professional judgement of the verifier.</p> <p><small>¹ http://www.ghgprotocol.org/ ² The extent of evidence gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</small></p> <p style="text-align: right;"><small>Page 1 of 3</small></p> </div>
	<p>2-6 Activities, value chain, and other business relationships</p>	<p>We are a leading global water technology provider helping our customers address their most challenging water and wastewater problems. We design, manufacture and service highly engineered products and solutions ranging across a wide variety of critical applications, primarily in the water sector, but also in energy. Our broad portfolio of products, services and solutions addresses customer needs across the water cycle, from the delivery, measurement and use of drinking water to the collection, test and treatment of wastewater to the return of water to the environment. We have differentiated market positions in core application areas including transport, treatment, test, smart metering, smart infrastructure analytics, digital solutions, condition assessment and leak detection, building services and industrial processing.</p> <p>Revenue by End Market: Utilities: 50% Industrial: 35% Commercial: 10% Residential: 5%</p> <p>Revenues by Geography: United States: 47% Western Europe: 26% Emerging Markets: 19% Rest of World: 8% Revenue: \$5.5 billion Capital Expenditures: \$208 million Capitalization: Shareholders Equity: \$3,494 million Net Debt: \$936 million Net Debt to Capital: 21%</p> <p>There were no major acquisitions or structural changes during the reporting period.</p>
	<p>2-7 Employees</p>	<p>See Xylem Workforce Demographics, page 67.</p>

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GRI 2: General Disclosures 2021 (continued)	2-8 Workers who are not employees	See Xylem Workforce Demographics, page 67 .
	2-9 Governance structure and composition	See Sustainability Governance, page 20 . We are a global water technology company committed to solving critical water and infrastructure challenges with innovation. Our Board, through its Nominating & Governance Committee, regularly reviews the experience, skills and qualifications needed to properly oversee the interests of the Company and its shareholders, considering the Company's short and long-term strategies and evolving global operations. The Nominating & Governance Committee then compares those attributes to those of the current directors and potential director candidates. The Nominating & Governance Committee conducts targeted efforts to identify and recruit individuals that have the requisite experience, skills and qualifications, keeping in mind our commitment to actively seek qualified women and individuals from minority groups to include in the pool of candidates from which directors are selected. Directors and candidates should be persons of the highest personal and professional ethics, integrity and values, with significant accomplishments and recognized stature, and who bring a diversity of backgrounds and perspectives to the Board and are committed to representing the long-term interests of the shareholders. Our Board believes that the director nominees have the appropriate mix of experience, skills, qualifications and attributes needed to lead the Company at the Board level. For more information, please see pages 2-13 of Xylem's 2023 Proxy Statement.
	2-10 Nomination and selection of the highest governance body	Our Nominating & Governance Committee regularly reviews Board size and composition. The Committee is responsible for identifying and recommending qualified director candidates to the Board of Directors. In fulfilling this responsibility, the Nominating & Governance Committee seeks to identify candidates who possess the experience, skills, qualifications and attributes necessary to provide a broad range of personal characteristics to the Board, including diversity of thought and background, experience in technology and innovation, and global business experience. Our Board is committed to seeking highly qualified women and individuals from minority groups to include in our pool of candidates from which Board nominees are selected as part of each Board search. While this has been our practice for several years, our Board amended our Corporate Governance Principles in December 2019 to highlight this for our investors and other stakeholders.
	2-11 Chair of the highest governance body	Our Board is led by our independent Chair. The Board believes that our current leadership structure strengthens the Board's role in oversight of the Company. Mr. Friel currently serves as our independent Chair and was re-elected to the role at the 2022 Annual Meeting. Mr. Friel will continue in that role contingent upon his successful re-election at the 2023 Annual Meeting. The Board believes Mr. Friel is well suited to serve as independent Chair given his significant managerial, operational and global experience, as well as his board leadership experience. As a result of his broad-based and relevant experience, as well as his deep knowledge of our business, our Board believes Mr. Friel is well positioned to carry out the responsibilities of the independent Chair, lead the Board and provide constructive, independent, and informed guidance and oversight to management. The Board will consider the continued appropriateness of this structure as necessary to meet the best interests of the Company and whether alternatives, such as an appropriately empowered lead independent director, would be sufficient.
	2-12 Role of the highest governance body in overseeing the management of impacts	See Sustainability Governance, page 20 . At Xylem, sustainability is at the center of who we are, and what we do. As a leading global water technology company, we address one of the world's most urgent sustainability challenges - responsible stewardship of our shared water resources. One of the Board's key responsibilities is overseeing the Company's strategy. The Board has deep knowledge and expertise in this area and regularly discusses our strategic priorities and businesses, believing that oversight of our strategy is a continuous process that includes the following: <ul style="list-style-type: none"> • Each director participates in a comprehensive orientation program upon joining the Board where he/she/they gain an understanding of Xylem's strategy, businesses and operations. • At each of its meetings, the Board receives information and updates from management and actively engages with our CEO and Senior Leadership with respect to the Company's strategy and its execution, including the strategic plans, for our businesses and research and development, as well as the competitive landscape. • Matters of strategy are also discussed at committee meetings, as relevant, given each committee's specific focus and expertise.

