



2018 SUSTAINABILITY REPORT

A close-up photograph of two hands cupped together, catching a stream of water falling from above. The water is clear and creates a splash at the bottom of the hands. The background is a blurred green, suggesting an outdoor setting. The text "Creating a Water-Secure World" is overlaid on the right side of the image in a white, bold, sans-serif font.

Creating a Water-Secure World

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About This Report

We are pleased to present Xylem's eighth annual Sustainability Report, which describes our efforts in calendar year 2018 to solve global water challenges and create a water-secure world. The Sustainability Approach section of this report explains the connection between current and emerging issues of affordability, scarcity and resilience, and Xylem's pivotal role in addressing these issues. We outline recent progress toward goals set in 2014 and introduce a new set of goals to achieve by 2025, including Signature Goals designed to tackle some of the world's most pressing water issues.

We have also produced a set of General Disclosures that contain relevant data and information to meet requirements of the Global Reporting Initiative (GRI) Standards: Core Option. This report is available at <https://www.xylem.com/en-us/sustainability/> in a downloadable PDF format.



Patrick K. Decker
President and Chief Executive Officer
Xylem Inc.

“Water connects everyone. Whether you are a scientist or an artist, it will connect you. Whether you are rich or poor, old or young. Wherever you live, however you live, you care about water.”

“

We at Xylem have never been more optimistic about the future of water. Bold digital technologies harnessing data and analytics are driving step change.

~PATRICK DECKER

These compelling words are from leading water innovator, Luis Montestruque, who joined Xylem in 2018, and they reflect why our company is so passionate about helping the world solve its water challenges.

Water is critical to life and to creating a more sustainable planet. As a leading global water technology company, we believe we have a special responsibility, and opportunity, to help solve intensifying water challenges around the world.

Due to severe weather patterns from climate change, urbanization, pollution and other factors, global water threats like affordability, scarcity and resilience are escalating like never before, putting millions of lives at risk and holding back social and economic progress:

- Three out of 10 people on the planet do not have access to safe drinking water.¹
- Six out of 10 people do not have access to safely managed sanitation services.²
- Over the past 50 years, economic losses related to extreme hydro-meteorological events, such as floods, droughts and storms, have increased by nearly 50 times.³

Yet despite these urgent challenges, we at Xylem have never been more optimistic about the future of water. Bold digital technologies harnessing data and analytics are driving step change in water management, enabling utilities and other water operators to deliver dramatic water and energy efficiencies, while improving impact on local ecosystems and saving water systems – and the communities they serve – billions of dollars.

¹<https://www.who.int/news-room/detail/12-07-2017-2-1-billion-people-lack-safe-drinking-water-at-home-more-than-twice-as-many-lack-safe-sanitation>

²<https://www.who.int/news-room/detail/12-07-2017-2-1-billion-people-lack-safe-drinking-water-at-home-more-than-twice-as-many-lack-safe-sanitation>

³http://www.wmo.int/pages/prog/drr/projects/Thematic/MHEWS/MHEWS_en.html



Let's create a more water-secure, sustainable and equitable world.

~PATRICK DECKER

Luis and the company he created exemplify the historic transformation underway in the water sector and what it means for building a more sustainable earth. As a graduate student at Notre Dame, he teamed with his university mentors to apply sensing technologies originally designed for military use to solve environmental problems. Later, he formed a startup called EmNet and went on to revolutionize the way cities manage stormwater, leveraging the power of artificial intelligence to prevent billions of gallons of polluted water from entering local waterways, while creating cost-savings for municipalities and taxpayers. Learn how EmNet solutions worked for South Bend, IN, [here](#).

Through our leading-edge solutions and across our organization, Xylem is strongly focused on our commitment to sustainability and to the United Nations Sustainable Development Goals, a framework of global commitments to create a fairer and more sustainable world by 2030.

To advance SDG 6 – “ensure availability and sustainable management of water and sanitation for all”⁴ – we are providing technologies and solutions that help solve water issues for millions of people living in extreme poverty. We also create social value through our humanitarian efforts, by delivering clean water drinking systems, disaster response and WASH education to communities facing severe water challenges.

In addition, Xylem has a focused strategy to help combat the effects of climate change. We develop mitigation and adaptation solutions that are helping improve the efficiency of the water sector and increasing resilience to the water-related challenges associated with climate change. We have also set ambitious operational targets for our own organization related to climate change.

⁴<https://sustainabledevelopment.un.org/sdg6>

This report spotlights our efforts to advance sustainability in 2018 and introduces our new ambitious slate of 2025 goals and new framework to catalyze and measure our progress.

We are driving sustainability across three fronts:

First, we are **servicing our customers** by leveraging industry-leading technologies and innovation to provide commercial solutions that allow water operators to optimize the way they manage water: creating major water, energy and cost savings, which in turn are making water more affordable and accessible to people around the world and making communities more resilient.

Second, we are **building a sustainable company** by leveraging our strong financial foundation, which allows us to create both economic and social value, and by operating with integrity, promoting diversity and inclusion, minimizing our environmental footprint, and partnering with suppliers and organizations that share our values.

Third, we are **empowering communities** by delivering social impact. We do this through humanitarian efforts that include providing disaster response and clean drinking water systems to communities in need, educating and raising awareness about water challenges, and inspiring the next generation of water stewards. By tapping into the passion of our 17,000+ employee and stakeholder volunteers, we are creating social impact for communities around the globe. Learn more about our Watermark programs [here](#).

As Luis said so powerfully, “Water connects everyone.” The world now has the opportunity of a lifetime to help transform this most precious resource for everyone—and we are working with our customers, partners and communities to seize it.

Let's come together to solve water, and let's create a more water-secure, sustainable and equitable world.

A stylized, handwritten signature in blue ink, consisting of the letters 'PD' followed by a flourish.

Patrick Decker
President and Chief Executive Officer

How We Think About Sustainability at Xylem

THE CHALLENGE

Water is the source of all life, and a driver for environmental, social and economic advancement. But water is not equally available to all, and the growing climate crisis will make these problems even more acute.

3 IN 10
People
worldwide lack access to safe drinking water¹

6 IN 10
Lack
access to safely managed sanitation services¹

2.0C°
Rise
in global temperature could mean up to
\$19.2B
In additional water-related costs by 2050²

150-200
Million people
Could be displaced by desertification, sea level rise, and extreme weather by 2050³

¹<https://www.who.int/news-room/detail/12-07-2017-2-1-billion-people-lack-safe-drinking-water-at-home-more-than-twice-as-many-lack-safe-sanitation>

²<http://www.worldbank.org/en/news/feature/2011/06/06/economics-adaptation-climate-change>

³http://www.wmo.int/pages/prog/drr/projects/Thematic/MHEWS/MHEWS_en.html

OUR SOLUTION

Digital technology has revolutionized society, allowing humankind to take quantum leaps forward—including in how water is transported, treated, monitored and used by communities worldwide. As a leading global water technology provider, Xylem is creating a water-secure world while creating social and economic value in three key ways:

Serving Our Customers

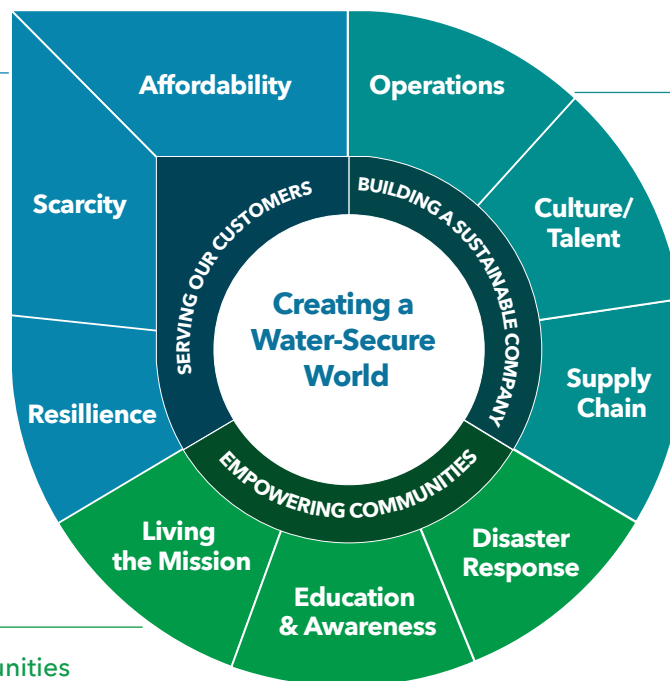
We provide innovative technologies, solutions and expertise that help our customers solve major water challenges like water affordability, scarcity and resilience.

Building a Sustainable Company

We know that in order to be a company that advances sustainability, we have to be a company with a strong foundation that executes with discipline today while also focusing on the future. We adhere to and champion responsible business practices, including promoting diversity and inclusion, and look to be a standard-setter in all that we do.

Empowering Communities

We are a company that is committed to creating both economic and social value. We strive every day to create social impact and solve water for communities in need, including those impacted by water-related disasters, recognizing that water challenges dramatically affect the quality of life and economic prospects for millions of people around the globe every day.



How We Make Progress

For the more than 17,000 Xylem employees around the world, creating a water-secure future is more than a job; it's personal. Our commitment to sustainability inspires us to lead the digital transformation of water, bring stakeholders together, inspire the next generation of water stewards—and never stop until we achieve our mission.

To guide our efforts and keep us accountable for progress, Xylem sets goals regarding the sustainability of our product offerings, our operations and the impact we make in communities.

This journey began in 2014, when we laid out a series of five-year sustainability goals with endpoints in 2019 and 2020. Five years later, we have surpassed some of these goals, including reducing our GHG emissions intensity by 18.4 percent. Xylem Watermark, the company's corporate citizenship program, also surpassed its three-year program goals in 2018. Now, we are expanding our efforts to drive innovation and change to protect the environment, people and communities around the world, and the future of our planet. Xylem Sustainability 2025 is an ambitious new slate of goals that will set the pace for our sustainability efforts and allow us to continue to be a company that leads by example.

This new set of goals falls into two categories: five Signature Goals focused on moving the needle on the world's most urgent water challenges, and additional goals to achieve by 2025 focused on helping our customers solve water affordability, scarcity and resilience issues, and helping Xylem build a sustainable company and empower communities. We describe these goals and our latest progress in the pages that follow.



2019 Goals Progress

We set the goals below in 2014 and are proud of our accomplishments over the past five years. Moving forward, these goals will be replaced by our 2025 goals, including our Signature Goals.

CUSTOMERS*

Goal

Improve product energy efficiency of specific Xylem product lines

Progress

2% increase in average product efficiency since 2017

Goal

Increase Vitality Index (percentage of sales from products launched in the past five years) to 30% by 2020 to drive product innovation and efficiency

Progress

25% of sales are from products launched in the past five years

COMPANY

Goal

Reduce Xylem water use intensity by 25% by 2019

Progress

16.6% decrease in water use intensity through 2018**

Goal

Reduce net greenhouse gas (GHG) emissions intensity by 20% by 2019

Progress

18.4% decrease in GHG intensity, net of renewable energy, through 2018**

Goal

Reduce waste to landfill intensity by 20% by 2019

Progress

21.3% decrease in waste to landfill intensity through 2018**

Goal

Reduce injury frequency rate to less than 0.5 and injury severity rate to less than 6.0 by 2019

2018 Progress

0.76 Injury Frequency **8.4 Injury Severity**
49.6 decrease since 2014

Goal

Achieve 100% environmental compliance at all manufacturing and service sites

Progress

In 2018, Xylem received two notices of environmental non-compliance, which were minor in nature.

COMMUNITIES

Goal

Increase impact of Xylem Watermark, our corporate citizenship program, through investments in nonprofit partners

Progress

16.6% increase in beneficiaries from projects conducted in conjunction with our nonprofit partners

Goal

Position Xylem as a leading advocate for sustainable water policy worldwide

Progress

Xylem provides technology and market expertise to inform policymaking on key water issues. For example, in 2018, Xylem Europe supported the refit and development of several EU water-related legislations.

Goal

Increase employee involvement in Xylem Watermark by 15% year-over-year

Progress

53,600+ EMPLOYEE VOLUNTEER HOURS, a 33% increase from 2017

*Per dollar of revenue

**From 2014 baseline

XYLEM SUSTAINABILITY 2025

Signature Goals

CUSTOMERS

Save more than

**16.5
billion**

Cubic meters of water through the use of advanced technologies

Prevent over

**7
billion**

Cubic meters of polluted water from flooding communities or entering local waterways

Provide access to clean water and sanitation solutions for at least

**20
million**

People living at the base of the global economic pyramid

COMPANY

Ensure

**100%
of our employees**

have access to clean water and safe sanitation at work, at home and during natural disasters

Use

**100%
renewable energy**

and process water recycling at our major facilities

COMMUNITIES

Give

1%

Xylem employees' time

and

1%

company profits

to water-related causes and education

XYLEM SUSTAINABILITY 2025

Full List of Goals

CUSTOMERS

Signature Goals:

- Reduce over 3.5 billion m³ of non-revenue water, equivalent to the domestic water use needs of over 55 million people annually (component of water savings Signature Goal)
- Treat 13 billion m³ of water for reuse, equivalent to the domestic water use needs of over 197 million people annually (component of water savings Signature Goal)
- Prevent over 7 billion m³ of polluted water from flooding communities or entering local waterways
- Provide access to clean water and sanitation solutions for at least 20 million people living at the base of the global economic pyramid

Other goals:

- Reduce water's CO₂ footprint by over 2.8 million metric tons, equivalent to 46 million tree seedlings growing for 10 years

COMPANY

Signature Goals:

- Ensure 100% of Xylem employees have access to clean water and safe sanitation at work, at home and during natural disasters
- Use 100% renewable energy and process water recycling at our major facilities

Other goals:

- Achieve 50% gender parity in leadership positions
- Achieve 25% U.S. minority representation in leadership positions
- Assess and monitor equitable pay practices with a goal to eliminate pay differences based on gender, race or ethnicity
- Reduce injury frequency to an incident rate of 0.5 or below
- Require preferred¹ suppliers to take the WASH Pledge
- Ensure packaging material consists of 75% reusable, recyclable or compostable content
- Achieve zero waste to landfill from processes at our major facilities
- Develop science-based target² for GHG reduction (Scope 1,2,3)
- Engage preferred¹ suppliers in sustainability initiatives through audit program and corrective action plans
- Provide all employees with rich learning and developmental opportunities to build Xylem's ability to solve water for decades to come.

¹By 2025, we estimate that Xylem will have 440 suppliers classified as preferred suppliers.

²Science based targets refers to the target Xylem will set to reduce greenhouse gas (GHG) emissions in line with the level of decarbonization required to keep global temperature increase below 1.5°C compared to pre-industrial temperatures.

COMMUNITIES

Signature Goals:

- Give 1% of our company profits to water-related causes and education (component of community giving Signature Goal)
- Provide paid time off for Xylem colleagues to volunteer 1% of their time (component of community giving Signature Goal)

Other goals:

- Deploy humanitarian aid to 200 areas affected by water-related natural disasters
- Provide 15 million people with water education to improve quality of life and raise awareness
- Engage at least 95% of Xylem employees in volunteer activities
- Engage 100,000 stakeholders in volunteer events

Aligning with UNSDGs

While Xylem's latest goals will take us through 2025, our sustainability sights are set even further into the future. We are also aligned with the UN Sustainable Development Goals (UNSDGs), a framework of global commitments to create a fairer and more sustainable world by 2030.

Xylem is deeply committed to doing our part to advance the SDGs, with a special focus on SDG 6: Clean Water and Sanitation. We are making progress on this goal through our commercial solutions, company practices and culture, and humanitarian efforts. Our data-fueled technologies and solutions have the potential to drive the step change needed to make the world's water more affordable and accessible, and make communities around the globe more resilient.

Solving water is not limited to SDG 6, however. The UNSDGs cover challenges ranging from ending hunger and poverty to acting on climate change, all of which are affected by water. As the leading global pure-play water technology company, we have a powerful opportunity to advance the water-related aspects of all of the SDGs. Learn how Xylem is making a difference toward each of the 17 UNSDGs on the pages that follow.





1. NO POVERTY: (Commercial Solutions, Watermark, Disaster Response)

1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

We will develop and launch innovative solutions that help solve water issues for millions of people living at the base of the global economic pyramid. We will provide humanitarian aid by delivering clean water drinking systems and disaster response to communities facing severe water challenges, and provide water education and awareness to improve quality of life.

By solving water at the base of the global economic pyramid, we will help people climb out of poverty by raising their standard of living.



2. ZERO HUNGER: (Commercial Solutions, Watermark, Disaster Response)

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

We will help more utilities and businesses leverage water reuse solutions that help communities build resilience, facilitating water continuity in the face of severe weather patterns from climate change. We will provide humanitarian aid by delivering clean water drinking systems and disaster response to communities facing severe water challenges.

Agriculture accounts for, on average, 70% of all water withdrawals globally. We are leveraging our relationship with academia to enhance drip irrigation systems for water efficiency. We help treat billions of gallons of water for reuse in agriculture to alleviate water demand for food production.



3. GOOD HEALTH AND WELL BEING: (Commercial Solutions)

3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution, and contamination

We will help communities reduce water contamination that threatens human health by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways. Through our broad portfolio of testing and treatment solutions, we will help local water operators make water safer for all those they serve.

Through Watermark, we bring clean water to those most in need at the base of the global economic pyramid helping to alleviate the threat of water borne diseases that disproportionately affect children.



4. QUALITY EDUCATION: (Watermark)

4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development

We will provide millions of people living at the base of the global economic pyramid with water hygiene education to improve quality of life. We will raise awareness of water challenges with audiences around the world, with a focus on inspiring and mobilizing the next generation of water stewards.

We educate the base of the global economic pyramid through WASH education programs. We educate global stakeholders about the value of water, and raise awareness of water issues around the world through unique partnerships that engage and inspire audiences.



5. GENDER EQUALITY: (2025 Xylem Goals and other goals)

5.5.2 Proportion of women in managerial positions

We will achieve gender parity in leadership positions within our organization and assess and monitor equitable pay processes with a goal to eliminate pay differences based on gender, race or ethnicity.

Our work to solve water at the base of the global economic pyramid will also help advance gender parity by mitigating the need for women and mostly girls to engage in time consuming and often dangerous daily water gathering activities or walks for water.



6. CLEAN WATER AND SANITATION: (2015 Xylem Signature Goals and other goals)

6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all

We will develop and launch innovative solutions that help solve water issues for millions of people living at the base of the global economic pyramid. We will provide humanitarian aid by delivering clean water drinking systems and disaster response to communities facing severe water challenges.

6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

We will develop and launch innovative solutions that help solve water issues for millions of people living at the base of the global economic pyramid. We will provide humanitarian aid by delivering water systems and disaster response to communities facing severe water challenges.

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

We will help communities reduce water contamination that threatens human health by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways. Through our broad portfolio of testing and treatment solutions, we will help local water operators make water safer for all those they serve. We will help more utilities and businesses leverage water reuse solutions that help build resilience, facilitating water continuity in the face of severe weather patterns from climate change.

Use of our treatment technologies often allows our customers to return water at a level that is typically higher quality than that of the receiving water way.

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

We will leverage digital technologies to help reduce water losses from broken infrastructure, faulty meters or unauthorized use (non-revenue water), making water more accessible and affordable for all.

We will help utilities and businesses leverage water reuse solutions that help communities build resilience, facilitating water continuity in the face of severe weather patterns from climate change.

6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate

We will foster the adoption of integrated digital solutions by utilities that advance holistic watershed management and create water, energy and cost efficiencies, benefitting the public good and making communities more resilient and sustainable.

6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

We will help communities reduce water contamination that threatens human health by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways. Through our broad portfolio of testing and treatment solutions, we will help local water operators make water safer for all those they serve. Use of our treatment technologies often allows our customers to return water at a level that is typically higher quality than that of the receiving water way.

6.A By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programs, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies

We will help convene a global conversation among water stakeholders and advance technologies and practices that foster creative collaboration to solve water.

6. B Support and strengthen the participation of local communities in improving water and sanitation management

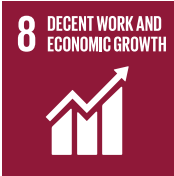
We will improve the lives of millions of people through innovative drinking water and wastewater and stormwater solutions that enable utilities to deliver major water, energy and cost efficiencies, advancing the health and safety of their communities and broader watersheds.



7. AFFORDABLE AND CLEAN ENERGY: (2025 Xylem Goal)

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

We will use 100% renewable energy at our major facilities by exploring existing and new clean energy alternatives.



8. DECENT WORK AND ECONOMIC GROWTH: (2025 Xylem Goals)

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

We will achieve gender parity in leadership positions within our organization and assess and monitor equitable pay processes with a goal to eliminate pay differences based on gender, race or ethnicity. We will support vendors who share our values by establishing a supplier diversity program and increasing participation of diverse suppliers. We will work to advance diversity and inclusion across our organization.



9. INDUSTRY, INNOVATION AND INFRASTRUCTURE: (2025 Xylem Signature Goals)

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

We will develop and launch innovative solutions that create major water, energy and cost efficiencies, helping utilities solve water challenges for millions of people living at the base of the global economic pyramid. We will drive awareness of water innovation and its powerful opportunities within the water sector and across the business and public domains.

We will leverage leading edge technologies to increase the resilience of water infrastructure to help mitigate the impact of severe weather patterns due to climate change, including floods and droughts.



10. REDUCED INEQUALITIES: (2025 Xylem Goals, Diversity and Inclusion)

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

We will achieve gender parity in leadership positions within our organization and assess and monitor equitable pay processes with a goal to eliminate pay differences based on gender, race or ethnicity. We will support vendors who share our values by establishing a supplier diversity program and increasing participation of diverse suppliers. We will work to advance diversity and inclusion across our organization.

We will develop innovative water solutions to serve the base of the global economic pyramid to ensure water availability for all.



11. SUSTAINABLE CITIES AND COMMUNITIES: (2025 Xylem Signature Goals)

11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

We will work to improve the safety and quality of life of millions of people living in economically challenged communities around the world through our commercial solutions and humanitarian efforts to enhance access to clean drinking water, improve wastewater management and make water systems more resilient to severe weather from climate change.

11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

We will work to improve the safety and quality of life of millions of people around the world impacted by water-related catastrophes through our commercial solutions and humanitarian efforts to provide disaster response to enhance access to clean drinking water, improve wastewater management and make water systems more resilient to severe weather from climate change.

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

We will help communities reduce water contamination that threatens human health by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways. Through our broad portfolio of testing and treatment solutions, we will help local water operators improve waste management and make water safer for all those they serve.

We have committed to lowering our own waste footprint by requiring our major facilities to achieve zero waste to landfill for process waste.

11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels

We will work to improve the safety and quality of life of millions of people around the world impacted by water-related catastrophes through our commercial solutions and humanitarian efforts to provide disaster response to enhance access to clean drinking water, improve wastewater management and make water systems more resilient to severe weather from climate change. We will enable utilities and businesses to leverage water reuse solutions that help communities build resilience, facilitating water continuity in the face of severe weather patterns from climate change.

We run proactive disaster response initiatives to help communities prepare for climate related events.



12. RESPONSIBLE CONSUMPTION AND PRODUCTION: (2025 Xylem Goals)

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

Through our commercial testing and treatment solutions and our technologies designed to reduce water wastage, we will help local water operators optimize water management and accessibility, and make water safer for all those they serve. We will enable utilities and businesses to leverage water reuse solutions that help communities build resilience, facilitating water continuity in the face of severe weather patterns from climate change.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

We will achieve zero waste to landfill at our major facilities.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

We will lead by example, including advancing diversity and inclusion, sustainability and transparency across our organization. We will hold our partners to the same standards. We will provide water and smart infrastructure solutions that deliver water, energy and cost efficiencies that enable utilities and other water managers to advance their commitments to sustainability. We also partner with stakeholders to create social value.



13. CLIMATE ACTION: (2025 Xylem Signature Goals)

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

We will help more utilities and businesses leverage technologies to build resilience, including water reuse solutions that help ensure water continuity in the face of scarcity from climate change and storm and wastewater solutions that help reduce sewer overflows during extreme weather. We will provide humanitarian aid by delivering clean water drinking systems and disaster response to communities facing severe water challenges.

We leverage leading edge technologies to increase the resilience of water infrastructure to help mitigate the impact of severe weather patterns due to climate change by helping communities prepare, respond and react.

13.2 Integrate climate change measures into national policies, strategies and planning

We will advance the conversation about water innovation and its powerful opportunities within the water sector and across the business and public domains. We will lead by example and practice responsible business practices, including advancing diversity and inclusion, sustainability and transparency across our organization, and we hold our partners to the same standards.



14. LIFE BELOW WATER: (2025 Xylem Goals)

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

Through our broad portfolio of testing and treatment solutions, we will help local water operators make water safer for all those they serve. We will help communities reduce water contamination that threatens human health by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways.

In addition, our products are used to treat wastewater before it is returned to receiving bodies of water and our analytics products are used to help measure the health of the world's rivers, lakes and oceans.



15. LIFE ON LAND: (2025 Xylem Goals)

15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

Through our broad portfolio of testing and treatment solutions, we will help local water operators protect their local ecosystems and make water safer for all those they serve. We will help communities reduce water contamination that threatens human health by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways.



16. PEACE, JUSTICE AND STRONG INSTITUTIONS: (Ethics and Compliance)

16.5 Substantially reduce corruption and bribery in all their forms

We will lead by example, including advancing diversity and inclusion, sustainability and transparency across our organization. We will hold our partners and suppliers to the same standards through the use of our Codes of Conduct.

16.6 Develop effective, accountable and transparent institutions at all levels

We will lead by example, including advancing diversity and inclusion, sustainability and transparency across our organization. We will hold our partners and suppliers to the same standards.

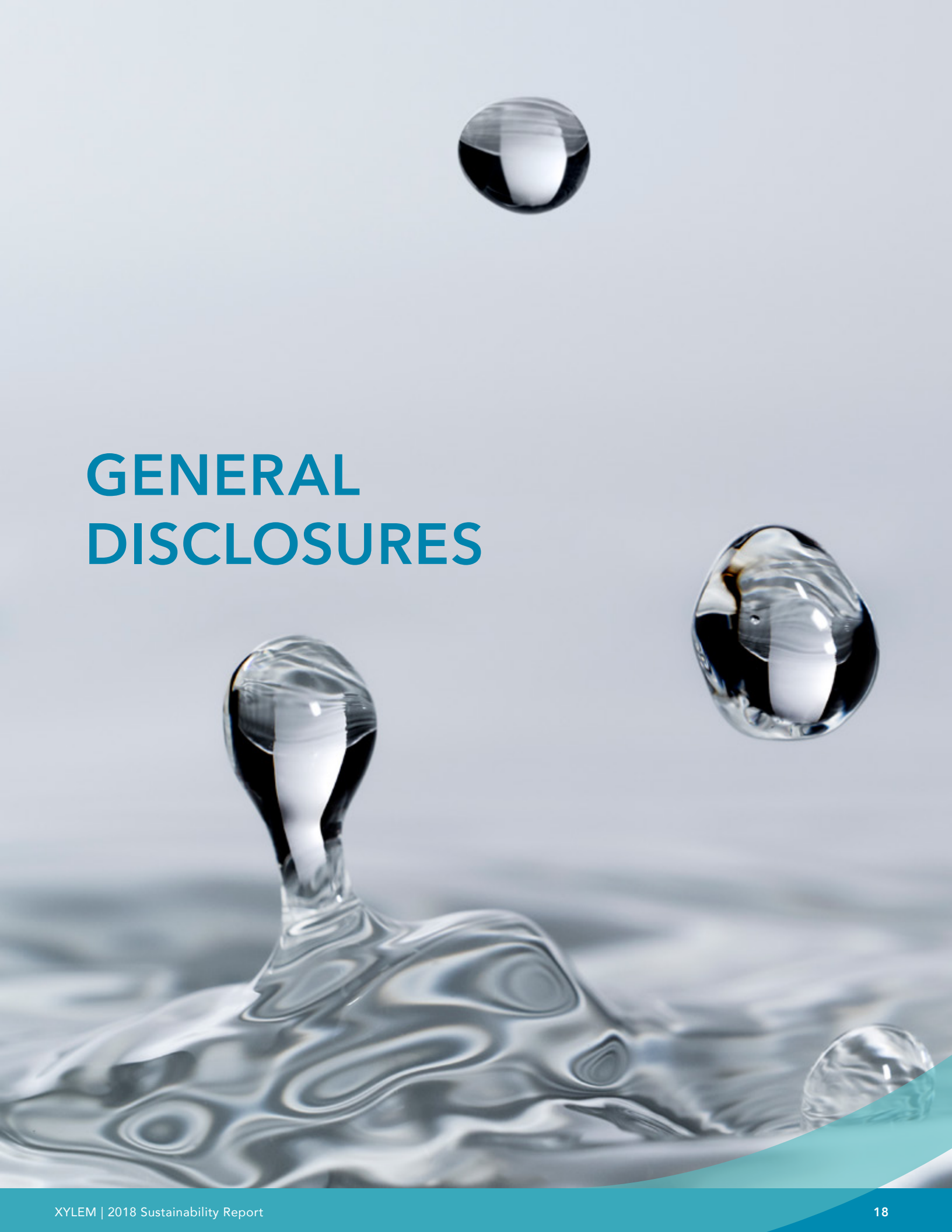


17. PARTNERSHIPS FOR THE GOALS: (Watermark, 2025 Xylem Signature Goals)

17.7 Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed

We will develop and launch innovative solutions that help solve water issues for millions of people living in extreme poverty. We will provide humanitarian aid by delivering clean water drinking systems and disaster response to communities facing severe water challenges, and provide water education and awareness to improve quality of life.

To help advance our commitment to solving water, we leverage creative partnerships spanning academia, nonprofit, business sectors and, we harness the power of professional sports to engage global audiences, with a focus on inspiring the next generation of water stewards.

A high-speed photograph of water droplets in various stages of motion. At the top center, a single, perfectly spherical droplet is suspended. To its right, another droplet is shown in a more elongated, teardrop shape. In the lower-left foreground, a large, dynamic splash of water is captured, with a prominent, elongated droplet rising from the center. The background is a soft, out-of-focus light blue. The overall composition is clean and minimalist, emphasizing the fluidity and clarity of water.

GENERAL DISCLOSURES

Organizational Profile

GRI 102-1

NAME OF ORGANIZATION

Xylem Inc.

GRI 102-2

ACTIVITIES, BRANDS, PRODUCTS AND SERVICES

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 electric and gas. 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.

Segment	Application	Products	Primary Brands
Water Infrastructure	<ul style="list-style-type: none"> • Transport • Treatment 	<ul style="list-style-type: none"> • Water and wastewater pumps • Filtration, disinfection and biological treatment equipment • Mobile dewatering equipment 	<ul style="list-style-type: none"> • Flygt • Godwin • Leopold • Sanitaire • Wedeco
Applied Water	<ul style="list-style-type: none"> • Industrial Water • Commercial Building Services • Residential Building Services 	<ul style="list-style-type: none"> • Pumps • Valves • Heat exchangers • Controls • Dispensing equipment systems 	<ul style="list-style-type: none"> • A-C Fire Pump • Bell & Gossett • Flojet • Goulds Water Technology • Jabsco • Lowara • Standard
Measurement & Control Solutions	<ul style="list-style-type: none"> • Water • Test • Gas • Electric • Software as a Service/Other • Meters (water, electric, gas) 	<ul style="list-style-type: none"> • Smart meters • Networked communication devices • Data analytics • Test equipment • Controls • Sensor devices • Software & managed services • Critical infrastructure services 	<ul style="list-style-type: none"> • EmNet • HYPACK • Pure Technologies • Sensus • Smith Blair • Valor Water Analytics • Visenti • WTW • YSI

GRI 102-3

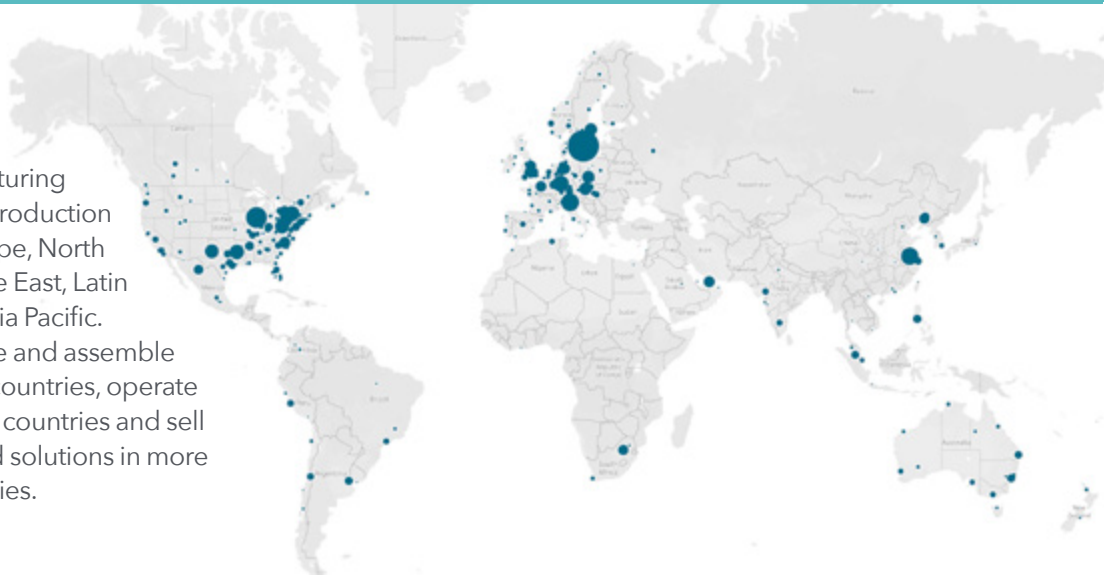
LOCATION OF HEADQUARTERS

1 International Drive
Rye Brook, NY 10573, USA

GRI 102-4

LOCATION OF OPERATIONS

Xylem has a global manufacturing footprint, with production facilities in Europe, North America, Middle East, Latin America and Asia Pacific. We manufacture and assemble products in 22 countries, operate in more than 50 countries and sell our services and solutions in more than 150 countries.