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GRI 2: General Disclosures 2021 (continued)	2-12 Role of the highest governance body in overseeing the management of impacts (continued)	<ul style="list-style-type: none"> One Board meeting per year is dedicated to an intensive review and discussion of the Company's strategic plans. During this meeting, the Board engages with the CEO, senior leaders and other members of management regarding long-range strategy, business objectives, the competitive landscape, key market opportunities, customer and economic trends, innovation and technology, key talent considerations and other developments. This review also includes our strategic approach to sustainability and environmental, social and governance (ESG) matters and is informed by external perspectives invited to engage with the Board directly. The independent directors hold regularly scheduled executive sessions without management present. The Board's engagement on oversight of strategy continues throughout the year in a variety of ways. We encourage our directors to visit our sites, and we periodically hold meetings at various sites so that our directors can meet with employees, customers, partners and other stakeholders. From time to time, our directors visit our research and development and other facilities as well as our innovation partners. In 2022, the Board held meetings at Xylem's Washington, D.C. headquarters twice during the year, and also visited the facilities of a key external innovation and technology partner. <p>Our directors also can understand and assess how we are communicating our strategy to our investors through updates during shareholder engagement, regular earnings releases and periodic Investor and Analyst Days.</p>
	2-13 Delegation of responsibility for managing impacts	The Board of Directors of Xylem Inc. (the "Board") oversees the Company's strategy and management's approach to risk management and execution of its risk management responsibilities; both strategy and risk management include areas that affect Xylem's sustainability efforts. Our Board, primarily through its Nominating & Governance Committee, provides oversight of the Company's approach to sustainability and corporate social responsibility. In addition, our Leadership Development & Compensation Committee oversees the Company's approach to improving diversity, equity and inclusion as well as talent development. The Board and its committees regularly discuss with management our approach to sustainability, including risks and opportunities, and implications for the Company's strategy.
	2-14 Role of the highest governance body in sustainability reporting	The Board, primarily through its Nominating & Governance Committee, provides oversight of our overall approach to sustainability, corporate citizenship and social value creation, including our approach to sustainability reporting.
	2-15 Conflicts of interest	<p>We have a written policy that governs the reporting, review and approval or ratification of transactions with related parties. The policy covers, but is not limited to, the related party transactions and relationships required to be disclosed under SEC rules. The policy supplements our Code of Conduct, which addresses potential conflict-of-interest situations. Under our policy, directors and executive officers are required to promptly notify the Chair of the Nominating & Governance Committee and our Corporate Secretary of any actual or potential related party transactions so that the transaction can be reviewed and considered for approval or ratification by the Nominating & Governance Committee. In reviewing related party transactions, the Nominating & Governance Committee will consider the relevant facts and circumstances, including:</p> <ul style="list-style-type: none"> whether terms or conditions of the transaction are generally similar to those available to third parties; the level of interest or benefit to the related party; the availability of alternative suppliers or customers; and the benefit to the Company. <p>Any Nominating & Governance Committee member who is a related party with respect to a transaction under review may not participate in the deliberations about the transaction or vote for its approval or ratification. The policy provides pre-approval for certain types of transactions that the Nominating & Governance Committee has determined do not pose a significant risk of conflict of interest, either because a related party would not have a material interest in a transaction of that type or due to the nature, size or degree of significance to the Company.</p>

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GRI 2: General Disclosures 2021 (continued)	2-16 Communication of critical concerns	The Board has established a process to facilitate communication between shareholders and other interested parties with the Company's independent directors. Communications intended for the Board, or for any individual member or members of the Board, should be sent by: (1) e-mail to Independent.Directors@xylem.com or (2) directed to our Corporate Secretary at Xylem Inc., 1 International Drive, Rye Brook, New York 10573, with a request to forward the communication to the intended recipients. In general, any shareholder communication delivered to us for forwarding to the Board or specified directors will be forwarded in accordance with the shareholder's instructions. Correspondence addressed to "Non-Employee Directors" will be forwarded to our independent Board Chair. See More About the Xylem Integrity Line on page 86 .
	2-17 Collective knowledge of the highest governance body	We are a global water technology company committed to solving critical water and infrastructure challenges with innovation. Our Board, through its Nominating & Governance Committee, regularly reviews the experience, skills and qualifications needed to properly oversee the interests of the Company and its shareholders, considering the Company's short and long-term strategies and evolving global operations. The Nominating & Governance Committee then compares those attributes to those of the current directors and potential director candidates. The Nominating & Governance Committee conducts targeted efforts to identify and recruit individuals that have the requisite experience, skills and qualifications, keeping in mind our commitment to actively seek qualified women and individuals from minority groups to include in the pool of candidates from which directors are selected. Directors and candidates should be persons of the highest personal and professional ethics, integrity and values, with significant accomplishments and recognized stature, and who bring a diversity of backgrounds and perspectives to the Board and are committed to representing the long-term interests of the shareholders. Our Board believes that the director nominees have the appropriate mix of experience, skills, qualifications and attributes needed to lead the Company at the Board level. A discussion of each director's experience and skills is provided on pages 7-13 of our 2023 Proxy Statement.
	2-18 Evaluation of the performance of the highest governance body	The effectiveness of the Board and its committees is critical to Xylem's success and the protection of the long-term interests of our shareholders and other stakeholders. In the spirit of continuous improvement, each year our Nominating & Governance Committee initiates a comprehensive assessment of the effectiveness of the Board and each of our committees, as well as individual directors, using a self-assessment or third-party advisor. The objective of the assessment is to identify and assess areas where the Board functions effectively, and importantly, areas where it can improve. The assessment process includes the following steps: (1) each director's opinion on a variety of topics is solicited through a survey; (2) the Chair of the Nominating & Governance Committee holds one-on-one meetings to solicit additional feedback; (3) the Chair of the Nominating & Governance Committee and Board Chair review the directors' aggregated responses to the questionnaires; and (4) results of the Board and committee surveys are shared with all directors and there is a dialogue at the full Board to discuss.
	2-19 Remuneration policies	A comprehensive discussion of director and executive compensation can be found in our 2023 Proxy Statement on pages 40-57.