GRI 102-5

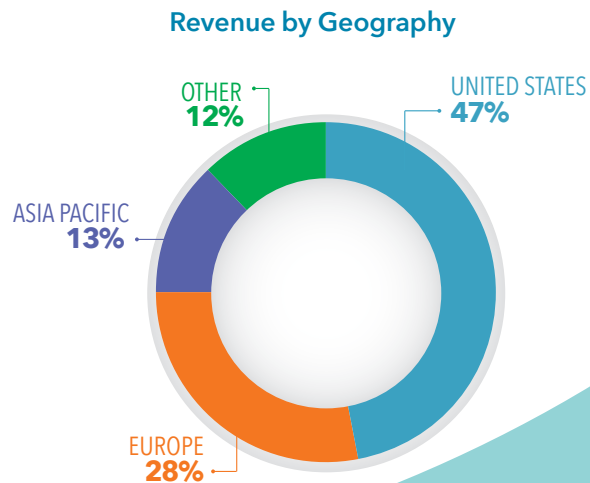
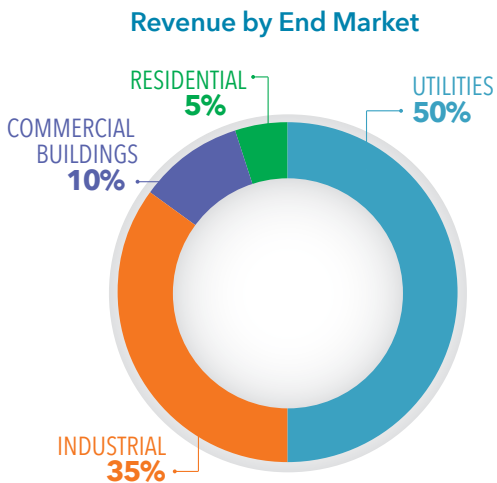
OWNERSHIP AND LEGAL FORM



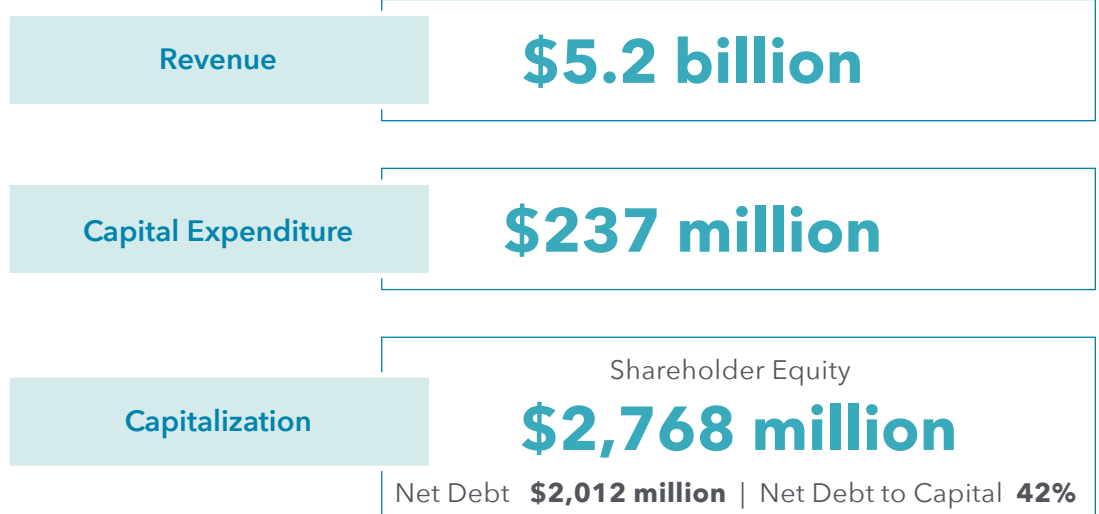
Publicly traded company listed on the New York Stock Exchange

GRI 102-6

MARKETS SERVED



SCALE OF THE ORGANIZATION



INFORMATION ON EMPLOYEES AND OTHER WORKERS



WORKFORCE PROFILE

~17,000 employees

350+ global locations

16% U.S. employees
represented by unions

24% women
as a percentage of total workforce

24% top management
positions held by women

32% global representation
by unions, collective bargaining agreements or works councils



EMPLOYEES BY REGION

40% Americas

15% Asia, Middle East and Africa

45% Europe

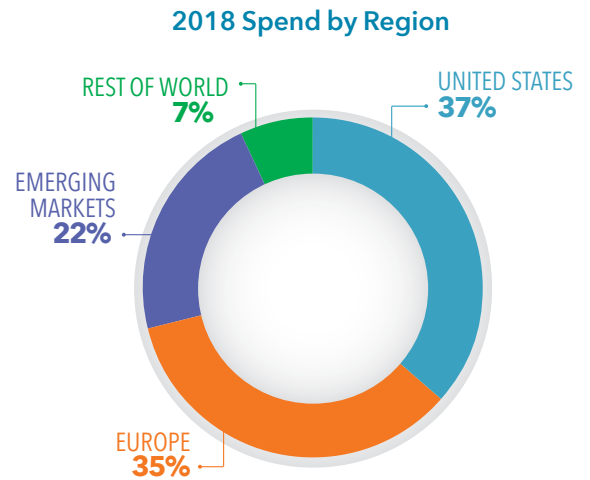
GRI 102-9

SUPPLY CHAIN

The major categories for which we depend on suppliers are motors, castings, fabrications, electronics, polymerics and machining. These products are composed of plastics and metals such as nickel, copper and aluminum, and we take care to ensure that these materials come from reputable sources.

11,200
suppliers
worldwide

\$2.8
billion
supply spend



GRI 102-10

SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN

In December 2017, Xylem acquired EmNet. In 2018, Xylem acquired Pure Technologies and Valor Water Analytics.

GRI 102-11

PRECAUTIONARY PRINCIPLE OR APPROACH

We believe that we have a responsibility to help mitigate the effects of climate change, which is why we adhere to the precautionary principle. This means that even in the absence of scientific consensus, we will aim to avoid actions or policies that we believe could cause harm to the health of people or the planet.

EXTERNAL INITIATIVES

Xylem voluntarily subscribes to or endorses the following economic, environmental and social charters, principles or initiatives:

- United Nations Global Compact
- American Business Act on Climate Pledge
- CDP (formerly Carbon Disclosure Project): Climate Change/Water
- United Nations CEO Water Mandate
- Human Rights Campaign Foundation's Global Business Coalition
- World Business Council for Sustainable Development WASH at the Workplace
- United Nations Care for Climate
- United Nations Women's Empowerment Principles
- We Are Still In Declaration

MEMBERSHIP OF ASSOCIATIONS

Xylem holds positions in, participates with or provides funding beyond routine membership dues to the following industry associations and advocacy organizations:

Industry	Water Advocacy and NGOs	Social/Governance/Ethics	Research and Academic
<ul style="list-style-type: none"> • American Chamber of Commerce (Australia) • Bipartisan Policy Center Executive Council on Infrastructure • British Pump Manufacturers Association • Europump • Hydraulic Institute • International Water Association • MAPI Environment, Health & Safety Council • National Association for Environmental Management • Smart Cities Council • Stockholm International Water Institute • U.S. Water Alliance • U.S. Water Partnership • Value of Water Coalition • Water Environment Federation • Water Systems Council • MAPI Purchasing Council • International Society of Sustainability Professionals • Water Reuse Association 	<ul style="list-style-type: none"> • Ceres • China Women's Development Foundation • EarthEcho International • Fundación Avina • Mercy Corps • Planet Water Foundation • U.S. Chamber of Commerce Foundation Corporate Citizenship Center • Water for People 	<ul style="list-style-type: none"> • National Association of Corporate Directors • Society of Corporate Compliance and Ethics • Society of Corporate Secretaries & Governance Professionals • Business Roundtable, Corporate Governance Committee • HRC Foundation 	<ul style="list-style-type: none"> • IVL Swedish Environmental Research Institute • Masdar Institute of Science and Technology • Massachusetts Institute of Technology • Singapore Public Utilities Board • Stanford University • University of Michigan • Sinclair University • Marquette University • Arizona State University • University of Quebec • Queens University • University of British Columbia • Imagine H₂O Incubator • Westly Group

Strategy

GRI 102-15

KEY IMPACTS, RISKS AND OPPORTUNITIES

Climate change will exacerbate the water challenges that lie at the heart of Xylem's work. In response, we are developing mitigation and adaptation solutions that will improve the efficiency of the water sector and increase resilience to the water-related challenges associated with climate change. We have also set ambitious operational targets for ourselves related to climate change.

Xylem understands that climate change risk is both a pure risk (potential for loss) as well as a speculative risk (opportunity for gain). As a water technology business, many of the world's climate-related strategies provide opportunities to our business.

In our **10-K** for the year ended December 31, 2018, we highlight physical risks, such as sensitivity to flooding, drought conditions and unpredictable fluctuations to warmer and cooler temperatures that can all drive volatility in portions of our business. We also highlight transition risks, such as the adoption of new environmental laws and regulations and inability to capitalize on innovative or disruptive technologies.



Xylem's risks, including climate- and water-related risks, are managed through a comprehensive Enterprise Risk Management (ERM) Program with a five-part framework: Risk Appetite & Strategy, Governance & Organization, Policies & Procedures, Risk Management Process, and Monitoring & Reporting. The program establishes practical and sustainable policies, procedures and processes that help the company monitor, govern, prioritize and manage risk effectively. Risks are considered more than six years into the future and monitored quarterly. The ERM Program informs Xylem's long-term sustainable business strategy and our climate- and water-related opportunities.

The effects of climate change present serious water challenges for our planet, and Xylem is well-positioned to provide climate adaptation solutions that address global water needs. Increases in the number and severity of natural disasters will drive global demand for products and services needed during flood and drought response. Products such as our Godwin dewatering pumps help remove and/or redirect flood water. Our Goulds Water Technology and Lowara brands provide efficient pumps that help our customers weather drought conditions. Our Wedeco brand also provides wastewater recycling solutions that help mitigate drought risk. The threat of extreme weather events also increases the need to upgrade existing infrastructure to ensure reliable access to water in an emergency.

For full details of how we manage climate risks and opportunities, refer to Xylem's [2018 CDP climate change responses 2.3a and 2.4a](#).

Ethics and Integrity

GRI 102-16

VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR

The cornerstone of Xylem's ethics and compliance philosophy is our Code of Conduct, which requires all of our directors, officers and employees to conduct business ethically and honestly. We expect every interaction, transaction and business opportunity to be handled in a manner consistent with our Code of Conduct, our policies and all applicable laws and regulations. We've adopted various controls to ensure accountability with our compliance requirements and make it easy for employees to speak up when they perceive that they have witnessed misconduct.

In addition, employees of newly acquired businesses are introduced to the Code of Conduct on day one following the completion of the transaction. The Code of Conduct is posted publicly in 26 languages and is available to employees on our company intranet and to any individual via our public website. In addition, our Supplier Code of Conduct is posted publicly in 18 languages and is incorporated into our standard contracts.

We conduct global online Code of Conduct and annual harassment prevention training for all employees, online or in-person compliance training targeted for specific groups on various topics and training to all new employees.



GRI 102-17

MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS

We provide a variety of reporting mechanisms to raise a concern or ask a question so that employees and other stakeholders can choose the method that feels most comfortable when raising a concern.

- The Xylem Integrity Line (integrity.xylem.com) is a 24-hour-a-day confidential reporting portal that is available to employees, suppliers or customers with language support in all of Xylem's key languages. Reports can be made through the website or by phone (dialing instructions are available on the website). They can also be made anonymously, where legally permitted, through the same mechanisms.
- We have a global network of over 75 ombudspople who are available to receive employees' questions and reports about ethical concerns. Ombudspople are required to take all reasonable and legally permissible steps to protect the identity of all those who report possible violations in good faith.
- Employees can also raise concerns directly with their management, Human Resources, Legal, Internal Audit or our team of ethics and compliance professionals, including our Chief Ethics and Compliance Officer.
- In addition, concerns can be raised directly to the Audit Committee of the Board, which is independent of management.

Governance

GRI 102-18

GOVERNANCE STRUCTURE

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

As of the end of 2018, our Board consisted of 10 members, all of whom were independent with the exception of our Chief Executive Officer. On March 27, 2019, our Board elected an additional independent director, bringing the Board to 11 members.

Our Board is elected annually by our shareholders to oversee how Xylem’s employees and management conduct business under the direction of our Chief Executive Officer and to ensure that the interests of the shareholders in the long-term health, success and financial strength of the company are being served. The core responsibility of the Board is to exercise its business judgment to act in what the Board reasonably believes are the best interests of Xylem and its shareholders to build long-term sustainable value. In considering the best interests of Xylem and its shareholders, the Board may also consider the effects on Xylem’s other stakeholders, including its employees, suppliers, customers and communities in which our offices or other facilities are located. The Board recognizes that the long-term interests of shareholders are advanced by responsibly addressing the concerns of these other stakeholders.

The Board, together with the committees it has established to assist in discharging its duties, is guided by our Corporate Governance Principles, articles of incorporation, by-laws, Committee Charters and Code of Conduct. These documents, along with Board member biographies, can be found on our [corporate website](#).



Jeanne Beliveau-Dunn
Former Vice President & General Manager of Services
Cisco Systems Inc.



Curtis J. Crawford, Ph.D.
President & CEO
XCEO, Inc.



Patrick K. Decker
President & CEO
Xylem Inc.



Robert F. Friel
Chairman,
President & CEO
PerkinElmer, Inc.



Jorge M. Gomez
Chief Financial Officer
Cardinal Health, Inc.



Victoria D. Harker
Executive Vice President,
Chief Financial Officer
TEGNA, Inc.



Sten E. Jakobsson
Former President & CEO
ABB AB



Steven R. Loranger
Former Chairman,
President & CEO
ITT Corporation



Surya N. Mohapatra, Ph.D.
Former Chairman,
President & CEO
Quest Diagnostics Inc.



Jerome A. Peribere
Former President & CEO
Sealed Air Corporation



Markos I. Tambakeras
Xylem Chairman and
former Chairman,
President & CEO of
Kennametal, Inc.

The Xylem Board of Directors has primary responsibility for oversight of risk and strategy for the company, which includes areas that impact Xylem's sustainability efforts. The Board has delegated responsibility for direct oversight of the company's sustainability and corporate citizenship programs to the Board's Nominating and Governance Committee. The Nominating and Governance Committee regularly receives updates on sustainability from management and provides updates to the full Board of Directors. There are many aspects of sustainability that are reviewed, including strategy and risk, diversity and inclusion, talent and leadership development, social value creation, ethics and compliance, cybersecurity and data privacy.

Sustainability is core to everything that we do at Xylem, which is why every leader and every employee is expected to contribute. Our senior leadership team, under the direction of President and CEO Patrick Decker, leads businesses, sales teams and functional areas – all of which integrate sustainable processes into their strategies. These strategies are designed to position Xylem as a leader in the global water technology space in order to help create a water-secure world.

Our governance structure includes The Xylem Environmental, Social and Governance (ESG) Committee, which is composed of representatives from multiple geographies, businesses and functions and is under the executive sponsorship of the Senior Vice President General Counsel and Corporate Secretary, the Senior Vice President and Chief Marketing Officer and the Senior Vice President and Chief Supply Chain Officer. This committee meets monthly to guide and drive sustainability efforts and monitor progress against sustainability goals. Other governance entities include the Watermark Committee, chaired by the Senior Vice President and Chief Marketing Officer and the Global Diversity & Inclusion Council, chaired by the Senior Vice President General Counsel and Corporate Secretary and the Senior Vice President and Chief Marketing Officer.

Our leaders, front-line managers and employees are accountable for safe, ethical, environmentally responsible and forward-looking actions that support our sustainability goals. To support them in this mission, Xylem provides training in the areas of environment, health and safety, Code of Conduct, anti-corruption, anti-harassment, data privacy, cybersecurity, trade compliance, business continuity and continuous improvement – which includes Lean and Six Sigma curriculum – and career and leadership development.

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. Our Board views engagement as a year-round conversation with shareholders about creating long-term sustainable value. Accordingly, the Board seeks to maintain a framework for deep, frequent and productive conversations with the company's shareholders. In 2018, we invited our largest shareholders to engagement meetings. Of the 30 top shareholders invited to engage, 16 accepted the invitation, representing approximately 45 percent of our outstanding shares.

These engagement meetings were an opportunity to discuss key aspects of the company's governance profile, compensation philosophy, and performance around sustainability and social value creation, among other things. These meetings also provided a forum for management to solicit feedback regarding the practices and policies that are important to our shareholders. Topics discussed in the engagement meetings included:

- Board Composition, Diversity and Succession
- Board Evaluation Process
- Corporate Governance Profile
- Separation of the Chair and CEO Roles
- Policy on Outside Directorships
- Board Oversight of Risk
- Share Ownership Threshold to Call Special Meetings
- Sustainability Goals and Development of 2025 Strategy
- Board Oversight of Strategy
- Board-Shareholder Engagement
- Disclosure and Transparency
- Executive Compensation Philosophy and Metrics
- Cybersecurity

A number of these engagement meetings included our Board Chair, who provided our shareholders with the Board's perspective on corporate governance, including board succession, composition and diversity, and the Board's oversight of critical areas such as risk management, cybersecurity, strategy, corporate transactions and sustainability.

Management reviews the key themes and insights from shareholder engagement meetings, as well as broader governance trends, with the Board, and the Board considers these in making decisions regarding our governance practices and policies, executive compensation program and sustainability initiatives. We may hold follow-up conversations with shareholders to address important issues that will be considered at the annual shareholders' meeting. The outreach and engagement by our management team may also be augmented by additional director participation when the topic or the nature of the shareholder request makes this a more meaningful outreach approach. We also regularly engage with our shareholders on a variety of topics relating to performance and strategy for long-term growth, often at conferences and in-person meetings. In addition, we periodically hold Investor and Analyst Days to meet with investors and present and discuss our long-term strategy and financial objectives.

COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES

See also our Proxy Statement for the year ended 2018, pages 5-10.

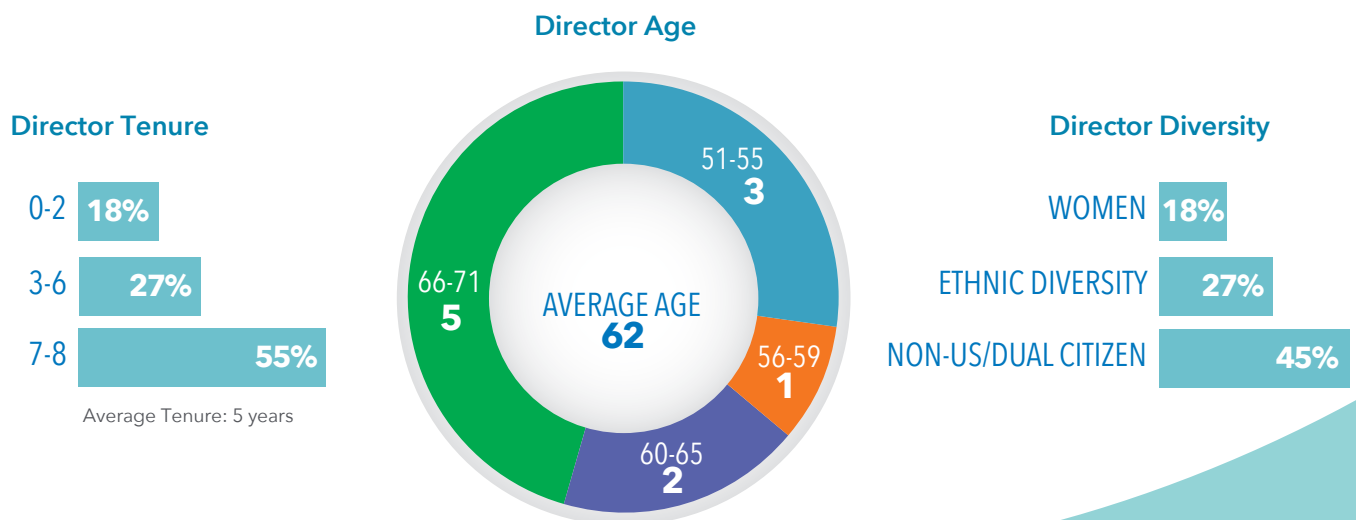
Xylem’s Board of Directors – Experience, Skills, Qualifications & Attributes

C-Suite Leadership	Operational Expertise	Diversity of Thought & Background
Corporate Governance	Strategy	Global Business
Technology & Innovation	Relevant Industry Expertise	Sales & Marketing
Financial Expertise	Risk Management	Talent Management

Xylem’s Board of Directors - Composition

Name	Age	Director Since	Principal Occupation	Independent	AC*	LDCC**	NG [†]	FIT ^{††}
Jeanne Beliveau-Dunn	59	2017	President, Claridad LLC	✓		✓		✓
Curtis Crawford	71	2011	President & CEO, XCEO, Inc.	✓	✓			✓
Patrick Decker	54	2014	President & CEO, Xylem Inc	CEO				
Robert Friel	63	2012	CEO, PerkinElmer, Inc.	✓	✓		✓	
Jorge Gomez	51	2019	CFO, Cardinal Health, Inc.	✓	✓		✓	
Victoria Harker	54	2011	EVP & CFO, TEGNA, Inc.	✓	✓		✓	
Sten Jakobsson	70	2011	Former President & CEO, ABB AB	✓	✓		✓	
Steven Loranger	67	2011	Former Chairman, President & CEO ITT Corporation	✓		✓		✓
Surya Mohapatra	69	2011	Former CEO & Chairman, Quest Diagnostics, Inc.	✓		✓		✓
Jerome Peribere	64	2013	Former President & CEO, Sealed Air Corporation	✓		✓		✓
Markos Tambakeras	68	2011	Former Chairman, President & CEO, Kennametal, Inc.	✓			✓	

*Audit Committee
 **Leadership Development & Compensation Committee
 †Nominating and Governance Committee
 ††Finance, Innovation & Technology Committee



GRI 102-23

CHAIR OF THE HIGHEST GOVERNANCE BODY

Our Board is led by our independent Board Chair. 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 preferable.

GRI 102-24

NOMINATING AND SELECTING THE HIGHEST GOVERNANCE BODY

Our Nominating and 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 and 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.



All of our directors are independent, with the exception of our CEO

As part of its annual assessment, the Board of Directors assesses whether the mix of directors is appropriate given the company's evolving strategy. As part of its process in identifying new candidates to join the Board, the Nominating and Governance Committee considers whether and to what extent attributes and experiences will individually and collectively complement the existing Board, recognizing that Xylem's strategy, business and operations are evolving and are diverse and global in nature.

The Nominating and Governance Committee considers recommendations from many sources, including shareholders and third-party search firms, regarding possible director candidates. Shareholders wishing to propose a candidate for consideration may do so by submitting the proposed candidate's full name and address, resume and biographical information to the attention of our Corporate Secretary at Xylem Inc., 1 International Drive, Rye Brook, New York 10573. The Nominating and Governance Committee and Board use the same criteria for evaluating candidates, regardless of the source of the referral.

GRI 102-25

RELATED-PARTY TRANSACTIONS

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 and Governance Committee and our Corporate Secretary of any actual or potential related person transactions so that the transaction can be reviewed and considered for approval or ratification by the Nominating and Governance Committee.

GRI 102-25 (Cont'd)

In reviewing related party transactions, the Nominating and Governance Committee will consider the relevant facts and circumstances, including:

- 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.

Any Nominating and 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 and 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.

GRI 102-26

ROLE OF HIGHEST GOVERNANCE BODY IN SETTING PURPOSE, VALUES AND STRATEGY

As a purpose-driven company, we are focused on creating both economic and social value, and every day we work to solve water through our commercial businesses and social impact efforts around the globe. Sustainability, in its broadest sense, is at the core of what we do at Xylem and who we are, and we have directly integrated sustainability into our business strategies.

Oversight of the Company's strategy is a key responsibility of the Board and an ongoing process. The Board discusses strategy throughout the year and in relation to specific businesses and proposed actions, and conducts a deep strategic review annually. The Board also receives periodic updates from management on the Company's strategic and annual operating plans and provides appropriate input and perspectives. The Board and the Finance, Innovation & Technology Committee also review and discuss the company's M&A pipeline with management. The Board hears regularly from customers, investors, financial advisors and other relevant third-party advisors and external thought leaders in the water sector. In addition, Board members connect regularly with employees at various levels through site visits, as well as engagement during Board meetings and other events.

The Board, primarily through its Nominating and Governance Committee, provides oversight of our overall approach to sustainability and corporate citizenship. In connection with this oversight, the Board and the Nominating and Governance Committee have reviewed the Company's sustainability strategy.

GRI 102-27

COLLECTIVE KNOWLEDGE OF HIGHEST GOVERNANCE BODY

Our Board, through its Nominating and Governance Committee, regularly reviews the skills and experience needed to properly oversee the interests of the company and its shareholders, taking into account the company's short and long-term strategies and global operations. Our Board believes that the directors have the appropriate mix of 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 5-10 of our Proxy Statement for the year ended 2018.

Each year our Nominating and Governance Committee initiates an assessment of the effectiveness of the Board and each of our committees. The Board assessment solicits each director's opinion on a variety of topics, including the overall composition of the Board. In addition to a survey-style assessment, the Chair of the Nominating and Governance Committee holds one-on-one conversations with each Board member to solicit additional feedback. On a periodic basis (generally every three years), the Nominating and Governance Committee also engages an independent third-party advisor to meet with each Board member to assist with the qualitative assessment of the Board and its committees. The independent advisor presents the findings to the full Board and facilitates a robust discussion focusing on opportunities for improvement. The advisor also provides feedback to individual directors, as applicable.

The Xylem ESG Committee (formerly the Xylem Sustainability Steering Committee) was enhanced in 2018 to assess strategic sustainability issues, improve sustainability performance, provide recommendations to the Xylem General Counsel and the Xylem Senior Leadership Team regarding the company's sustainability goals and objectives, and risks and opportunities. It is a global and cross-functional committee that meets on a monthly basis.

The objectives of the ESG Committee include, but are not limited to:

- Identifying and evaluating emerging strategic sustainability issues, considering: regulatory and legislative developments, NGO stakeholder input, market opportunities, brand/reputation, customers and others, as appropriate
- Coordinating company responses to strategic public policy and regulatory issues
- Establishing Xylem's sustainability goals and objectives
- Developing action plans and associated programs to meet Xylem's sustainability goals and objectives
- Reviewing enterprise-wide sustainability programs and performance, and providing input to the Xylem General Counsel and Senior Leadership Team for establishing/modifying the company's goals and objectives

This may drive the following areas of activity:

- Operational performance improvement
- Development and implementation of strategic EHS and social responsibility programs
- Corporate reporting/disclosure
- Business strategy and planning integration
- Regulatory and public policy advocacy
- Product innovation
- Supply chain management
- Strategic NGO stakeholder engagement
- Customer marketing and branding
- Employee engagement
- Coordinating work necessary to complete the annual Xylem Sustainability Report and other reporting, as necessary
- Communicating with functional area leaders and leadership teams

While management has responsibility for managing risk, our Board has responsibility for risk oversight, and our Audit Committee oversees our risk management processes and policies. Risk oversight is an evergreen process and inherent in the company's strategic and operational decision-making. Throughout the year, the Board discusses risk in general terms and in relation to specific proposed actions. In addition, the Board receives periodic updates from management on the financial and operating results of the company, as well as on the strategic and annual operating plans, and provides appropriate input and perspectives.

The Board has delegated responsibility for the oversight of certain risk categories to its committees based on each committee's expertise and applicable regulatory requirements, as summarized below. Each committee regularly receives updates on these matters from management and reports on them to the Board. In addition, management periodically reports to the Board and its committees on specific, material risks as they arise or as requested by the Board. Management conducts an enterprise-wide risk management program that is designed to bring to the Board's attention the company's most material risks for evaluation, including strategic, operational, financial, compliance, environmental, social and reputational risks.

The Board and its committees work with management, our independent and internal auditors, as well as other external advisors, to incorporate enterprise-wide risk management into corporate strategy and business operations. We manage cyber risk through a cybersecurity committee made up of representatives from the company's senior leadership team, functions and businesses. The Board now also monitors cyber and data privacy risks due to the strategic importance of cybersecurity for infrastructure customers and the increased focus on data privacy in connection with geolocation data.

Board/Committee	Examples of Areas of Risk Oversight
Board	<ul style="list-style-type: none"> • Significant commercial and capital markets risks • Significant legal or reputational matters • Significant mergers and acquisitions • Competitive developments • Strategy • Anti-corruption • Business ethics compliance program* • Cyber risk* • Data privacy*
Audit Committee	<ul style="list-style-type: none"> • Oversight of overall risk assessment and risk management processes and policies • Accounting, controls and financial disclosures • Financial statements and financial risk exposures • Tax strategy and related risks
Finance, Innovation & Technology Committee	<ul style="list-style-type: none"> • Capital spending • Financing strategies and liquidity • Technology and innovation
Leadership Development & Compensation Committee	<ul style="list-style-type: none"> • Executive compensation philosophy and program design • Executive development and leadership • Succession planning for senior management • Talent management • Diversity and inclusion
Nominating and Governance Committee	<ul style="list-style-type: none"> • Various compliance programs, including anti-harassment, trade compliance, environmental, health and safety • Sustainability, including corporate citizenship • Corporate governance • Social value creation

*As of May 2019, previously with the Nominating and Governance Committee

GRI 102-31

REVIEW OF ECONOMIC, ENVIRONMENTAL AND SOCIAL TOPICS

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. Our Board views engagement as a year-round conversation with shareholders about creating long-term sustainable value. Accordingly, the Board seeks to maintain a framework for deep, frequent and productive conversations with the Company's shareholders.

In 2018, we reached out to shareholders representing approximately 60 percent of our outstanding shares and engaged in direct dialogue with shareholders holding approximately 45 percent of our outstanding shares.

These engagement meetings were an opportunity to discuss key aspects of the Company's governance profile, compensation philosophy and performance around sustainability and social value creation, among other things. These meetings also provided a forum for management to solicit feedback regarding the practices and policies that are important to our shareholders.

GRI 102-32

HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING

The Board, primarily through its Nominating and Governance Committee, provides oversight of our overall approach to sustainability and corporate citizenship, including our approach to sustainability reporting.

GRI 102-33

COMMUNICATING 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 e-mail to independent.directors@xylem.com or 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 recipient or recipients. In general, any shareholder communication delivered to us for forwarding to the Board or specified Board members will be forwarded in accordance with the shareholder's instructions. Mail addressed to "Non-Employee Directors" will be forwarded to our independent Board Chair.

GRI 102-34

NATURE AND TOTAL NUMBER OF CRITICAL CONCERNS COMMUNICATED TO THE HIGHEST GOVERNING BODY

See response for GRI General Disclosure 102-21.

GRI 102-35

REMUNERATION POLICIES

A comprehensive discussion of director and executive compensation can be found in our [Proxy Statement for the year ended 2018](#) on pages 26-47.

GRI 102-36

PROCESS FOR DETERMINING REMUNERATION

Our non-employee director compensation program is designed to attract and retain experienced and knowledgeable directors and to provide equity-based compensation to align the interests of our directors with those of our shareholders. Each non-employee director is compensated in two ways: a cash retainer and an equity, stock-based retainer. In 2018, our Board adopted a policy limiting the total annual compensation for non-employee directors to \$750,000. This limit is inclusive of the value of both the annual cash retainer(s) and the grant date fair value of the annual equity award.

Xylem's senior executives are compensated through a combination of base salary, annual performance-based incentive compensation and long-term performance-based equity awards, including performance share units, restricted stock units and stock options.

The target compensation mix for Xylem's most highly compensated officers is heavily weighted toward performance-based compensation. In 2018, 87 percent of CEO compensation and an average of 71 percent of compensation for other named executive officers was in the form of annual performance-based incentive compensation and long-term performance-based equity awards. This does not include any one-time at-hire awards or grants.

Xylem has developed share ownership guidelines designed to encourage senior executives and Board members to build their ownership positions in Xylem's common stock over time. All of our non-employee directors and senior executives have met or are on track to meet these guidelines.

A comprehensive discussion of executive compensation can be found in our [Proxy Statement for the year ended 2018](#) on pages 28-47.

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 2018, we reached out to shareholders representing approximately 60 percent of our outstanding shares and engaged in direct dialogue with shareholders holding approximately 45 percent 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 and the balance of performance metrics in our annual and long-term incentive plans. 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 2018, as in prior years, we received strong support in our say-on-pay advisory vote, with approximately 92 percent 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. In 2018, Xylem expanded its equity programs, making additional non-executives eligible for long-term incentive plan awards after first opening these programs to non-executives in 2017. Xylem had previously expanded the eligible recipients of performance share units, which have payouts keyed to three-year Return on Invested Capital targets and relative Total Shareholder Return metrics, to greater align its senior executives and other strategic leaders with the company's longer-term operational and market performance.

In 2018, the ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 168:1. For more information, see our [Proxy Statement for the year ended 2018](#), page 47.

The ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 151:1 in 2017 and 168:1 in 2018. For more information, see our [Proxy Statement for the year ended 2018](#), page 47.

Stakeholder Engagement

GRI 102-40, 44

LIST OF STAKEHOLDER GROUPS/KEY TOPICS AND CONCERNS RAISED

Stakeholder Group	Engagement Channels	Key Topics & Concerns
Customers, Channel Partners, End Users, Consultants	White papers, case studies, voice-of-customer interviews, customer satisfaction surveys, webinars, Making Waves print digital magazine, news releases, Mission: Water magazine, Waterdrop Program, Watermark volunteerism	<ul style="list-style-type: none"> • Water challenges/solutions • Wastewater challenges/solutions • Stormwater challenges/solutions • Water infrastructure assessment and renewal • Revision-support solutions
Employees	Engagement surveys; Currents (our company intranet); Connect, Perform and Grow (our manager-employee performance management process); Xylem Integrity Line (a voluntary reporting system operated by an outside vendor that enables confidential reports by phone or online); Code of Conduct (available in 26 languages); Xylem Employee Ombudsperson program; management newsletter; employee training and development; and Xylem Now (our internal social media platform), Watermark volunteerism	<ul style="list-style-type: none"> • Performance feedback • Career planning • Training and development • Mobility across business units and functions • Stock compensation • Benefits (U.S.) and related policies
Shareholders	Annual report, quarterly earnings reports and webcast conference calls, news releases and proactive shareholder outreach program on performance, plans, corporate governance and sustainability; annual meeting; other company filings with the U.S. SEC; investor and analyst days,	<ul style="list-style-type: none"> • Economic and social value creation • ESG performance
Suppliers	Xylem Supplier Ombudsperson program, Supplier Code of Conduct (available in 18 languages) and Supplier Day events	<ul style="list-style-type: none"> • Supply-demand balancing • Growth roadmaps and supply chain mapping
Communities; Community Organizations; Nongovernmental Organizations; Nonprofits; Universities (MIT, Stanford, Indiana University); City Football Club	Local operations outreach, Xylem Watermark field assessments and sponsorship of local community initiatives; Voice of Partner meetings (Watermark)	<ul style="list-style-type: none"> • Community partnering • Social value creation through volunteerism • Partnering/education
Certification Regulatory Agencies; Third-party ESG Rating Agencies; Financial Academic Institutions	ISO- and OHSAS-certification audit and permit applications; ESG surveys	<ul style="list-style-type: none"> • Outside expertise delivered to regulatory process • ESG performance

GRI 102-41

COLLECTIVE BARGAINING AGREEMENTS

Xylem is dedicated to upholding our employees' right to exercise freedom of association and collective bargaining and maintaining open dialogue. We have employee representatives or employee representative bodies in 21 countries. In the U.S., 16 percent of our 5,900 employees are represented by unions. Globally, 32 percent of employees are covered by an independent union, collective bargaining agreement or works council.