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<p>GRI 2: General Disclosures 2021 (continued)</p>	<p>2-20 Process to determine remuneration</p>	<p>A comprehensive discussion of non-employee director compensation and executive compensation can be found in our 2023 Proxy Statement on page 40. Our Board values the input and insights of the Company's shareholders and believes that effective Board-shareholder communication strengthens the Board's role as an active, informed and engaged fiduciary. We make a concerted effort to engage with shareholders throughout the year to solicit their input on a range of topics related to executive compensation and governance matters. In January 2022, we reached out to shareholders representing approximately 70% of our outstanding shares and engaged in direct dialogue with shareholders holding approximately 26% of our outstanding shares; our Board Chair participated in a number of these conversations. Our top shareholders expressed strong support for our executive compensation programs, including our emphasis on equity incentives, the balance of performance metrics in our annual and long-term incentive plans, and the linkage for certain executives to sustainability performance as rated by Sustainalytics. Accordingly, no changes were made to the executive compensation program as a result of feedback from our shareholders. Our policy is to conduct an annual say-on-pay shareholder vote. In 2022, as in prior years, we received strong support in our say-on-pay advisory vote, with approximately 86% of the shares voting at the annual meeting supporting our executive compensation. Our equity compensation programs are designed to attract and retain the most creative and talented industry leaders and high potential talent and to align employee and shareholder interests. As such, participation in our equity compensation program is not limited to our non-employee directors and executive officers. Further underscoring Xylem's continued commitment to sustainability, in 2021, the Company augmented its sustainability-linked compensation for all of our named executive officers ("NEOs"), as well as a broader group of executives, with a special, one-time grant of performance share units with goals that are based on five of our 2025 Sustainability Goals. A portion of the individual component of the 2022 Annual Incentive Compensation for our President & Chief Executive Officer and senior leadership team was tied to Xylem's sustainability performance as rated by Sustainalytics, as well as goals for global diverse candidate slates for professional roles and year-over-year increase in US minority leadership representation through merit-based promotions and hiring. In addition, the individual component of the 2022 Annual Incentive Compensation for our business Presidents again included the safety performance of their businesses.</p>
	<p>2-21 Annual total compensation ratio</p>	<p>In 2022, the ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 192:1. For more information, see our 2023 Proxy Statement, page 63.</p>
	<p>2-22 Statement on sustainable development strategy</p>	<p>See Message from Patrick Decker, President & CEO, page 3 and Message from Claudia Toussaint, Chief People and Sustainability Officer, page 4.</p>
	<p>2-23 Policy commitments</p>	<p>See Xylem Policies.</p>
	<p>2-24 Embedding policy commitments</p>	<p>Xylem's Board of Directors, primarily through its Nominating & Governance Committee, provides oversight of Xylem's approach to sustainability and corporate social responsibility. The integration of specific ESG policy commitments into Xylem's strategies and operational procedures is overseen by various cross-functional teams. For more information, please see our Management Approaches.</p>
	<p>2-25 Processes to remediate negative impacts</p>	<p>To ensure compliance with our principles, we've adopted straightforward processes for colleagues and other stakeholders to report their concerns and instances of observed misconduct. See page 86 for more details.</p>
	<p>2-26 Mechanisms for seeking advice and raising concerns</p>	<p>We provide multiple reporting tools so that concerned individuals can report in a way most comfortable to them. See page 86 for more details.</p>
	<p>2-27 Compliance with laws and regulations</p>	<p>In 2022, Xylem had no significant non-compliance with laws and regulations. For more information, see Note 19, "Commitments and Contingencies", of the consolidated financial statements included in Item 8 of Part II of Xylem's 10-K for the year ended 2022, filed February 24, 2023 for information regarding certain legal and regulatory proceedings we are involved in.</p>

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<p>GRI 2: General Disclosures 2021 (continued)</p>	<p>2-28 Membership associations</p>	<p>Xylem holds positions in, participates with or provides funding beyond routine membership dues to the following industry associations and advocacy organizations: Water Advocacy, NGOs, Research and Academic.</p> <p>Industry</p> <ul style="list-style-type: none"> American Water Works Association Association of Metropolitan Water Agencies Australian Water Association Bipartisan Policy Center Executive Council on Infrastructure British Pump Manufacturers Association British Water National Fire Protection Association Europump Hydraulic Institute International Society of Sustainability Professionals International Water Association MAPI Environment, Health & Safety Council National Association for Environmental Management National Association of Clean Water Agencies National Association of Water Companies North American Society for Trenchless Technology Rural Community Assistance Partnership Smart Cities Connect Society of Women Engineers Stockholm International Water Institute Sustainable Water Infrastructure Management U.S. Water Alliance U.S. Water Partnership Value of Water Coalition Water Environment Federation Water Systems Council MAPI Purchasing Council Water Environment Federation WaterReuse Association Wet Weather Partnership Sump and Sewage Pump Manufacturer's Association <p>Social, Governance and Ethics</p> <ul style="list-style-type: none"> Air-Conditioning, Heating and Refrigeration Institute Aqua Business Round Table Business Roundtable, Corporate Governance Committee Euroheat & Power European Biogas Association European Water Association HRC Foundation National Association of Corporate Directors Smart Water Networks Forum Society of Corporate Compliance and Ethics Society of Corporate Secretaries & Governance Professionals Submersible Wastewater Pump Association U.S.-India Business Council U.S.-Saudi Business Council Water and Wastewater Equipment Manufacturers Association Water Europe Water Research Foundation World Economic Forum
	<p>2-29 Approach to stakeholder engagement</p>	<p>See Sustainability at Xylem, page 9.</p>
	<p>2-30 Collective bargaining agreements</p>	<p>As of December 31, 2022, Xylem employed approximately 17,900 employees worldwide. We have approximately 6,600 employees in the Americas, 8,200 in Europe and 3,100 in the Emerging Markets. Approximately 66% of our European colleagues are represented by unions or works councils and 16% of our U.S. colleagues are subject to collective bargaining agreements. In certain foreign countries, our colleagues are represented by work councils. We believe that our relations with our employees are good, including with our employees that are represented by labor unions or work councils.</p>

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Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	See Materiality, page 9 .
	3-2 List of material topics	See Materiality, page 9 .
Indirect Economic Impacts (Xylem Material Topic: Watermark & Direct Community Impact and Brand Oversight)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 103 .
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	See Community Impact, pages 70-71 .
Procurement Practices (Xylem Material Topic: Supply Chain Equity)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 103 .
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	See Supply Chain, page 41 .
Anti-Corruption (Xylem Material Topic: Business Ethics)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 104 .
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	See Ethics and Compliance, page 84 .
	205-2 Communication and training about anti-corruption policies and procedures	See Ethics and Compliance, page 85 .
	205-3 Confirmed incidents of corruption and actions taken	A key success metric of our management of ethics and accountability is the number of incidents of corruption or anti-competitive behavior. No material incidents of such activity were confirmed in 2022.
Anti-Competitive Behavior (Xylem Material Topic: Business Ethics)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 104 .
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	A key success metric of our management of ethics and accountability is the number of incidents of corruption or anti-competitive behavior. Our Sensus Italy business was named, among other third parties, in an Italian Competition Authority finding. We plan to appeal the ruling.

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Materials (Xylem Material Topic: Design for Circularity)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 104 .
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	See Sustainable Packaging, page 45 .
Energy (Xylem Material Topic: Energy/GHG Reduction)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 104 .
GRI 302: Energy 2016	302-1 Energy consumption within the organization	See Operations, page 30 .
	302-3 Energy intensity	See Operations, page 30 .
	302-4 Reduction of energy consumption	See Operations page 30 .
	302-5 Reductions in energy requirements of products and services	See Operations, page 30 .
Water and Effluents (Xylem Material Topic: Water Use Reduction & Stewardship and Collaborative Water Leadership)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 105 .
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	See Operations, page 26 .
	303-2 Management of water discharge-related impacts	See Operations, page 26 .
	303-4 Water discharge	See Operations, page 26 .
	303-5 Water consumption	See Operations, page 26 .