GRI 102-42

IDENTIFYING AND SELECTING STAKEHOLDERS

We identify a key stakeholder group as one that is critical to our business and strategy and a core partner in our growth and sustainability efforts.

GRI 102-43

APPROACH TO STAKEHOLDER ENGAGEMENT



Xylem's tagline is an inclusive invitation: Let's Solve Water. Addressing the many water challenges our planet faces is a huge and vital undertaking that calls for collaboration and teamwork to leverage the technology-enabled solutions that are available today and will be developed in the future.

We believe this work represents the opportunity to have a positive, lasting impact on the global and local communities in which we operate. We utilize a variety of resources and tactics to foster two-way communications with our many stakeholders.

We work to engage our key stakeholder groups regularly, as well as consider broader society by including stakeholders such as certification, regulatory, sustainability and financial rating agencies, academia, associations and nongovernmental shareholder organizations.

During the past 12 months, we have engaged extensively with external stakeholders, including three of our largest institutional shareholders, strategy fellows, executive development program (EDP) participants, functional groups, customers, suppliers and NGOs to garner input regarding the development of our 2025 Sustainability Goals and Strategy. In addition, Xylem sought feedback from Ceres on the content of this report.

Reporting Practices

GRI 102-45

ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

All owned and operated holdings of Xylem Inc.

GRI 102-46

DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

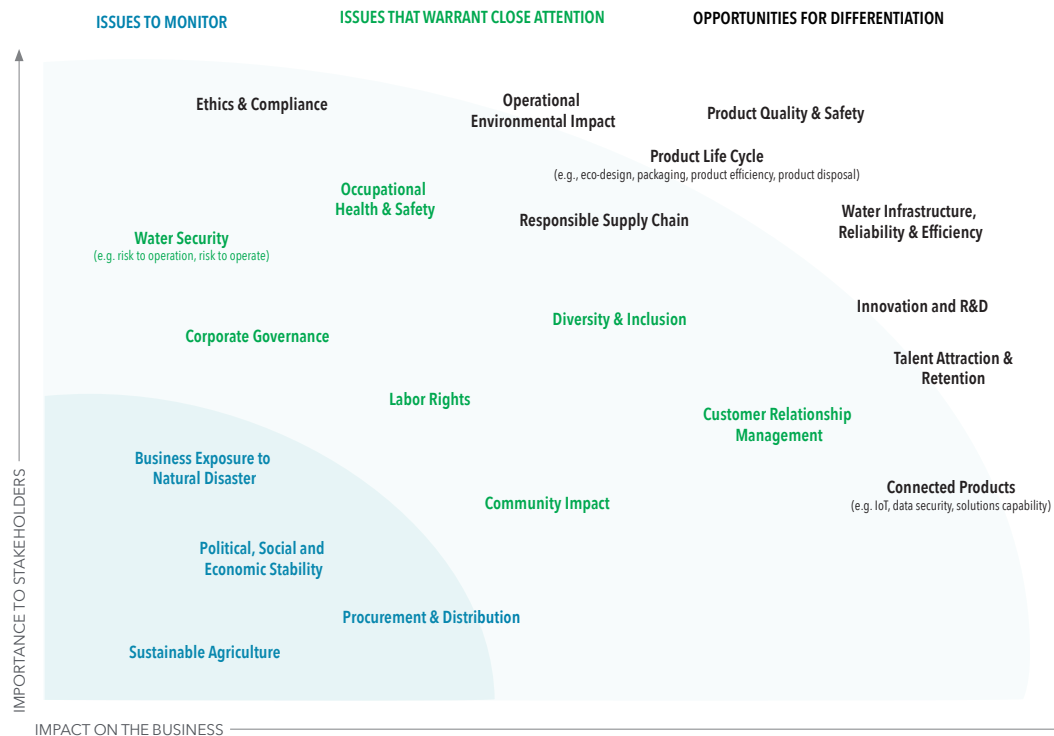
During 2018, we conducted a rigorous year-long process to identify and prioritize those issues most important to our stakeholders and that impact our business. We garnered extensive internal and external stakeholder feedback, and we executed a multifaceted benchmarking exercise to develop and validate our ESG strategy. The combined results of these activities enabled us to categorize issues into three areas:

- Opportunities for Differentiation
- Issues that Warrant Close Attention
- Issues to Monitor

This, in turn, enabled us to develop a clear framework that allows stakeholders to easily understand our social impact and how we link social/environmental value with sustainable business value.

GRI 102-47

LIST OF MATERIAL TOPICS*



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

GRI 102-48

RESTATEMENTS OF INFORMATION

Any restatements, and reasons for such, are footnoted as part of the data presentation within the body of the report.

GRI 102-49

CHANGES IN REPORTING

See Xylem Inc. 10-K for the year ended December 31, 2018, Note 1 - Summary of Significant Accounting Policies, page 63.

GRI 102-50

REPORTING PERIOD

January 1, 2018-December 31, 2018

GRI 102-51

DATE OF MOST RECENT REPORT

2017

GRI 102-52

REPORTING CYCLE

Annual

GRI 102-53

CONTACT POINT FOR QUESTIONS REGARDING THE REPORT

xylem.sustainability@xylem.com

GRI 102-54

CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS

This report has been prepared in accordance with GRI Standards: Core Option.

This document is organized by GRI disclosures and serves as our GRI Content Index.

In 2019, Xylem engaged independent certification and verification providers ERM CVS to conduct assurance of selected 2018 environmental and safety metrics contained within our EHS metrics system.

Independent Assurance Statement to Xylem Inc.

ERM Certification and Verification Services (ERM CVS) was engaged by Xylem Inc. (Xylem) to provide limited assurance in relation to specified 2018 environmental and safety data presented in the Xylem 2018 Sustainability Report (the Report) as set out below.

Engagement Summary	
Scope of our assurance engagement	<p>Whether the corporate 2018 data for the following selected indicators are fairly presented, in all material respects, in accordance with the reporting criteria:</p> <p>Environmental data:</p> <ul style="list-style-type: none"> Total direct energy use (MWh) Total indirect energy use (MWh) Total Scope 1 (direct) GHG emissions (metric tons of CO2e) Total Scope 2 (indirect) GHG emissions (metric tons of CO2e) Total Scope 2 (indirect) GHG emissions (metric tons of CO2e) - market based Total Scope 3 (business travel) GHG emissions (metric tons of CO2e) <p>Safety data:</p> <ul style="list-style-type: none"> Total water withdrawal (mega-liters) Total hazardous waste generated (metric tons) Total non-hazardous waste generated (metric tons) Total waste to landfill (metric tons) Injury Frequency Rate (per 200,000 hours) Injury Severity Rate (per 200,000 hours) Days Away From Work (DAFW) Rate (per 200,000 hours)
Reporting criteria	The EHS reporting program and specific metric definitions as prepared by Xylem.
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	<p>Xylem is responsible for preparing the data and for its correct presentation in the Report to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

Our conclusion

Based on our activities, nothing has come to our attention to indicate that the Xylem 2018 data for the indicators, as listed above, are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Interviews with relevant staff to understand and evaluate the data management systems and processes used for collecting and reporting the selected data;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation for the selected indicators;
- Visits to manufacturing facilities at Lubbock (TX, USA), Slaton (TX, USA) and Strzelin (Poland) to review the local reporting processes and check samples of underlying source data for each selected indicator;
- Interviews with responsible person at Xylem's corporate office to review the consolidation and reporting process including checking calculations, applied emission factors and the corporate data quality and assurance processes; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. We did not review any underlying source data for Xylem's Injury Severity Rate (per 200,000 hours) and only tested the calculation of this indicator for mathematical accuracy.



Jennifer Iansen-Rogers
Head of Corporate Assurance Services
4 June 2019



ERM Certification and Verification Services, London
www.ermcvs.com; email: post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS staff that have undertaken this engagement have provided no consultancy related services to Xylem in any respect.



SPECIFIC DISCLOSURES



203 Indirect Economic Impacts

Material Issue:

Community Impact/Water Infrastructure, Reliability & Efficiency

GRI 103-1, 2, 3 MANAGEMENT APPROACH

Our smart technology products and software-enabled solutions create a more intelligent approach across the globe to some of the world's most severe water and infrastructure challenges. Specifically, we help customers:

- Reduce water leakage and broken infrastructure.
- Optimize urban wastewater networks to significantly reduce the risks of environmental damage due to inadequate capacity and/or heavy precipitation as a result of severe weather.
- Enhance monitoring of watersheds that are critical reservoirs of clean drinking water.
- Extend the life of buried infrastructure by helping utilities make informed capital decisions by incorporating high confidence condition data in their asset renewal plans.

Better management of these issues by our customers can increase their revenue, lower their costs and optimize productivity – all of which has the potential to create positive economic impact in communities.

We also help commercial and residential building and industrial customers manage their water supply and optimize the productivity of their water inputs. Within commercial buildings, our products support clean water pressure; the water cycle management of heating, venting and air conditioning systems; fire suppression; and wastewater management.

In addition, we work with nonprofit partners on sustainable development projects that provide and protect safe water resources for communities in need around the world, and we engage our employees and other stakeholders to volunteer their time and donate funds to support water-related solutions in communities around the world. These activities can create indirect economic impacts.

In 2018, more than 7,500 members of Xylem’s employee base volunteered in more than 55 countries, participating in over 730 events and working with local nonprofit organizations committed to water-related issues in their communities. Employees logged more than 53,600 volunteer hours in 2018 to help us exceed a three-year program goal of 110,000 hours. These employees participated in activities aimed at providing and protecting safe water resources in communities and educating people about water issues. Activities included cleaning and restoring local waterways; teaching children water monitoring; planting vegetation to protect shorelines from erosion and salinization; and providing disaster response expertise, in-kind product donations and pro bono expertise. Learn more about our Watermark programs [here](#).

204 Procurement Practices

Material Issue:
Responsible Supply Chain



GRI 103-1, 2, 3 MANAGEMENT APPROACH

As a company focused on sustainability, we strive to ensure that our suppliers share our values of respect, responsibility, integrity and creativity.

Suppliers are not simply delivering components, raw materials and other resources; they are a reflection of our organization. The major categories for which we depend on suppliers are motors, castings, fabrications, electronics, polymeric and machining. These products are composed of thermoplastics and metals such as nickel, copper and aluminum, and we take care to ensure that these materials come from reputable sources.

Where possible, our operations rely on local suppliers to optimize material flow and reduce costs without losing the benefits of scale. Our local spend is 69 percent of the total supplier spend. Non-local suppliers are requested to provide local supply chain solutions – such as on-site support teams and local warehouse solutions – wherever necessary and applicable. In 2018 Xylem Global Procurement led and supported various initiatives to localize sourcing and manufacturing. Those efforts are focused on sites in Calamba, Philippines; Vadodara, India; and Shenyang, China. We achieved more than \$1 million in savings through more than 25 localization projects while improving our overall service to our customers.

2018 Spend Localization by Region

70%
Americas

87%
APAC

65%
EMEA

69%
Global

Global travel and logistics are categories in which Xylem has major supply chain impacts. We are in our second year of an enterprise-wide relationship with both a global travel provider and preferred transportation company. These relationships have provided us with a platform to optimize spend, streamline tools and processes and improve customer experience. Additionally these efforts are helping reduce Xylem's environmental impact.

As an example, we are conducting packaging assessments and engineering outbound packaging with the intent of optimizing outbound product per shipment, as well as analyzing the environmental impact of wood used in packaging and how to divert wood waste through recycling streams.

Xylem also annually renews its truck fleet for commercial teams and aftermarket services. Over the past three years, this process has resulted in increasing the fuel efficiency of the fleet by approximately 1 mile per gallon.

Beyond our localization efforts, the following sourcing programs – all implemented in 2018 – are helping reduce Xylem's environmental impact:

- ENGIE Insight's expense and data management services for Xylem include auditing utility bills, resolving billing errors, addressing bill anomalies, reducing or eliminating late fees, reducing the risk of service interruptions and weekly consolidations of utilities billing.
- Green energy goals coincide with ENGIE Insight's Energy Supply Management services in Xylem's goal of attaining 100 percent green/renewable energy use at each of our major facilities by 2025. In regulated environments where the goal is not directly achievable, Xylem is purchasing renewable energy credits to apply as offsets.
- Our Integrated Facilities Management (IFM) program employs best practices for both internal and outsourced facility management while consolidating our facilities management supplier base and improving service quality and maintenance programs.
- National account agreements in the manufacturing space have been initiated with global suppliers that are focused on safety while being cost efficient and employing best practices.

We are always looking for ways to help our suppliers become more sustainable. In 2018 we dedicated two full-time resources at supplier sites to drive continuous improvement in cost and waste reduction. We also implemented joint kaizen events using lean concepts and continuous improvement tools such as 5S, Value Stream Mapping and quick changeover. In addition, we offered a water footprint calculation tool to help critical suppliers identify ways to limit water consumption.

GRI 204-1

PROPORTION OF SPENDING ON LOCAL SUPPLIERS

Our local spend is 69 percent of the total supplier spend.

205 Anti-Corruption

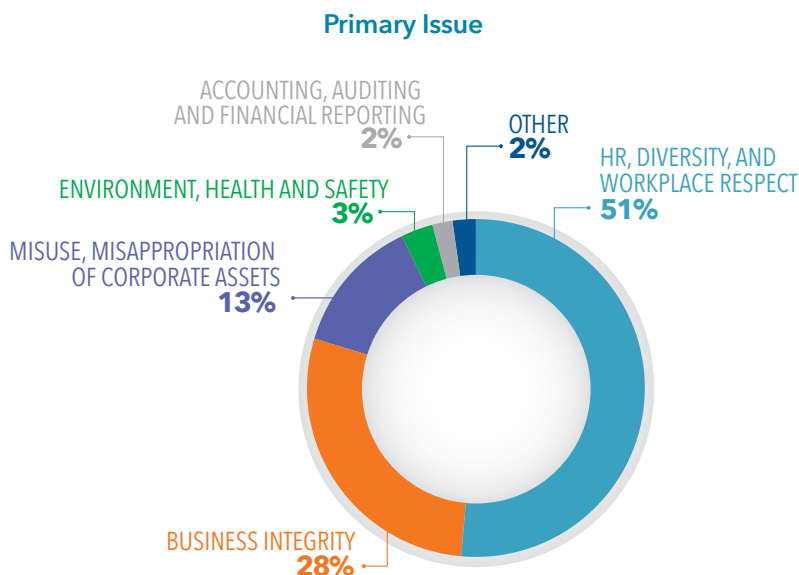
Material Issue: Ethics & Compliance

GRI 103-1, 2, 3 MANAGEMENT APPROACH

As outlined in our Code of Conduct, we are committed to doing business in the right way, and we do not tolerate any form of bribery or corruption. Because we serve customers across the globe, we need to operate in parts of the world that are highly ranked on Transparency International's Corruption Perceptions Index. To ensure that we are promoting our values and maintaining compliance with laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010, we have developed a robust anti-corruption program. Our policies mandate strict compliance with these anti-corruption laws, even if that conflicts with local custom or practices.

The tools we use to drive ethics and compliance accountability into the business include:

- Our Code of Conduct, Anti-Corruption policy and Supplier Code of Conduct
- Due-diligence reviews of sales channel partners and service providers (as outlined by our Anti-Corruption policy)
- A Gifts and Hospitality policy that governs gifts, hospitality and entertainment of outside parties
- The Xylem Integrity Line (integrity.xylem.com), is a 24-hour-a-day confidential reporting portal (available to employees, suppliers and customers) encompassing a reporting hotline and web-based interface. The Xylem Integrity Line facilitates easier issue reporting by users and enhances our issue response, consistency and investigation management capabilities. In 2018, we received 88 reports and 11 questions on various ethics- and compliance-related topics. Analysis of the portal's data provided insight on trends, training needs, policy update requirements and continuous improvement opportunities.
- A global ombudsperson program that provides employees with direct touchpoints to operationalize our ethics and compliance program throughout the organization. A quarterly dashboard to update our senior management, as well as regional management, on key metrics on reported ethics and compliance concerns, including number of reports received, number of questions received, median case closure time, anonymity rate, intake method, issue type, outcome and substantiation rate.



GRI 205-1

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

Xylem conducts an annual risk assessment of all its business and sales teams, which includes risks related to bribery and corruption. This risk assessment is monitored and updated regularly. Xylem's internal audit department also conducts regular audits of select sites to determine compliance with the U.S. Foreign Corrupt Practices Act and Xylem's internal policies. These audits provide valuable feedback on the effectiveness of our anti-corruption program.

Operating as a global company, corruption and bribery also present risks to Xylem in areas where we leverage sales channel partners and service providers rather than having a Xylem-owned office. We mitigate this risk by conducting robust due diligence of select third parties. As part of the approval process, all third parties certify that they will comply with all applicable anti-corruption and anti-bribery laws. We renew our due diligence on a periodic basis and offer training for all third parties to help them understand how to remain compliant.

GRI 205-2

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

Employees receive training on our Code of Conduct when they join the company and then on a biannual basis. Employees in departments such as Human Resources, Finance, Legal, Ethics & Compliance, and Sales and Marketing also receive in-depth anti-corruption training in person or online.

Through Code of Conduct training, Xylem employees gain a deep understanding of our core values of respect, responsibility, integrity and creativity and the types of behaviors, actions and decisions that support these values. Additional topics covered in the Code of Conduct training are carefully selected by reviewing current ethics and compliance trends within the company and analysis of the Xylem Integrity line reporting and other data.



Through Code of Conduct training, Xylem employees gain a deep understanding of our core values.

Training is conducted through a combination of online and in-person video delivery to ensure all employees are aware of Xylem's commitment to ethics and compliance. In all, Xylem conducted almost 3,900 in-person hours of live ethics and compliance training during 2018. After training, Xylem employees certify that they understand how the Code applies to their jobs and how to comply with its provisions.

Company-wide Code of Conduct training was conducted in 2019 achieving our 95 percent completion target. The 2019 online training plan also included harassment prevention, cybersecurity and trade compliance. New online training included anti-corruption, data privacy and cybersecurity training, while new in-person training included harassment prevention, leaders' role in compliance and data privacy.

GRI 205-3

CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

No material incidents of corruption or anti-competitive behavior were confirmed during 2018.

206 Anti-Competitive Behavior

Material Issue:
Ethics & Compliance

GRI 103-1 ,2, 3 **MANAGEMENT APPROACH**

See Management Approach for GRI 205: Anti-Corruption

GRI 206-1

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

No legal actions for anti-competitive behavior, anti-trust or monopoly practices were brought against Xylem in 2018.



STOCK

301 Materials

Material Issue:
Product Life Cycle

GRI 103-1, 2, 3 MANAGEMENT APPROACH

For each new product developed, a simplified Life Cycle Assessment is conducted through the use of an Environmental, Health, Safety (EHS) & Sustainability Design Review Form, internally created as part of the Xylem Product Development Process (XPD). The EHS Design Review Form covers the different states in the products life cycle, such as raw materials, production, use and end-of-life aspects.

It is estimated that 60 percent of our products overall can be recycled.

ISO 14025 includes requirements regarding material use in the product and recycling of the components, which set a standard for how we deal with used products.

We have also developed recycling guidelines within most of our businesses, which are included in our "Installation, Care and Maintenance Manual." The recycling guidelines describe that our customers should initially follow local laws and regulations regarding recycling of units/parts through an authorized recycling company. If not applicable, then the unit or parts should be returned to Xylem.

Our monitoring and control and Wedeco businesses incorporated a take back program, which follows local regulations and the EU Directive 2012/19/EU on Waste Electrical and Electronic Equipment (WEEE). We ensure we provide for proper collection, treatment, recovery and environmentally sound disposal of products.

Percent of Materials That Can Be Recycled at End-of-Life

60%
Applied Water

90%
Transport

35%
Sensus

60%
Dewatering

70%
Treatment
(Leopold 70%, Sanitaire 35%,
Wedeco 90%)

90%
Flygt

35%
Analytics

Xylem is mindful of the life cycle implications of its products and solutions and appreciates the responsibility it has in this regard. We focus on ensuring maximum and efficient use of the products we sell and lease, including extending their operating lifetime. At the present time, we do not have a percentage of reclaimed products and associated packaging material for each product category but we are working on improving data collection for this disclosure in the future.

302 Energy

Material Issue:
Operational Environmental Impact



XYLEM PROGRESS

18.4% reduction
in net GHG emissions through 2018

Goal: 20% reduction in net GHG emissions intensity by 2019

GRI 103-1 ,2, 3 MANAGEMENT APPROACH

Electricity consumption is the largest contributor to greenhouse gas (GHG) emissions associated with our operations. By inspiring our global sites to make reductions in energy use and increase investments in renewable energy, we aim to lower our GHG emissions intensity levels.

We are making significant progress, from identifying our highest-emitting activities to engaging employees across our company

to adopt a more energy-efficient mindset – all of which will help move us closer to achieving our GHG intensity goal.

Some of our most successful initiatives to engage employees in energy-reduction efforts have been “Energy Treasure Hunts” at select facilities. During these events, cross-functional teams identify possible day-to-day energy-efficiency improvements. The goal is to find opportunities to reduce energy use, costs and GHG emissions related to energy.

Many of these opportunities are low- or no-cost improvements and are relatively easy to implement, such as the installation of more efficient lighting and mechanical systems, ovens, motors, belts and drives, fans and pumps, refrigeration systems and office equipment. Treasure Hunts were conducted at 17 Xylem sites around the world in 2018, starting with our highest resource-consuming facilities.

During 2018, we invested in five important projects involving replacement of less-efficient lighting units with LED lighting. Such projects were executed in Bridgeport, New Jersey; Uniontown, Pennsylvania; Cheektowaga, New York; Lubbock, Texas; Santiago, Chile; Hoddesdon, UK; and Chihuahua, Mexico. It is estimated that the yearly impact/reduction of those projects should be around 490,000 kWh per year of electricity and 241 tons per year of CO₂ emissions.

One of the simplest ways to reduce our overall GHG emissions is through the purchase of renewable or “green” energy credits and renewable energy. As of year-end 2018, 67 Xylem manufacturing facilities and sales offices purchased electricity generated from renewable sources – up from 57 in 2017. Combined, these sites purchased 18,234 CO₂-equivalent metric tons in renewable energy, electricity and gas during 2018, a 13 percent increase over the prior year.

In addition to purchasing renewable electricity, our sales office in the Netherlands offsets its natural gas consumption through certified green natural gas credits. Through the Gold Standard Foundation’s Fairtrade Carbon Credit program, companies such as Xylem are able to invest in green energy; increase the resilience of producer groups to the negative impacts of climate change; and help provide a more sustainable future for communities through diversifying community income streams, teaching new skills and creating local employment.

Another focus area is reducing air quality emissions. We are working to move away from using paints that contain volatile organic compounds (VOCs) and toward water-based painting systems in our operations. In 2018, our Nanjing China, LEED Platinum-certified facility, made the transition to a fully water-based paint system. Learn more about the transition [here](#). Where this is not possible, we are generally destroying VOCs or using materials with lower VOC content. For example, our production facility in Emmaboda burns VOCs and reuses heat from its painting process.

Energy Consumption*

Direct Energy by Type (Megawatt Hours – MWh)	2017	2018
Renewable Electricity Generated	307	327
Natural Gas Used	79,218	88,008
Stationary Source Gaseous Propane	7	9
Stationary Source Liquid Propane	2,863	3,630
Stationary Source Fuel Oil	5,724	5,939
Total Stationary Energy Usage	88,119	97,913
Mobile Source Gasoline	3,056	4,341
Mobile Source Diesel	79,381	83,930
Mobile Source Liquid Propane	0.22	0.17
Total Mobile Energy Usage	82,437	88,271
Total Direct Energy Usage – Stationary + Mobile	170,556	186,184
Indirect Energy by Type (Megawatt hours – MWh)		
Purchased Electricity	169,994	170,886
Purchased Heat	4,959	4,989
Total Indirect Energy Usage	174,952	175,875
Total Energy Consumption (Megawatt hours – MWh)	345,508	362,059

*Values in this table have been restated for:
 Inclusion of 2017 energy data for two facilities acquired end of 2016
 Correction of 2017 reporting errors for stationary gaseous propane
 Correction of 2017 reporting errors for stationary liquid propane
 Correction of 2017 reporting errors for mobile LPG

	2017	2018	Percentage Change
Energy Intensity (MWh/MUSD)	73.4	69.6	5.2%

REDUCTION OF ENERGY CONSUMPTION

We use Eco Project Deck, an application within our EHS metric database that allows us to track projects from energy Treasure Hunts and other site environmental projects, from the simple to the most complex. Through Eco Project Deck, we determined that in 2018, these efforts have led to 117 recommended projects, 56 percent of which are underway. These projects are expected to avert 1,971 tons of CO₂ emissions and save 1,400,000 kilowatt hours. We also estimate a reduction of 3,000 liters of liquid fuels and 30 cubic meters of natural gas.

REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES

In 2018, new products developed within the Applied Water systems business are bringing an average energy-efficiency improvement of 2 percent compared to 2017, representing cumulative savings of 181,000 metric tons of CO₂ equivalent between 2019 and 2025.

New products developed in the Transport growth center are bringing an average 0.2 percent average energy-efficiency improvement per year, leading to cumulative savings of 280,000 metric tons of CO₂ equivalent between 2019 and 2025.

Other smart products (Smart Meters) developed in 2018 at Sensus, are reducing driving distance of vocational vehicles, leading to cumulative savings of 143,000 metric tons of CO₂ equivalent between 2019 and 2025.

Also, product developments drastically reduced emissions of diesel dewatering pumps by more than 14 percent, compared to 2018, leading to anticipated cumulative savings of 1,236,000 metric tons of CO₂ equivalent between 2019 and 2025.

Our Vitality Index – the percentage of total sales from products launched in the last five years – is another key product efficiency indicator. We increased our Vitality Index 2020 goal from 25 percent to 30 percent following the acquisition of Sensus in 2016, and we are pleased with our progress toward that goal. At the end of 2018, the Vitality Index was 25 percent, up 4 percent from 2017. Improving our Vitality Index is not only an indicator of how well we are meeting customer needs, but it also means we are successfully selling products that are more sustainable, as new products are almost always more energy-efficient.



303 Water and Effluents

Material Issue:
Operational Environmental Impact, Water Security



XYLEM PROGRESS

16.6% reduction
in water use intensity through 2018

Goal: 25% reduction in water use intensity by 2019

GRI 103-1,2,3 MANAGEMENT APPROACH

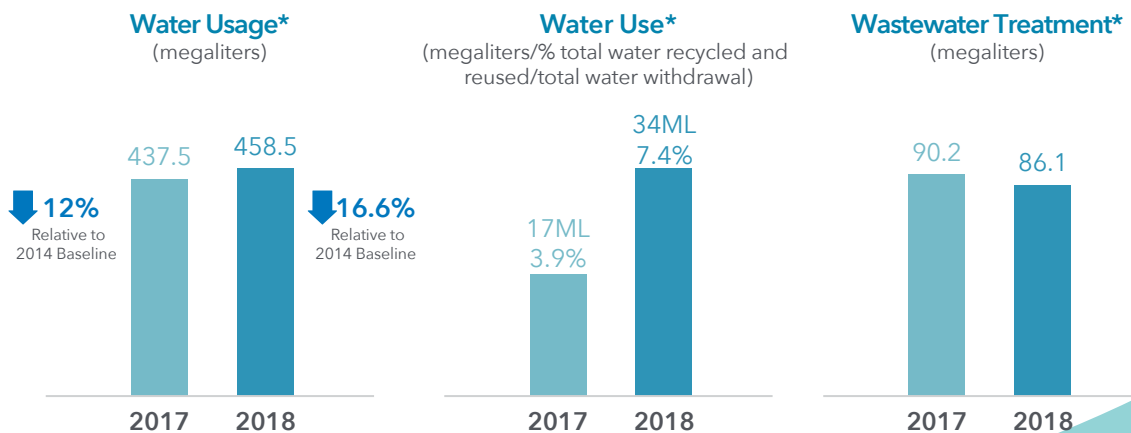
Managing water consumption is a top priority for Xylem. We are a signatory to the UN CEO Water Mandate. This United Nations Global Compact initiative mobilizes business leaders on water, sanitation and the Sustainable Development Goals. Endorsers of the UN CEO Water Mandate commit to continuous progress against six core elements of water stewardship and, by doing so, better understand and manage their own risks.

Our 2019 goal is to achieve a 25 percent reduction in water intensity and in 2018, we were able to report a 16.6 percent reduction in water intensity against our 2014 baseline. This performance is thanks to capital investment and several tools, including:

- The Eco Project Deck used at all of our facilities to identify areas for improvement.
- The Aqueduct Water Risk Atlas, developed by the World Resources Institute, used to determine which Xylem sites are located in water-stressed or water-scarce areas; this tool is being used at manufacturing sites, sales and service facilities and large office-only facilities.
- Tools to help decrease water use across our supply chain, including a water footprint calculation tool and a pilot sustainability audit program for suppliers in water-stressed basins.

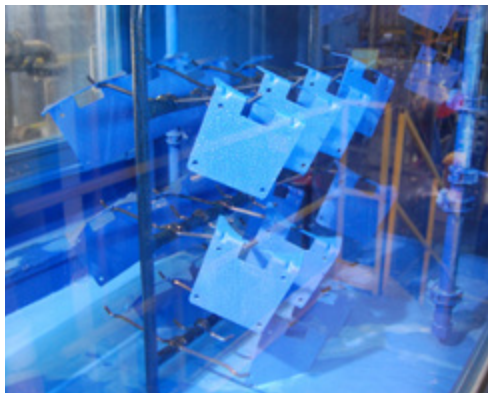
The upgrade of the existing water treatment facility at the Shenyang, China, facility included the installation of Xylem products (Flygt, Steady and Lowara pumps, Sanitaire aerator and Wedeco ozone generator) allowing the site to treat its wastewater and reuse it for test tanks, facility cleaning, toilet flushing, landscaping and sprinkler system refilling. The facility reduced its water withdrawal by 25.6 percent from 2017 to 2018 and increased its water reuse by 414.2 percent.

Our Hydroinfinity product is also being used at facilities located in water-stressed areas to treat contaminated water, chemical-free to independently verified drinking water standards. Electronic sensors and remote monitoring enable continuous monitoring of the water quality. In 2018, Hydroinfinity/Rainmaster units were installed at our sites in Chihuahua, Mexico (extreme high-risk water stress), Hoddesdon, United Kingdom (high-risk water stress), and Kolding, Denmark (not water-stressed); these units were also installed in 2017 in Montecchio, Italy (high-risk water stress), and Cape Town, South Africa (extreme high-risk water stress).



*Values in these charts have been restated.

WATER DISCHARGE



Xylem recognizes the risk caused by neglecting wastewater management. All Xylem sites meet or exceed national, local and our own requirements for the return of clean and safe wastewater back into public water streams. To help meet these standards, a number of our manufacturing sites have installed on-site wastewater treatment systems. In 2018, we treated and released over 86.1 megaliters back into the environment.

Water Discharge & Intensity* (in megaliters)	2017	2018
Total Water Withdrawal	437.5	458.5
Total Volume of Water Recycled and Reused	17.0	34.0
Total Water Treated and Released	90.2	86.1
Total Sales (MUSD)	4,706	5,200
Total Water Intensity	0.0930	0.0882
Percentage of water recycled and reused	3.9%	7.4%

*Values in the table have been restated:
 Inclusion of 2017 water data for a facility acquired end of 2016
 Correction of 2017 reporting errors

Read the Assurance Statement on page 42.

WATER CONSUMPTION

See response for GRI 303-4.

305 Emissions

Material Issue:
Operational Environmental Impact

GRI 103-1, 2, 3 MANAGEMENT APPROACH

See Disclosure GRI 302: Energy.

GRI 305-1

DIRECT (SCOPE 1) GHG EMISSIONS

Scope 1 Emissions*

Direct Greenhouse Gas (GHG) Emissions by Type (metric tons CO ₂ equivalent)	2017	2018
Natural Gas Used	14,359	15,953
Stationary Sources Gaseous Propane	2	2
Stationary Sources Liquid Propane	599	760
Stationary Sources Fuel Oil	1,442	1,496
Cryogenic CO ₂	1.3	1.3
Refrigerant Use	519	663
Total Stationary GHG Emissions	16,923	18,876
Mobile Source Gasoline	803	1,141
Mobile Source Diesel	21,355	22,579
Mobile Source Liquid Propane	6	4
Total Mobile GHG Emissions	22,164	23,724
Total Direct GHG Emissions	39,086	42,599

GRI 305-2

ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

Scope 2 Emissions*

Indirect Greenhouse Gas (GHG) Emissions by Type (metric tons CO ₂ equivalent)	2017	2018
Purchased Electricity	57,024	57,833
Purchased Heat	1,623	1,796
Total Indirect GHG Emissions	58,647	59,628
Scope 2 Location-Based	58,647	59,628
Scope 2 Market-Based	40,440	40,849

*Values in these tables have been restated :
Inclusion of 2017 energy data for two facilities acquired end of 2016
Correction of 2017 reporting errors for stationary gaseous propane
Correction of 2017 reporting errors for stationary liquid propane
Correction of 2017 reporting errors for mobile LPG

GRI 305-3

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

	2018 Scope 3 Indirect Emissions Due to Business Travel (metric tons CO ₂)
Air Travel	11,762
Hotels	553
Car Travel	504
Total for Scope 3 Emissions	12,819

GRI 305-4

GHG EMISSIONS INTENSITY

Total Greenhouse Gas (GHG) Emissions Intensity* (metric tons CO ₂ equivalent/annual revenues in millions USD)	2017	2018
Total GHG Emissions (metric tons CO ₂)	97,733	102,228
Total Sales	4,706	5,200
Total GHG Emissions Intensity	20.8	19.7
Purchased Renewable Energy Credits (mtCO ₂ e)	16,132	18,234
Renewable Electricity Generated	226	238
Net GHG Emissions (including renewable electricity)	81,375	83,755
Total Net GHG Emissions Intensity	17.29	16.11

*Values in this table have been restated.

GRI 305-5

REDUCTION OF GHG EMISSIONS



Dry Cooling System, Montecchio, Italy

Our energy and emissions reduction initiatives resulted in a 6.9 percent decrease in GHG emissions intensity from 2017 to 2018. This represents a nearly 18.4 percent decrease from our 2014 baseline. A significant driver of our progress over the past several years has been the increase in renewable energy credit purchases.

Xylem engages an independent certification and verification provider to conduct assurance of the environmental metrics contained within our EHS metrics system. This provider issued an Assurance Statement for total direct energy use, total indirect energy use, total direct GHG emissions, total indirect GHG emissions and total water withdrawal. Read the Assurance Statement on page 42.

GRI 305-6

EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)

Xylem does not use significant amounts of ozone-depleting substances, and for that reason we 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.