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Emissions (Xylem Material Topic: Energy/GHG Reduction)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 104 .
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	See Operations, page 31-32 .
	305-2 Energy Indirect (Scope 2) GHG emissions	See Operations, page 31-32 .
	305-3 Other indirect (Scope 3) GHG emissions	See Operations, page 31-32 .
	305-4 GHG emissions intensity	See Operations, page 31-32 .
	305-5 Reduction of GHG emissions	See Operations, page 31-32 .
	305-6 Emissions of ozone-depleting substances (ODS)	We do not use significant amounts of ozone-depleting substances, and for that reason do not track their use. We adhere to the Montreal Protocol, administered by the United Nations Environment Programme (UNEP), which maintains the list of ozone-depleting substances that are targeted for reductions and total phase-outs.
	305-7 Nitrogen oxides (Nox), sulfur oxides (Sox), and other significant air emissions	See Operations, page 31-32 .
Waste (Xylem Material Topic: Waste Reduction)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 104 .
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	See Waste, page 27 . As a result of this diligence and our commitment to responsibly managing waste and our operations, no significant spills were reported at any of our facilities in 2022.
	306-2 Management of significant waste-related impacts	See Waste, page 27 .
	306-3 Waste generated	See Waste, page 27 .
	306-4 Waste diverted from disposal	See Waste, page 27 .
	306-5 Waste directed to disposal	See Waste, page 27 .

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Supplier Environmental Assessment (Xylem Material Topic: Resilient & Environmentally Responsible Supply Chain)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 103 .
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	See Supply Chain, page 38 .
Employment (Xylem Material Topic: Employee Experience and Success)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 106 .
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Turnover Rate in 2022: 11.2%
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	U.S. employees who work 30 or more hours per week are eligible for competitive benefits, including comprehensive health and wellness programs, telemedicine, disability and life insurances, paid time off, flexible work arrangements, employee assistance programs, adoption assistance and other offerings. Temporary or less-than-full-time employees are eligible for pro-rated paid time off and our retirement program after completing either 1,000 hours of service in a calendar year or 500 hours during each of three consecutive 12-month periods (only hours worked on or after January 1, 2022 count for eligibility purposes). Outside of the U.S., the definition of full-time, temporary or part-time employees can vary, as well as the differentiated benefits that may be provided in that given country.
	401-3 Parental leave	Parental leave is typically determined based on local practices and regulations at facilities around the world. In the U.S., Xylem implemented a paid Parental Leave Policy effective April 1, 2019 (updated May 2021) which applies to non-union benefits-eligible U.S. employees. Birth mothers are eligible for four weeks of paid parental leave, beginning after paid medical leave, to be taken within the first six months of a newborn's arrival. Fathers, other same-gender partners and new parents through adoption, surrogacy or fostering are also eligible for four weeks of paid parental leave that can be taken within the first six months of a leave-qualifying event. <ul style="list-style-type: none"> Total number of employees entitled to parental leave, by gender - There are a total of approximately 4,623 employees currently eligible for paid parental leave. This includes approximately 1,125 females and 3,498 males. Total number of employees that took parental leave in 2022, by gender - 93 total employees, 30 of these employees are male and 63 are female. All employees that took parental leave in 2022 returned to work after their leave ended.
Labor/Management Relations (Xylem Material Topic: Employee Experience & Success)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 106 .

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<p>GRI 402: Labor/Management Relations 2016</p>	<p>402-1 Minimum notice periods regarding operational changes</p>	<p>Exceptional circumstances, including operational change or other planned measures or activities based on unexpected developments and affecting the interests of the employees to a considerable extent are communicated and minimum notice periods given according to our various union, collective bargaining and work council agreements. Topics requiring notice include:</p> <ul style="list-style-type: none"> • Mergers or splitting of companies or production facilities • Relocation of companies, production facilities (or significant parts thereof), and relocation of production • Cut-back or closure of companies, production facilities (or significant parts thereof), and • Collective redundancies. <p>Under the European Works Council, additional information and consultation applies to the following matters:</p> <ul style="list-style-type: none"> • Structure of Xylem and its economic and financial situation, • Anticipated development of the business, including its production and sales levels, • Employment situation and its anticipated development that are significant, including organizational changes, • Significant EHS, Ethics and Compliance matters, • Investment priorities in the business, • Introduction of new working and production procedures.
<p>Occupational Health and Safety (Xylem Material Topic: Health & Well-being)</p>		
<p>GRI 3: Material Topics 2021</p>	<p>3-3 Management of material topics</p>	<p>See Management Approaches, page 106.</p>
<p>GRI 403: Occupational Health and Safety 2018</p>	<p>403-1 Occupational health and safety management system</p>	<p>Xylem holds itself to the high standards required to meet the International Organization for Standardization (ISO) and Occupational Health and Safety Assessment Series (OHSAS) certification. 11 of our global manufacturing facilities and one office and 11 sales facilities are OHSAS 18001 certified for health and safety management. Implementation of the OHSAS certification is a voluntary commitment that we consider a long-term investment in our employees and reputation. Xylem investigates all significant incidents occurring at our facilities and completes root cause analyses to identify and prevent recurrence. To make maintaining facility compliance easier, a facility profile application is part of our online environmental, health and safety (EHS) compliance system, allowing facilities to track facility-specific information, such as permits, environmental risks and facility information.</p>
<p>403-2 Hazard identification, risk assessment and incident investigation</p>	<p>Our facilities track safety performance according to a Risk Reduction Index (RRI), an analysis of select leading indicators such as management inspections, timely correction of identified hazards, completion of Toolbox Talks and employee reports. Risk profiling has been completed at many manufacturing facilities, and expansion across all Xylem facilities will continue in 2023.</p>	
<p>403-3 Occupational health services</p>	<p>See Health and Safety, page 34.</p>	
<p>403-4 Worker participation, consultation, and communication on occupational health and safety</p>	<p>See Health and Safety, page 34.</p>	
<p>403-5 Worker training on occupational health and safety</p>	<p>Xylem has a robust health and safety training program that helps our colleagues understand their safety responsibilities and provides specific information to allow them to conduct their job safely. This training is completed in several ways including classroom, online and at some facilities using virtual training and includes topics such as ergonomics, electrical safety, confined space entry and driver safety. As of 2022, over 1,700 drivers have participated in the Alert Driving training program aimed at improving fleet safety by reinforcing awareness of our responsibility to drive safely.</p>	

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GRI 403: Occupational Health and Safety 2018 (continued)	403-6 Promotion of worker health	See Health and Safety, page 34 .
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See Health and Safety, page 34 .
	403-9 Work-related injuries	See Health and Safety, page 34 .
Training and Education (Xylem Material Topic: Employee Experience & Success)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 106 .
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	See Develop & Promote, pages 61-64
	404-2 Programs for upgrading employee skills and transition assistance programs	See Develop & Promote, pages 61-64
Diversity and Equal Opportunity (Xylem Material Topic: Diversity, Equity & Inclusion)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 107 .
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	See Board Diversity, page 68 .
Supplier Social Assessment (Xylem Material Topic: Social Impact Solutions)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 103 .
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	See Supply Chain, page 38 .

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Customer Health and Safety (Xylem Material Topic: Product Safety, Product Quality and Secure and Connected Technology)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 107 .
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	See Product Safety, page 50 .
GRI 416: Customer Health and Safety 2016	416-2 Incidents of noncompliance concerning the health and safety Impacts of products and services	See Product Safety, page 50 .



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Management Approach for Watermark and Direct Community Impact

To provide and protect safe water resources for communities in need, Xylem collaborates with nonprofit partners around the world. The sustainable development projects that result from these collaborations invite employees and other stakeholders to volunteer their time and to donate funds supporting water-related solutions in water-challenged communities. These activities often have indirect and beneficial economic impacts. Xylem's Watermark program is managed in the Sustainability and Social Impact team at Xylem, under the responsibility of the SVP, Chief People and Sustainability Officer. In addition to these programs, our software-enabled solutions and smart technology products foster an intelligent approach to some of the world's most severe water and infrastructure challenges. These solutions help to empower our customers to increase their revenue, lower costs and optimize

productivity, all while managing their water issues. This empowerment at multiple levels provides customers with greater opportunity and flexibility to create positive economic impacts in their communities.

Management Approach for Supply Chain Equity, Resilient and Environmentally Responsible Supply Chain and Social Impact Solutions

Oversight for responsible procurement is led by Xylem's SVP, Chief Supply Chain and Operations Officer and the Sustainability functions. The Global Procurement Sustainability and Compliance team is a function within the Central Global Procurement team and supported by Global and Facility Procurement.

Through our standard procurement terms and conditions, our supply partners are required to comply with Xylem's technical and commercial requirements, as well as all applicable legal regulations, human and labor rights, and our Supplier Code of Conduct. In turn, we expect suppliers to hold their own suppliers to these same

standards. Xylem explicitly communicates our high standards of integrity to our supply partners. We encourage transparency from our supply partners when they believe we are not living up to these standards. As part of our open invitation to provide continuous improvement, the Xylem Integrity Line provides a practical avenue for suggestions or programs that suppliers think would advance safety and efficiency or reduce our carbon footprint, waste or costs. We are dedicated to keeping the communication channels open for progress toward furthering our goal of solving water in every way.

Our responsible supply chain management continues to be assessed by tracking against our 2025 goals.

At Xylem, we understand that the term "Responsible Sourcing" is not secondary to how our Procurement teams do business but is part of our daily procurement practices - embedded in our strategies through to execution. We are proud of the steps taken so far to integrate sustainability with our sourcing processes and are committed to continuously improving.

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Oversight Responsibility	Audit Committee	Nominating & Governance Committee
Ethics & Compliance Program (including policies, training & communication, investigations)	✓	
Anti-Corruption Program (including policies, procedures and third-party due diligence/risk)	✓	
Trade Compliance Program		✓
Environmental, Health & Safety Program		✓

Management Approach for Business Ethics

Xylem is committed to doing business with integrity. We maintain zero tolerance for any form of bribery or corruption. We are vigilant about maintaining these high standards of ethical excellence wherever we do business. Our robust anti-corruption program was built to support our goal of ensuring that our values are promoted, understood and maintained, and that anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010 are strictly adhered to. Our policies mandate stringent compliance with these anti-corruption laws, regardless of local custom or practices.

In order to stay up to date with the most current regulations, our corporate ethics and compliance policies are regularly reviewed and amended by a policy administration committee, comprised of representatives of the Legal, Finance and Human Resources departments. Senior leaders in our functional business units are responsible for reviewing, approving and regularly updating applicable policies.

To understand trends and address gaps, the Ethics and Compliance team, headed by the Chief Ethics and Compliance Officer (CECO), regularly reviews current regulations, as well

as data from the Xylem Integrity Line (our 24-hour confidential reporting portal), our due diligence platform, feedback received from our employees and results from our audits and risk assessments. Armed with this data and information, the team develops enhancements to the program. The CECO provides updates on the Ethics and Compliance Program to the relevant committees of our Board of Directors at least annually. The CECO provides updates to the corporate and regional Ethics and Compliance Review Boards (ECRBs) at least quarterly. ECRBs are composed of members of the Senior Leadership Team and regional senior leaders as applicable, with Internal Audit serving as an observing member.

Management Approach for Design for Circularity

Our product development teams carefully manage this topic and report to our SVP, Chief Innovation Technology and Product Management Officer. Basic Life Cycle Assessments are conducted for each new product developed. This is accomplished with an Environmental, Health & Safety (EHS) and Sustainability design review of each new product or solution in development as a standard part of our Xylem product development process. The EHS and Sustainability Design Review covers the span

of the product lifecycle, from raw materials to production to use and end-of-life aspects. The results of this process are assessed, and design modifications are suggested where needed.

Management Approach for Environmental Impact Solutions, Energy/GHG Reduction, and Waste Reduction

Xylem holds itself to the high standards required for ISO and OHSAS certification. We currently have 61 facilities that are certified to ISO 14001: Environmental Management, 23 facilities certified to OHSAS 18001: Health and Safety Management, 111 facilities certified to ISO 9001: Quality Management and three facilities certified to ISO 50001: Energy Management. Of our 22 major manufacturing facilities identified in the GRI Index, 41 percent are certified to ISO 14001, 32 percent to OSHAS 18001 and 77 percent to ISO 9001.

Xylem maintains a [Climate Action Plan](#), which covers the management of our operational environmental impact and outlines our enterprise commitment to develop innovative mitigation and adaptation solutions for the water-related challenges associated with climate change.