GRI 305-7

NITROGEN OXIDES (NOX), SULFUR OXIDES (SOX), AND OTHER SIGNIFICANT AIR EMISSIONS

Air Emissions	2017	2018
Volatile Organic Compound (VOC) Emissions (metric tons)	100	111

306 Effluents and Waste

Material Issue:
Operational Environmental Impact



XYLEM PROGRESS

21.3% reduction
in waste to landfill intensity through 2018

Goal: 20% reduction in waste to landfill intensity by 2019



GRI 103-1, 2, 3 MANAGEMENT APPROACH

Xylem has already met its 2019 goal to reduce waste to landfill by 20 percent. Even though we have reached our 2019 goal, we are continuing to focus on reducing waste generation through activities such as Point Kaizens and other continuous improvements to eliminate scrap and waste from our operations. When we do need to dispose of waste, we work with our waste contractors to direct more of it toward recycling and reuse, and less to landfills and incinerators.

WASTE BY TYPE AND DISPOSAL METHOD

Total waste increased 6.6 percent from 2017 to 2018, and we recorded a 13.1 percent increase in total hazardous waste. We have reduced the percentage of total waste to landfill per dollar of revenue by 21.3 percent against our 2014 baseline.

Waste Management*

Waste by Type and Disposal Method (metric tons)	2017	2018
Non-Hazardous Waste Recycled	22,312	22,073
Non-Hazardous Waste to Non-Landfill ¹	1,323	1,436
Non-Hazardous Waste to Landfill	3,277	5,104
Total Non-Hazardous Waste	26,911	28,613
Hazardous Waste Recycled	294	358
Hazardous Waste to Non-Landfill ²	853	974
Hazardous Waste to Landfill	132	114
Total Hazardous Waste	1,280	1,447
Total Waste Recycled	22,606	22,432
Total Waste to Non-Landfill	2,176	2,410
Total Waste to Landfill	3,409	5,218
Total Waste	28,191	30,060

*Values in this table have been restated:

Correction of 2017 reporting errors

¹Increase associated with termination of contract to use foundry sand in road construction.

²Increase due to change in paint line at Montecchio, Italy, facility resulting in change in waste characterization.

SIGNIFICANT SPILLS

No significant spills were reported at any of our operations in 2018.

307 Environmental Compliance

Material Issue: Operational Environmental Impact

GRI 103-1, 2, 3 MANAGEMENT APPROACH

Xylem holds itself to the high standards required for ISO and OHSAS certification. We currently have 60 sites that not only meet, but also are certified to ISO 14001 standards for environmental management. In addition, 23 sites are certified to OHSAS 18001 standards for health and safety management, 111 are certified to ISO 9001 standards for quality management and three are certified to ISO 50001 for energy management. We are proud of this achievement as it demonstrates our commitment to transparency in our operations. In line with national regulatory requirements and our ISO and OHSAS commitments, we regularly conduct internal and external EHS audits at all sites to ensure compliance with applicable environmental regulations. Xylem investigates all significant incidents occurring at our sites and completes root cause analyses to identify and prevent recurrence of the causes of the incidents.



		CERTIFICATES			
Location	Secondary Activities	ISO 14001 Environmental Management System	OHSAS 18001 Occupational Health and Safety Management System	ISO 9001 Quality Management System	ISO 50001 Energy Management System
MANUFACTURING SITES					
Auburn, NY				X	
Beijing, China				X	
Boise, ID				X	
Buenos Aires, Argentina	Sales & Service	X		X	
Calamba, Philippines		X	X	X	
Cegléd, Hungary	Service	X		X	
Cheektowaga, NY				X	
Chihuahua, Mexico		X			
College Station, TX				X	
Covington, LA				X	
DuBois, PA				X	
Durham, NC				X	
El Eulma, Algeria				X	
Emmaboda, Sweden	Distribution	X	X	X	
Essen, Germany		X	X	X	
Fuzhou, China				X	
Guelph, Ontario				X	
Herford, Germany	Service	X	X	X	
Hoddesdon, UK	Service	X	X	X	
Houston, TX				X	
Laatzen, Germany		X	X	X	X
Letchworth, UK				X	
Lubbock, TX				X	
Ludwigshafen, Germany		X	X	X	X
Montecchio, Italy	Service	X		X	
Morrisville, NC				X	
Morton Grove, IL				X	
Nanjing, China		X	X	X	
Pelham, AL				X	
Pewaukee, WI				X	
Quenington, UK	Service			X	
Santiago, Chile				X	
Shenyang, China		X	X	X	X
Slaton, TX				X	
Stará Turá, Slovakia		X	X	X	

CERTIFICATES

Location	Secondary Activities	ISO 14001 Environmental Management System	OHSAS 18001 Occupational Health and Safety Management System	ISO 9001 Quality Management System	ISO 50001 Energy Management System
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MANUFACTURING SITES (CONT'D)

Stockerau, Austria		X		X	
Strzelin, Poland		X		X	
Uniontown, PA				X	
Vadodara, India		X	X	X	
Yellow Springs, OH		X		X	



OFFICES

Sundbyberg, Sweden		X		X	
Barcelona, Spain		X		X	
Basingstoke, UK		X		X	
Burgess Hill, UK				X	
Sundbyberg, Sweden		X		X	
Neyron, France		X		X	
Schaffhausen, Switzerland		X	X	X	
Singapore				X	



SALES COMPANIES

Santiago, Chile	Service			X	
São Paulo, Brazil	Service			X	
Austria		3 sites		3 sites	
The Netherlands				1 sites	
France				11 sites	
Germany				2 sites	
Great Britain & Ireland		11 sites	11 sites	11 sites	
Italy				10 sites	
Norway		9 sites		9 sites	
Sweden		13 sites		13 sites	



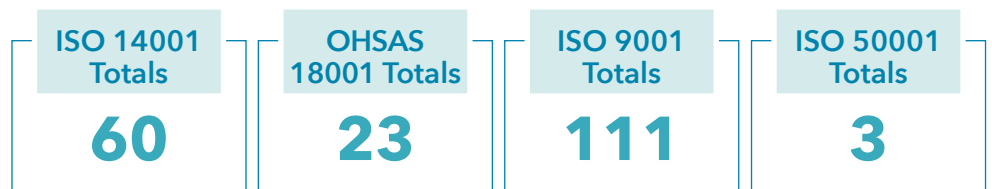
SERVICE

Nova Lima, Brazil				X	
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DISTRIBUTION CENTERS

Ennery, France				X	
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NONCOMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

In 2018, Xylem received notifications of environmental noncompliance at two sites.

Location	Details	Fines
Buenos Aires, Argentina	A notice of noncompliance and fine was received related to a chlorinating pump that was not working during an inspection. Due to site participation in a local program of technology improvements called PRTVI, the fine is still under review.	\$3,000 USD (Currently suspended with final resolution estimated by 4Q19).
Texarkana, AR	A notice of noncompliance was received related to wastewater discharge permitting. A meter reader was not functioning due to a maintenance problem. The issue was resolved and additional maintenance checks performed.	None

308 Supplier Environmental Assessment

Material Issue: Responsible Supply Chain

GRI 103-1, 2, 3 MANAGEMENT APPROACH

Our standard procurement Terms and Conditions require our suppliers 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. Our Supplier Code of Conduct covers expectations of suppliers in the following areas:

- General contracting ethics
- Child labor
- Forced labor
- Hiring and employment practices
- Compensation and working hours
- Health and safety
- Environment
- Conflict minerals and chemical substances
- Improper payments
- Confidential information
- Supply chain transparency
- Compliance monitoring
- Supplier diversity
- Anti-Harassment
- Communication
- Human rights

We make it clear to our suppliers that Xylem holds our integrity to the highest standards. We encourage our suppliers to feel comfortable speaking up when they believe we are not living up to these standards. We continually challenge our suppliers to provide continuous improvement suggestions/programs to improve safety, efficiency, carbon footprint, waste and cost, to assist us in any way in regard to our stated goal of solving water.

We expect suppliers to adhere to our global sustainability standards. As part of our procurement processes, any new Xylem supplier is required to align with our business standards in terms of product quality, process capabilities, risk management and sustainable systems. In 2018, several enhancements were made to the Supplier Quality Assessment program to include additional Sustainability audit requirements. In 2019, we started providing Supply Chain auditors with training on expanded environmental and social matters, including Human Rights and Modern Slavery.

Following an in-depth initial audit with a new supplier, we conduct select and targeted follow-up audits confirming sustainability throughout the supply chain.

Audit questionnaires focus on the following areas:

- Quality management system
- Environment
- Health and safety practices
- Human rights and labor rights
- Conflict minerals
- Business continuity planning
- Risk management
- Facility security

In 2019, we started setting annual goals for conducting supplier audits, with an initial target of 200 supplier audits. Our intent is to increase that number by 40 audits each year through 2025.

GRI 308-1

NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

We expect all suppliers to adhere to our global sustainability standards. As part of our procurement process, all new Xylem supplier are required to align with our business standards in terms of product quality, process capabilities and sustainable actions.



401 Employment

Material Issue:
Talent Attraction & Retention

GRI 103-1,2,3 MANAGEMENT APPROACH

In order to achieve our strategic goals for solving water, it is essential that our employees share ideas, feel conviction and passion in their daily jobs, and operate with speed and efficiency for our customers.

It is why we are passionate about continuing to build a Xylem culture – a “One Company” approach – across our family of brands, business and hundreds of locations around the globe.

Engagement begins by listening to our employees. We conduct a Global Employee Engagement and Culture Survey every other year, with the next survey slated for 2019. This feedback is vital to our continuous improvement as a company, building on Xylem’s strengths and taking action on issues that might be holding us back.

Our greatest area of opportunity, according to employees responding to our 2017 Global Engagement Survey, is acting as one company. This is why we are focused on creating a consistent, collaborative and inclusive culture. Our future success depends heavily upon growing as a company in this key area. At the enterprise level, we have already prioritized specific focus areas for improvement, and our approach is guided by several principles:

- Committing to focus on the highest-impact items that are affecting colleagues across the company
- Involving colleagues from across the organization in designing an action plan that is both robust and realistic
- Communicating regularly with employees on our approach and progress



Attracting and retaining the best employees is fundamental to our success, and as we evolve into more of a technology-oriented company, we are competing for talent more broadly. Our Talent Acquisition Center of Excellence brings together our North American business recruiters under one leader. Globally, we have completed the rollout of a new applicant tracking system, Jobvite, that streamlines the process for both internal and external candidates, the hiring managers, the HR team and the talent acquisition team.

Xylem takes a total rewards approach to attracting, motivating and retaining talented colleagues worldwide. Our total rewards philosophy integrates programs for compensation, benefits, recognition and work-life balance. While individual program components may differ by country, job role or level, our culture and commitment to results remain constant.

We also encourage our managers to conduct Stay Interviews with their direct reports. The concept of a Stay Interview is to maintain open lines of communication related to individual employee satisfaction and engagement to provide real-time feedback. In 2018, we began implementation of Workday as a global human resources information system. This will further facilitate communication with our employees upon full implementation in 2019.

GRI 401-2

BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

In the U.S., employees who work 30 or more hours per week are eligible for very competitive and comprehensive benefit offerings, which are aligned with our business strategy. These benefits include comprehensive health and wellness programs, disability and life insurances, paid time off, flexible work arrangements, employee assistance programs, adoption assistance and other benefit offerings. Temporary or less-than-full-time employees are eligible for pro-rated paid time off and our retirement program after completing at least 1,000 hours of service in a calendar year. Outside of the U.S., the definition of full-time, temporary or part-time employees can vary, as well as the differentiated benefits, which may be provided in that given country.

GRI 401-3

PARENTAL LEAVE

Parental leave is typically determined based on local practices and regulations at locations around the world. In the U.S., Xylem implemented a paid Parental Leave Policy effective April 1, 2019. This Policy applies to non-union benefits eligible U.S. employees. Birth mothers are eligible for four weeks of paid parental leave, beginning after medical leave, to be taken within the first six months of a newborn's arrival. Fathers, other same-gender partners and other 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.

402 Labor/Management Relations

Material Issue:
Labor Rights

GRI 103-1, 2, 3 MANAGEMENT APPROACH

See GRI 401 Employment

GRI 402-1

MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES

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 works council agreements.

Topics requiring communications include:

- Mergers or splitting of companies or production centers,
- Relocation of companies, production centers or major parts thereof, and relocation of production,
- Cut-back or closure of companies, production centers or significant parts thereof,
- Collective redundancies.

Under the European Works Council, additional information and consultation applies to the following matters in particular:

- Structure of the company and its economic and financial situation,
- Anticipated development of business, and of production and sales,
- Employment situation and its anticipated development,
- EHS, Ethics and Compliance,
- Investments,
- Changes to the organization,
- Introduction of new working and production procedures.

403 Occupational Health and Safety

Material Issue:
Occupational Health & Safety

XYLEM PROGRESS

49.7% reduction
in injury frequency through 2018

Goal:<0.5 injury frequency by 2019

63.2% reduction
in injury severity through 2018

Goal:<6.0 injury severity by 2019



GRI 103-1,2,3 MANAGEMENT APPROACH

Xylem's safety philosophy is to "Accept Only Zero" – meaning that we strive for a zero-incident workplace and one in which our employees return home at the end of each day healthy.

We have taken several proactive measures to ensure that safety is top of mind for all employees. Safety-related responsibilities are defined in employees' job descriptions, reinforced through site communications and measured regularly with recognition for outstanding performance. In 2018, we made updates to our leading indicators to ensure continuous improvements in our safety culture and performance. Additionally, we developed an EHS maturity matrix to assess the safety culture of our facilities.

The Xylem Risk Reduction Index is one of several avenues we use to strengthen Xylem's safety culture by including leading indicators in safety performance evaluation and including a safety goal for employees. The Risk Reduction Index consists of four proactive elements: Toolbox Talks, Management Engagement, Timely Implemented Preventive and Corrective Actions, and Employee Engagement. These elements have been identified as critical in strengthening the Xylem Safety Culture; they encourage management and employee involvement, promote open and transparent communication regarding safety and health, and ensure that safety and health issues are addressed timely.

Our CEO Safety Excellence Award recognizes manufacturing and sales and service teams each year for outstanding safety performance. Assessment of performance is strongly weighted toward leading program attributes versus trailing indicator performance. Scoring for 2018 entries, like prior years, was conducted by an independent third party and is based on a combination of objective (quantitative) and subjective (qualitative) criteria, including indicator rates and program vitality attributes. In addition, site visits to two finalists were conducted by our third-party evaluator to validate award application information.

216 Xylem sites were recognized in 2018 for zero incidents or operating throughout the year without recordable injuries or serious near-misses, representing a 15 percent increase from the 188 sites recognized in 2017. Further, more than 42 sites were recognized for improving their safety performance by reducing the injury frequency at the site by 50 percent or more over their performance in the prior year.

216
Xylem sites
were recognized in 2018
for **Zero Incidents**

15%
increase
from the 188 sites
recognized in 2017



Xylem holds itself to the high standards required for ISO and OHSAS certification. Eleven of our global manufacturing sites, one office and 11 sales companies sites are OHSAS 18001 certified for health and safety management. Implementation of the OHSAS certification has been a voluntary commitment that Xylem views as a long-term investment in our employees and reputation.

Xylem investigates all significant incidents occurring at our sites and completes root cause analyses to identify and prevent recurrence of the causes of the incidents. This year, we developed an EHS maturity index to be able to assess the safety culture of our facilities. In addition, we conducted a total of 34 site audits for safety, with six of them performed by a third party.

To make maintaining site compliance easier, a site profile application is part of our online EHS compliance system, allowing sites to track site-specific information, such as permits, environmental risks and facility information

Our sites track safety performance according to a Risk Reduction Index (RRI), which is 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 of the manufacturing sites across Xylem, and expansion across all Xylem sites is an initiative for 2019. We measure, manage and investigate near misses as part of our injury prevention program. In addition, safety continues to be integrated into every aspect of Xylem's business. At the end of 2017, EHS was included in our continuous improvement aspect matrix and in 2018, several sites were assessed to determine progression implementation of the EHS Management system. Looking ahead, sites will continue to be assessed, and we will generate a score accordingly that demonstrates the safety acumen of the site.

In 2018, some of our biggest challenges were in hand/arm injuries and back/shoulder strains. We implemented various programs around hand safety and hand tool safety, including Treasure Hunts for hand hazards, targeted safety talks, and glove assessments. For back and shoulder injuries, we increased our diligence around manual lifting, imposed more stringent lifting limits, added additional lifting devices on our job sites, and conducted ergonomic risk assessments and mitigation practices.

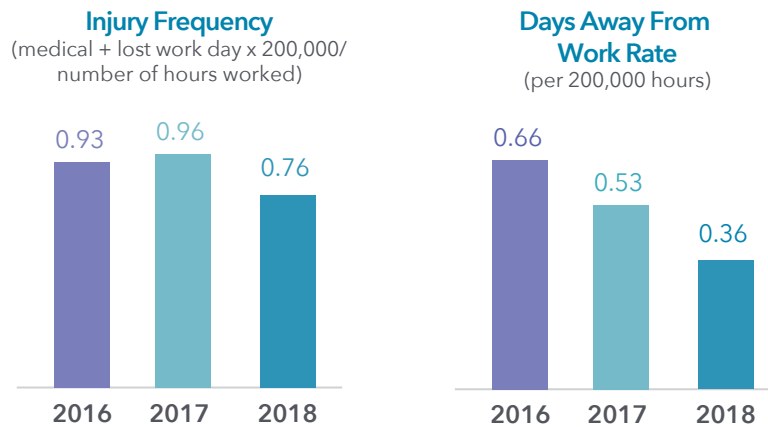
WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

In addition to satisfying the requirements for OHSAS 18001 certifications, sites also provide training and promote our “Accept Only Zero” philosophy. This program includes online access to more than 80 safety education courses in multiple languages and access to tools that help managers and employees quickly and easily recognize safety and ergonomic hazards and take corrective actions to eliminate root causes.