The SVP, Chief People and Sustainability Officer is ultimately responsible for our sustainability programs, while the SVP, Chief Supply Chain is directly responsible for sustainability programs at operational facilities. The SVP, Chief Innovation, Technology and Product Management Officer, Product Management, and business segment leaders also support and manage Xylem’s approach to environmental footprint and product handprint.

Management Approach for Water Use Reduction and Stewardship

In alignment with our water management goals for 2025, we are identifying operations with water-intensive processes and exploring opportunities to reuse or recycle water wherever feasible. Facilities with higher usage rates or in water-scarce areas are being prioritized. This project is being led by our Environmental, Health and Safety team, with policies approved by our VP, Environment, Health & Safety and our SVP, Chief Supply Chain Officer.

We manage this effort with the following tools:

Gensuite Sustainability Projects App, an application within our Environmental, Health and Safety metric database that allows Xylem to track environmental projects at our facilities. During 2022, we also started to prepare and review at least quarterly with the EHS Leadership Team (EHS Regional Directors, EHS COE Staff and VP or EHS&S) a summary of relevant water information generated from data available from our facilities and operations, where major contributors are identified and tracked to identify and implement activities towards performance improvements.



The World Resource Institute’s **Aqueduct™** tool is used to determine which Xylem facilities are located in water-stressed or water-scarce regions.



Management Approach for Employee Experience and Success

Attracting, motivating and retaining talented employees worldwide is essential to the success of our business. To achieve this, Xylem takes a total rewards approach to employee management that integrates programs for compensation, benefits, recognition and work-life balance. Our SVP, Chief People and Sustainability Officer manages enterprise-wide benefits and compensation with a team of internationally based benefit and compensation professionals. Local business leaders, along with their Human Resource business partners, provide oversight for local recognition and programs that promote work-life balance. While individual program components may differ by country, role or level, our culture and commitment to results and equity remain constant. Our Board's Leadership Development and Compensation Committee provides oversight of compensation, benefits and development for executive officers and talent management.

Xylem respects the work of labor organizations, work councils and trade unions to better the lives of working people. In accordance with this, Xylem respects the legal rights of its employees to join or to refrain from joining such organizations. Worldwide labor laws regarding employee and third-party involvement govern Xylem's policies where applicable. An employee's decision to join or not join a labor organization will in no way account for any discrimination against that employee. Xylem makes managers at all levels aware

of the importance of respecting the rights of employees to organize. Xylem's labor/management relations policies are ultimately managed by our SVP, Chief People and Sustainability Officer. Our experience supports our core belief that a favorable, collaborative work environment with direct communication between employees and management serves not only the interests of employees, but also the interests of Xylem as a company. We work to establish favorable employment conditions that promote positive relationships between employees and managers, facilitate employee communications and support employee development.

"Connect. Perform. Grow." (CPG), provides a framework for integrated talent management through a performance management approach. Our SVP, Chief People and Sustainability Officer and our VP, Leadership and Talent Development oversee the approach to performance management. The CPG process includes ongoing and relevant conversations between managers and team members focused on performance feedback, coaching and career development. These conversations are scheduled on a regular basis and at least quarterly throughout the year. A quarterly survey run through our global human resources technology platform ensures that these conversations are occurring.

Management Approach for Health and Well-being

The Xylem Environmental, Health and Safety (EHS) policy and management system sets expectations to provide a safe work environment - not only for Xylem employees but also for visitors entering our facilities including contractors and customers. Our ultimate goal is to maintain a safe work environment and culture through focus on and continued investment in our safety programs and risk-reduction initiatives.

Performance is measured in several ways including with key performance indicators from our Risk Reduction Index (RRI) as well as injury frequency rate and days away from work case rate. The RRI has been deployed to measure performance from leading indicators such as management inspections, timely closure of regulatory items, completion of toolbox talks, and hazard and near-miss reporting. The RRI score is facility-specific and aggregated at the business level.

Xylem has implemented a robust audit program in which manufacturing facilities and sales & service operations are reviewed and scored based on findings. Our EHS team works closely and collaboratively with management to close out audit findings and use the audit results to improve our EHS performance. EHS performance is reviewed on at least a monthly basis with various levels of management. We use these reviews to identify issues and appropriate corrective action plans, drive management engagement and communicate the importance of safety to our business performance.

Our VP, Environment, Health & Safety provides a report to the Nominating & Governance Committee at least once per year. The report includes key EHS performance indicators and initiatives from the past year, including audit results, as well as our plans for the following year.

Management Approach to Diversity, Equity and Inclusion

Diversity in all its forms provides a rich resource for innovation and collaboration and allows Xylem to compete more effectively around the world. Workforce diversity is key to exceptional customer satisfaction and company performance. To advance our diversity and inclusion goals and enrich our company culture, our dedicated Global Diversity and Inclusion leader works closely with our VP, Leadership and Talent Development and our Vice President, Sustainability as well as our entire Senior Leadership Team, and our two global executive-champions for diversity and inclusion who Chair the Global Diversity and Inclusion Council: our SVP & President, Water Infrastructure and Europe Commercial Team and our VP, Marketing, Measurement and Control Solutions. Our diversity and inclusion efforts are a core part of the work of the Senior Leadership Team, many of whom serve as executive sponsors for our eight Employee Networks and support, advocate for, drive and inspire progress in this area.

Xylem's Global Diversity and Inclusion Council advises, supports and promotes the advancement of practices aligned to business strategy to achieve diversity, equity and inclusion objectives. The council helps create strategic accountability for results, provides governance and oversight on diversity efforts, promotes company-wide communication on progress and serves as

the primary body responsible for advising the Senior Leadership Team on advancing DEI at Xylem. The Leadership Development and Compensation Committee of the Board regularly reviews our diversity and inclusion program. To enable consistent messaging and approach for how we address harassment and discrimination, we intentionally align our harassment prevention program (described in "How We Think About Sustainability," page 10) with our diversity and inclusion program. The Xylem Code of Conduct supports diversity and inclusion and the prevention of discriminatory practices by directly addressing these issues and provides guidance for our employees on how to behave as industry leaders and ethical corporate citizens. We also expect suppliers to employ diversity and inclusive practices, as outlined in our Supplier Code of Conduct. This Code of Conduct mandates that suppliers consider diversity and inclusion in their selection decisions for their own suppliers and subcontractors.