UL PureSafety is our safety learning content system that has been rolled out across Xylem. PureSafety offers a variety of online safety training covering a wide range of safety topics in many different languages. The system allows sites to build and manage their training curriculums.

In addition, we also are in year two of AlertDriving online training. During 2019, we expect to train more than 1,000 new drivers. The training focuses on reducing vehicle collisions, personal injuries, operating costs and liability exposure and is customized for various countries.

WORK-RELATED INJURIES



404 Training and Education



Material Issue: Talent Attraction & Retention

GRI 103-1, 2, 3 MANAGEMENT APPROACH

Developing the skills and capabilities of our people is a key part of our strategic priority to cultivate talent and leadership development. We offer a variety of ways to support our employees' professional growth, and continuous training is a key part of this effort.

Talent development at Xylem is grounded in frameworks of integrated talent management and our Connect, Perform, Grow (CPG) performance management approach. CPG creates a platform for our people to facilitate regular feedback throughout the year.

The purpose of CPG is to provide a forum for collaborative review and development of employee results against goals, objectives and outcomes, as well as employee behavior and competencies. We strive to ensure that these goals and objectives are aligned with Xylem's strategic and operational objectives. It is not a one-time exercise; rather, managers and employees are expected to connect at least quarterly throughout the year. We validate that conversations are happening quarterly through a survey. In 2018, on average, 70 percent of our employees participated in the survey and close to 90 percent of them agreed that the quarterly discussions with their managers were focused on how they were performing and their ongoing professional development.

GRI 404-1

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE



2018 TRAINING BY THE NUMBERS

**92,258
hours**

of in-person and
web-based training

**189,000
hours**

completed in Xylem's
learning management system

**1,169
employees**

completed in Leading
for Continuous
Improvement training

**600
managers**

completed in coaching and
change management training

**22%
top management**

internal promotion rate

PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

ENTRY-LEVEL ATTRACTION PROGRAMS

Our Engineering Leadership Development Program (ELDP) targets recent university graduates with a passion for technology and engineering to partake in a rotational program, which includes three different eight-month assignments, access to senior mentors, skills development programs and an end-of-rotation presentation to senior leaders. Approximately nine participants are selected per year.

The Operations Leadership Development Program (OLDP) targets recent university graduates with a passion for supply chain to participate in a rotational program, which includes three one-year assignments in roles intended to stretch the participants' capabilities, including the opportunity for an international assignment and an end-of-program presentation to senior leaders. Approximately six participants are selected per year.

Our Customer Solutions Center (CSC), based in Charlotte, North Carolina, targets recent university graduates with a passion for sales and application engineering to partake in a two-year assignment with job-specific training and the opportunity to transition into new roles. On average, 12 participants are selected per year.

In 2018, we selected 10 universities across the U.S. with which to build relationships through targeted recruitment, career fairs, technical talks and other partnership activities. In addition to recruiting graduates to our entry-level programs, in 2018 we hired more than 50 summer interns who worked at several of our U.S. locations, across all functions. We expect to continue to grow our university relationships in the years to come and expand these relationships globally.

FELLOWSHIP PROGRAMS FOR EARLY-IN-CAREER EMPLOYEES

Our Strategy Fellows program targets high-potential employees who have a passion and aspiration to develop their leadership and strategy skills to partake in a year-long program with trainings in global locations, group and individual strategy projects, access to senior mentors and an end-of-program presentation to senior leaders. Approximately 15 participants are selected per year.

Additionally, our Innovation & Technology Fellows Program targets high-potential early-in-career employees who have a passion for engineering and technology to partake in a year-long program with trainings in global locations, a group project, access to senior mentors and an end-of-program presentation to senior leaders. Approximately 15 participants are selected for this program per year.



Around the world, we are providing our colleagues with additional educational opportunities.

TRAINING FOR MANAGERS AND SUPERVISORS

Our Manager Development Program (MDP) is designed to help people managers cultivate and strengthen leadership and change-management skills and develop a network of peers across the organization. The MDP focuses on training in three core areas: self-development, team development and organizational development.



The program consists of an in-person kickoff for groups of 25 participants, followed by a blended learning curriculum. It includes live-virtual learning, interactive webinars with senior leaders (called Leader-led Discussions), virtual teamwork activities and two consecutive Manager as Coach programs. As with all Xylem training, active learning is an important part of this program. We do not just teach models; we provide opportunities for participants to practice the skills we are teaching.

In 2018, we initiated a pilot program called Manager to Leader. This new program provides a hands-on experience with colleagues across the globe to learn what it means to be a leader at Xylem. Furthermore, in accelerating the development of our leaders, it advances our strategic business transformation. The cohort of 20 people managers, in addition to meeting three times over the course of the program year, will also work on a team project that is related to Xylem's commitment to providing social value.

LEADERSHIP DEVELOPMENT

The Executive Development Program (EDP) is an in-depth program designed for leaders who are part of the extended leadership group. Building upon Xylem's aim to become a high-performing operating company with a common culture, the program focuses on building enterprise leadership approaches and empowering leaders to take charge of our company's transformation. We kicked off our sixth cohort of this program in January 2019 with another 18 participants. Nearly 60 percent of those who completed the program have been promoted, had a change in role or had their current roles expanded.

In 2018, we kicked off a new program for EDP alumni. Through the end of 2018 and through 2019, 40-plus participants from the first four cohorts of the EDP will continue their development as enterprise leaders and work on disruptive projects that help to facilitate the transformation journey that Xylem is currently on.

ADDITIONAL TRAINING PROGRAMS

Around the world, we are providing our colleagues with additional educational opportunities, with some examples described below:

- Across the company globally, our sales teams are participating in the instructor-led programs called The Counselor Salesperson (CSP) and Coaching the Counselor Salesperson (CCSP), both of which are facilitated by Wilson Learning. At the end of 2018, 740 sales managers and representatives had attended the CSP and 115 attended the CCSP trainings.
- In 2018, we also kicked off a development program for our global product managers called Xylem Product Management Academy. We conducted two sessions, one in Europe and one in the U.S., with more than 30 global product managers. The goal of the Academy is to strengthen the skills and competencies of our product management teams and bring the most modern and contemporary industry practices to Xylem. In addition to the training, each group participated in a local Watermark event. We plan to provide ongoing training to regional product managers through this Academy and other training topics.

- In China, the Leadership Academy of Xylem's China Learning Institute provides various leadership training programs to enable people managers to develop and lead their teams to achieve business goals in a changing and challenging business environment. Additionally, a high-potential manager development program called "Eagle and Seagull" is designed to develop and retain high-potential managers, and to build a sustainable talent pool. Three cohorts have completed this program since 2015 with a total of 54 participants. Of these participants, more than 20 have moved on to new and expanded roles, with some earning multiple role expansions.
- We continue to expand our utilization of our Learning Management System (LMS) to track learning that takes place online throughout the company and to provide a centralized platform to catalogue various product and global process overview and reference materials. Compliance training and continuous improvement training are examples of this type of enterprise-wide online training.

405 Diversity and Equal Opportunity

Material Issue:
Diversity and Inclusion



GRI 103-1, 2, 3 MANAGEMENT APPROACH

Diversity in all its forms allows us to compete more effectively around the world and drive exceptional customer satisfaction, innovation and company performance. We are committed to reflecting the diversity of the communities where we live and work, and the customers we serve. We work to harness our expertise and cutting-edge technologies to help water operators and communities around the world address the growing water challenges they face. And, we know the best way for us to achieve our aim and serve our stakeholders is to develop a world-class culture that taps into the power of diversity and inclusion.

With operations in more than 50 countries, we believe in the power of an environment where everyone feels involved, respected, valued and connected – an environment where everyone is free to bring their authentic selves and ideas. Every day, Xylem employees are advancing diversity and inclusion in exciting and impactful ways.

GRI 103-1,2,3 (Cont'd)

Xylem's Global Diversity & Inclusion (D&I) Council was formed in 2018 to raise awareness and promote the benefits of D&I, support implementation of D&I practices, establish D&I metrics, monitor progress and engage with senior leadership on progress. With the support of our executive sponsors, the Senior Vice President, General Counsel and Corporate Secretary and the Senior Vice President and Chief Marketing Officer, this global 10-member council meets monthly to collaborate, plan and advance diversity and inclusion at Xylem.

Xylem's employee networks provide supportive communities where employees exchange ideas, gain valuable skills and share a network of resources. These internal, self-governed groups connect employees, enhance professional development, enrich company culture and support business strategies in the areas of recruitment, retention, community involvement and customer relationships.

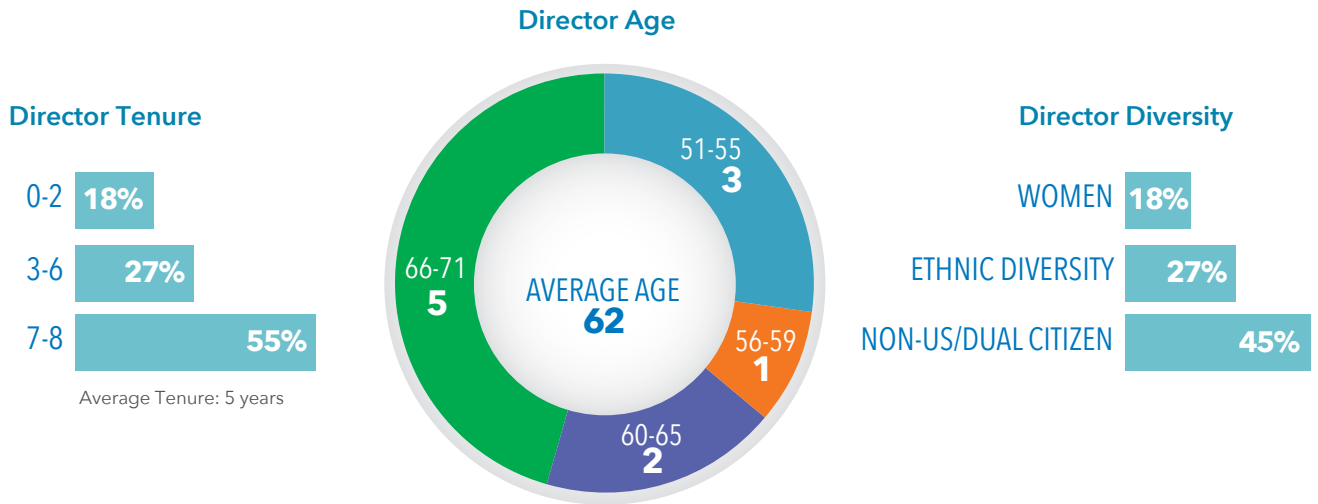
In 2018, Xylem's Women's and Emerging Leader Network grew by double digits – forming local chapters for employees to engage and connect globally to share and collaborate via our internal social platform. Xylem's Veterans Network launched as our newest network, connecting 100 employee veterans and family members associated with the military around the world. We will launch Xylem's LGBT+ Network in 2019 and continue to encourage the organic formation of other network groups as we work to cultivate an inclusive culture.

We view diversity as key to leadership development. When selecting participants for internal development programs, we ensure that groups are balanced across a number of factors, including gender, ethnicity, tenure, function, geography and more. We have also built concepts such as inclusion and leveraging differences into our training programs for top leaders.

It is our policy to ensure equal employment, advancement opportunity, incentives and discipline without distinction or discrimination based on gender, ethnicity, race, gender identity, age, religious or political beliefs, disability, sexual orientation, protected veteran status or other protected classifications. In addition, as a U.S. government contractor, Xylem is committed to taking affirmative action to hire and advance minorities, women, qualified individuals with disabilities and covered veterans.

Externally, Xylem joined more than 120 Business Roundtable CEOs to share stories and successful business practices to promote diversity and inclusion. Xylem also joined the Human Rights Campaign Foundation's Global Business Coalition, a consortium of major global businesses committed to upholding workplace protections for LGBT employees – along with the rest of their workforce – everywhere they do business. Xylem increased its score on the 2019 Human Rights Campaign Corporate Equality Index by 10 points. With perfect scores for workforce protection and inclusive benefits categories, we will focus on targeted outreach to the LGBT+ community to further improve our rating. Looking ahead, Xylem will continue to seek opportunities to express support for advancing diversity and inclusion in the workplace.

Xylem is committed to building a culture that values and promotes inclusion and diversity. We know that the cross-exchange of ideas that comes from diverse backgrounds fuels innovation and excellence, and will play a critical role in driving progress in our industry.



2018 Employee Population Profile

Employee Categories	AGE GROUP As a Percentage of U.S. Employees			MINORITY GROUP As a Percentage of U.S. Employees				GENDER As a Percentage of Global Employees	
	<30	30-50	>50	African-American	Hispanic	Asian-American	Minority Other	Female	Male
Top Management	0.0%	1.1%	1.2%	0.1%	0.1%	0.2%	0.1%	0.3%	1.0%
Middle Management	0.1%	6.3%	5.7%	0.5%	0.6%	0.6%	0.1%	2.4%	10.7%
Non-Management	11.3%	37.4%	36.8%	6.4%	8.6%	5.1%	1.1%	21.3%	64.3%
Total	11.5%	44.8%	43.4%	7.0%	9.3%	5.9%	1.3%	24.0%	76.0%

414 Supplier Social Assessment

Material Issue:
Responsible Supply Chain



GRI 103-1, 2, 3 MANAGEMENT APPROACH

See GRI 308: Supplier Environmental Assessment.

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. We have worked diligently over the past four years to comply with U.S. SEC requirements regarding the sourcing of these materials. In 2018, we continued utilizing a third-party service provider to assist us in reviewing our supply chain. We surveyed 3,157 in-scope suppliers and received a 58 percent response rate.

[Review our Conflict Minerals Policy here.](#)

GRI 414-1

NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

We expect all suppliers to adhere to our global sustainability standards. As part of our procurement process, any new Xylem supplier is required to align with our business standards in terms of product quality, process capabilities and sustainable actions.

416 Customer Health and Safety

Material Issue:
Product Quality & Safety



GRI 103-1 ,2, 3 MANAGEMENT APPROACH

The Xylem Product Safety Steering Committee reviews all product safety-related incidents at a corporate level to track their management and share best practices within our company. At Xylem, a product safety-related incident must meet all the following criteria:

- The use of the product is within the Xylem-defined scope of application and as per the instruction manual
- The root cause is within the control of functional areas responsible for the product's application
- The incident has a worst-case hazard criticality, or a medium-to-high hazard criticality combined with a medium-to-high hazard occurrence

GRI 416-1

ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES

At Xylem, we conduct safety risk assessments on all new products and changed products where the design revisions have a possible impact on safety.

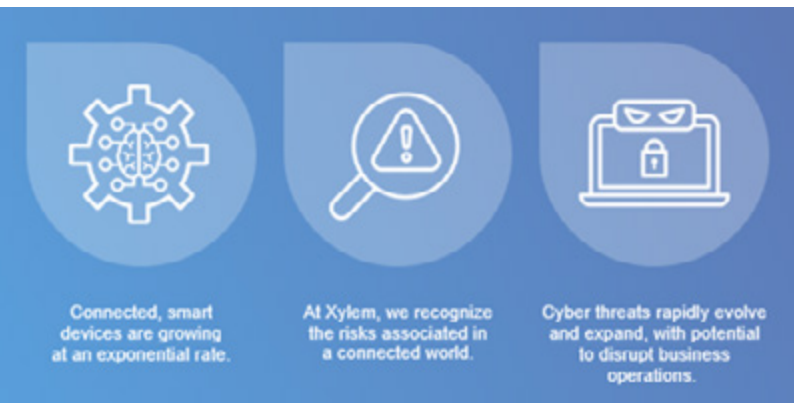
GRI 416-2

INCIDENTS OF NONCOMPLIANCE CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES

Product safety incidents are recorded across Xylem and consolidated at the corporate level. 16 product safety incident inquiries were opened in 2018: Two were proven not related to product safety, nine were resolved and five are still in process as of June 2019.

418 Customer Privacy

Material Issue: Connected Products



GRI 103-1, 2, 3 MANAGEMENT APPROACH

PRIVACY OF PERSONAL AND CUSTOMER DATA

Xylem has an online [privacy policy](#), available on our corporate website, that outlines the type of information the site collects; how the company uses personal data; use of cookies and beacons; and how the company shares personal data with third parties. The policy is based on the principles of the European Union's General Data Protection Regulation.

The customer data we collect is largely limited in scope to names and professional contact information.

As our product and service portfolio expands to include more connected devices, we are evolving the policies and protocols necessary to ensure data security according to the nature of the product's function. Pump controllers that communicate with each other at different monitoring locations, for example, only supply performance data and do not involve the transmission of any personal data.

In addition, our customers are our partners and we work to anticipate their needs with our broad product and service offerings, our applications expertise, and our knowledge to keep data and information secure.

Xylem is a water technology company with a commitment to innovation while also addressing security needs for all of our solutions and continuous improvement. Along with a risk-based security design and implementation approach, our engineers and information technology teams make it a top priority to analyze and eradicate any vulnerabilities.

Additional safeguards include:

- Collaboration with [InfraGuard](#), a partnership between the Federal Bureau of Investigations and members of the private sector.
- Implementation of Security by Design Principles throughout the product development lifecycle.
- Membership in the [Water Information Sharing and Analysis Center](#), the international security network created by and for the water and wastewater sector.
- Achievement of Smart Grid Achilles security certification for Sensus FlexNet 2.2. an industry first.
- A comprehensive cybersecurity program and team, which aligns to the ISO/IEC 27001 Information Security Management standard.



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