Management Approach for Product Safety

Our Board has oversight of product safety and reviews the structure of our product safety governance with management. Xylem's Product Safety Review Board reviews all product safety-related incidents at a corporate level to track their management and share best practices within our company.

The Xylem Product Safety Management System consists of:

- Product Safety Review Boards at product line, business unit and corporate level.
- A reference product safety manual describing the system, roles and responsibilities and annual training.

At Xylem, we conduct safety risk assessments on new products and changed products where the design revisions have a potential impact on safety. Product safety is considered for the entire life cycle of the products including installation, operations, maintenance and end of life.

Our approach integrates:

- A proactive process: Product safety risk is evaluated and documented for each new product during development. Unacceptable risks must be mitigated by design before being released for sale.
- A reactive process: All product safety-related incidents are analyzed by a local product safety coordinator and escalated to the appropriate Product Safety Review Board, depending on its gravity, for the mitigation plan.

Product safety dashboards are deployed across all business units and are reviewed quarterly by the Product Safety Steering Committee. Our SVP, Chief Innovation, Technology and Product Management Officer is responsible for the program.

Management Approach for Collaborative Water Leadership

Oversight for strategic partnerships falls under several functional areas led by Xylem President & CEO, our SVP, Chief Strategy and Digital Officer, and our SVP, Chief Innovation, Technology and Product Management Officer. Our Board of Directors is responsible for oversight of our company strategy and for assessing the effectiveness of the company's partnership strategy and execution. Academic and research partnerships are managed through the Advanced Technology & Innovation team,

which regularly assesses new collaborative research opportunities relating to water.

Social impact partnerships are managed by Xylem's Watermark team. This team selects global partners, seeking those that are aligned for scalable and strategic sustainable impact.

Management Approach for Secure Connected Technology and Product Quality

Xylem is a technology company with a commitment to innovation and to addressing the security needs for all of our solutions through continuous improvement. Our cybersecurity efforts are formulated to support sustainable, predictable, and trustworthy operation of water systems technology. Along with a risk-based security design and implementation approach, our engineering, development and cybersecurity teams remain focused on the identification and appropriate management of security vulnerabilities. Our practices include:

- Implementation of Security by Design principles as a standardized element of the product development lifecycle.
- Active participation in the Water Information Sharing and Analysis Center (www.waterisac.org), the international security network created by and for the water and wastewater sector.
- Collaboration with the International Society of Automation Global Cybersecurity Alliance (ISA GCA), a collection of industrial cybersecurity leaders including operators, automation providers, integrators, and government agencies.

- A comprehensive cybersecurity program and team, which follow the ISA/IEC 62443, ISO/IEC 27001 Information Security Management, and NIST Cyber Security Framework standards.

Xylem's data security is overseen by our VP, Chief Information Security Officer, and in turn, our SVP, Chief Information Officer. Please visit www.xylem.com/security for our most up-to-date information related to cybersecurity.

Our SVP, Chief Innovation, Technology and Product Management Officer oversees Xylem's innovation strategy. The Board of Directors provides oversight related to innovation and technology, including reviewing the Company's:

- Technology and innovation priorities in the context of overall corporate strategy and progress against these priorities.
- Annual technology and innovation plans and investments in R&D and progress against those plans.
- Key programs, processes and structures related to technology and innovation and approach to disruption and commercialization.
- Approach to management and development of technical talent.
- Approach to product safety.



SASB

Company-Specific (Non-GRI) Disclosures		
Strategic Partnerships		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 107 .
SASB IF WU	440a.3 Discussion of strategies to manage risks associated with the quality and availability of water	See Community Impact, page 69 .
Climate Change		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 104 .
SASB IF WU	450a.4 Description of efforts to identify and manage risks and opportunities related to the impact of climate change	See Operations, page 23 .
Business Transformation		
GRI 3: Material Topics 2021	3-3 Management of material topics	The SVP, Chief Financial Officer, the SVP, Chief Sustainability and People Officer, and the SVP, Chief Supply Chain Officer are responsible for overseeing activities related to Business Transformation. The successful implementation and execution of our restructuring and realignment actions are critical to achieving our expected cost savings as well as effectively competing in the marketplace and positioning us for future growth.
Connected Products (e.g., Data Security, Privacy and Intellectual Property Protection)		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 108 .
SASB IF WU	TC0401 15 number of patent litigation cases, number successful, and number as patent holder	See Innovation, page 47 .
n/a	Number of patents and/or trademarks filed/pending/awarded/rejected	See Innovation, page 47 .

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Innovation and Digitization		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Innovation, page 108 .
SASB IF WU	420a.2 Customer water savings from efficiency measures, by market	See Innovation, page 47 .

Additional SASB Metrics

SASB Index Industrial Machinery & Goods-Accounting Metrics

Topic	SASB Code	Accounting Metric	Category	Unit of Measure	2022 Response
Energy Management	RT-IG-130a.1	(1) Total energy consumption (2) Percentage grid electricity (3) Percentage renewable energy	Quantitative	Gigajoules (GJ) Percentage (%)	(1) 1,305,109 (2) 45% (3) 41%
Employee Health & Safety	RT-IG-320a.1	(1) Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate	Quantitative	Rate	(1) 0.64 (2) 0.00 (3) 4.28
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and analysis	n/a	2022 Sustainability Report, page 39 Please see our Conflict Mineral Policy Statement located on our Sustainability website.

World Economic Forum Sustainable Value Creation Core Metrics and Disclosures

	Theme	Governance: Core Metrics and Disclosures	Sources
Principles of Governance	Governing purpose	<p>Setting purpose</p> <p>The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.</p>	GRI 2-12
	Quality of governing body	<p>Governance body composition</p> <p>Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.</p>	GRI 2-9 GRI 405-1a 2023 Proxy Statement
	Stakeholder engagement	<p>Material issues impacting stakeholders</p> <p>A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	GRI 2-12 GRI 2-29 GRI 3-2
	Ethical behavior	<p>Anti-corruption</p> <ol style="list-style-type: none"> Total percentage of employees who have received training on the organization's anti-corruption policies and procedures Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. 	GRI 205-2 GRI 205-3 Code of Conduct
		<p>Protected ethics advice and reporting mechanisms</p> <p>A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> Seeking advice about ethical and lawful behaviour and organizational integrity; and Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity. 	GRI 2-26 Code of Conduct
	Risk and opportunity	<p>Integrating risk and opportunity into business process</p> <p>Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	N/A

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	Theme	Planet: Core Metrics and Disclosures	Sources
Planet	Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	GRI 305:1-3
		TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	GRI 305-3 TCFD Report
	Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.	GRI 303-5
	Theme	People: Core Metrics and Disclosures	Sources
People	Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	GRI 405-1b
		Wage level (%) Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	GRI 202-1 2022 Xylem 10K, 2023 Proxy Statement, p. 63
		Risks for incidents of child, forced or compulsory labor	GRI 408-1b GRI 409-1 Efforts to Combat Modern Slavery
	Health and well being	Health & safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.	GRI 403-9a&b GRI 403-6a
	Skills for the future	Training provided (#) Average hours of training per person that the organization’s employees have undertaken during the reporting period (total number of hours of training provided to employees divided by the number of employees).	GRI 404-1

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	Theme	Prosperity: Core Metrics and Disclosures	Sources
Prosperity	Employment and wealth generation	Absolute number and rate of employment 1. Total number and rate of new employee hires during the reporting period. 2. Total number and rate of employee turnover during the reporting period.	GRI 401-1A&B
		Economic contribution Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: <ul style="list-style-type: none"> • Revenues • Operating costs 	U.S. GAAP 2022 Xylem 10-K, p. 44
		Financial investment contribution 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	2022 Xylem 10-K, pp. 42, 54
	Innovation of better products and services	Total R&D expenses (\$) Total costs related to research and development.	2022 Xylem 10K, p.47

United Nations Global Compact Principles

Principle	Links to Supporting Documentation in Report
Human rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Modern Slavery Statement Human Rights Policy Code of Conduct Supplier Code of Conduct
Principle 2: Make sure that they are not complicit in human rights abuses.	Modern Slavery Statement Human Rights Policy Code of Conduct Supplier Code of Conduct
Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	GRI 2: General Disclosures 2021: 2-30 Collective Bargaining Agreements
Principle 4: The elimination of all forms of forced and compulsory labor;	Modern Slavery Statement Human Rights Policy Code of Conduct Supplier Code of Conduct
Principle 5: The effective abolition of child labor; and	Modern Slavery Statement Human Rights Policy
Principle 6: The elimination of discrimination in respect to employment and occupation.	DEI and Talent Code of Conduct
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Management Approaches
Principle 8: Undertake initiatives to promote greater environmental responsibility; and	Sustainability at Xylem Product Sustainability Innovation Partnership and Sustainability Climate Action Plan
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Sustainability at Xylem Product Sustainability Innovation Partnership and Sustainability
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Ethics and Compliance Code of Conduct Supplier Code of Conduct

Assurance



LRQA Independent Assurance Statement

Relating to Xylem, Inc. GHG Emissions, Energy, Waste and Water Inventories and Injury and Illness Metrics for Calendar Year 2022

This Assurance Statement has been prepared for Xylem, Inc. in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Xylem, Inc. (Xylem) to provide independent assurance on its greenhouse gas (GHG) Emissions, Energy Use Inventories, Water Withdrawn Inventories, Waste Inventories and Injury and Illness metrics ("the Report") for the Calendar Year 2022 against the assurance criteria below to a limited level of assurance using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas data. LRQA's verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Xylem's operations and activities globally and specifically the following requirements:

- Verifying conformance with:
 - Xylem Environmental and Safety Metrics Reporting Requirements 1/14/2022 version 7
 - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD Protocol) for the GHG data¹
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
 - Direct (Scope 1), Energy Indirect (Scope 2) and Other Indirect (Scope 3) GHG emissions;
 - Scope 3 GHG emissions verified by LRQA include the following: purchased goods and services, waste generated and business travel emissions;
 - Water Withdrawn inventory includes surface water, groundwater and third-party water
 - Waste Generated inventory includes hazardous and non-hazardous waste
 - Injury and Illness metrics of Total Recordable Rate, Days Away from Work Rate and Severity Rate

LRQA's responsibility is only to Xylem. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Xylem's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of Xylem.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Xylem has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance² and at the materiality of the professional judgement of the verifier.

¹ <http://www.ghgprotocol.org/>

² The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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Table 1. Summary of Xylem Key Data for Calendar Year 2022:

Scope of GHG emissions	Tonnes CO ₂ e
Scope 1 GHG emissions	41,826
Scope 2 GHG emissions (Location-based)	43,268
Scope 2 GHG emissions (Market-based)	10,132
Scope 3 (purchased goods and services)	2,140,679
Scope 3 (waste generated)	10,958
Scope 3 (business travel)	6,349
Scope of Energy Use	Megawatt hours
Total Energy Use (direct and indirect)	362,531
Scope of Water Withdrawn Inventory	Mega Litres
Global Water Use (surface water, ground water and third party provided water)	325.3
Scope of Waste Generated Inventory	Tonnes
Global Waste Generated (hazardous and non-hazardous)	35,702
Scope of Injury and Illness Metrics	Per 200,000 work hours (100 employees)
Injury or Illness Rate	0.64
Days Away from Work Rate	0.34
Severity Rate	17.3

Note 1: Scope 2, Location-based and Scope 2, Market-based are defined in the GHG Protocol Scope 2 Guidance, 2015

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Reviewed an overview of the processes used at the corporate level for the management of data and information related to the Scope 1, Scope 2, and Scope 3 GHG emissions; water withdrawn; waste generated; and injury and illness rates;
- Interviewed relevant staff responsible for managing and maintaining data and information and for preparing the Report at the corporate level;
- Reviewed Xylem's procedure for defining and collecting Scope 1, Scope 2, Scope 3 GHG emissions, water withdrawn, waste generated data and injury and illness data;
- Verified the Scope 1, Scope 2 and Scope 3 GHG emissions, water withdrawn, waste generated and injury and illness data for CY 2022 through a review of aggregated level data and information calculation spreadsheets provided by Xylem; and
- Verified the Scope 2 renewable energy credits (RECs) and renewable energy use through review of the REC certificates invoices for renewable energy and verification of the emission calculations.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the

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International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: April 19, 2023

A handwritten signature in blue ink, appearing to read 'Andrea Bockrath', is written over a light blue rectangular background.

Andrea M. Bockrath
LRQA Lead Verifier
On behalf of LRQA Inc.
2102 CityWest Blvd.,
Houston, Texas 88077

LRQA reference: UQA00000935

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