



Solving Water for a Resilient World

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About This Report

We are pleased to present Xylem’s 8th annual Sustainability Report, which describes our efforts in 2020 to solve global water challenges and build a company that serves all our stakeholders. The How We Think About Sustainability section of this report explains the connection between current and emerging issues of water scarcity, water systems resilience to climate change and other water challenges and water affordability, and discusses Xylem’s pivotal role in addressing these issues. In Section 4 of this report, we share our second-year progress report against our 2025 goals, which we introduced in 2019, 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 GRI Standards: Core Option. The report also reflects the applicable industry indicators of the United Nations Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board (SASB). This report covers Xylem and its subsidiaries globally. This report is available at <https://www.xylem.com/en-us/sustainability/> in a downloadable PDF format.

The statements included in this document regarding future performance and results, expectations, goals, objectives, plans, strategies, priorities, commitments, and other statements that are not historical facts are forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements are based upon current beliefs, expectations, and assumptions and are subject to significant risks, uncertainties, and changes in circumstances that could cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020. Readers of this document are cautioned not to rely on these forward-looking statements, since there can be no assurance that these forward-looking statements will prove to be accurate. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.





CHAPTER 1

Message from Patrick Decker, President & CEO

"Partnering with our customers to provide sustainable, clean and affordable water to more people around the world – while protecting the environment – is both our purpose and our business. It's within our collective power to solve urgent challenges like water scarcity and affordability, now, and create a more water-secure world for future generations."



Over the past 18 months, the world has experienced unimaginable struggles and loss due to the COVID-19 pandemic. Communities around the world have all felt the impact. Throughout this extraordinary time, water has played a critical role in helping protect public health and well-being: preventing the spread of disease, enabling hospitals to treat the sick, and sustaining families and businesses during lockdowns.

The water sector has mobilized to meet the challenges of the pandemic in powerful and inspiring ways. Utility professionals have been on the frontlines, working heroically to provide water and other essential services to their communities. We have also seen businesses of all kinds sustaining local economies during lockdowns.

Xylem is honored to support those who play such an integral role in daily life around the world by providing them with the services, products and technologies they need to keep essential services flowing. Working together, we are helping communities and businesses become more resilient and sustainable for the future - and advancing our mission: to solve water.

Our Colleagues

Our COVID-19 response story starts with our people – our passionate team of more than 16,000 water innovators and champions. Throughout the year, we took actions to protect our colleagues, both to live our values as a company and to ensure we could support our customers and all those we serve.

COVID-19 responses to support our colleagues included:

- Expanding global safety and health protocols across our locations
- Investing in IT to enable remote work securely
- Extending healthcare and medical benefits
- Temporarily reducing executive and Board pay
- Implementing premium pay for all colleagues classified as essential workers
- Expanding paid leave to support colleagues and families directly affected by COVID-19

We also came together to continue to reinforce the foundations of our business, ending 2020 in an even stronger financial position than when the pandemic began. And we continued to build a culture of diversity, equity and inclusion to bring the best and most innovative solutions to our customers. We know there is much more work ahead of us, particularly to create a company that is more representative of the people our customers serve, and it is work we are committed to.

Our Customers

When the pandemic struck, we mobilized quickly to support our customers – first in China and then around the world. We helped address immediate needs, such as providing equipment and expertise to emergency hospital builds. We also created new ways to serve customers virtually, so they could keep services flowing when their communities needed them the most. And we continued to develop and provide advanced solutions and products to help our customers build more resilient systems to address challenges now and in the future.

Our Communities

Xylem Watermark, our corporate social responsibility program, helped communities facing the most dire economic and water challenges by supporting nonprofit partners – like AmeriCares and UNICEF – for COVID-19 relief around the world, and expanding our community-based grant program. Xylem colleagues also continued to donate their time, talents and money to bring relief to communities hardest hit by COVID-19. In 2020, despite COVID-19 restrictions, more than 7,400 employees logged over 53,100 volunteer hours.

Advancing Sustainability

During a period when many thought sustainability efforts would suffer globally, as companies struggled with financial and economic pressures, Xylem worked with our customers and partners to manage the challenges of the pandemic – and also to take meaningful steps forward on sustainability. Our approach reflects our bedrock belief that a company can and must create both economic and social value, even in the most difficult of times.

We remained firmly committed throughout 2020 to advancing sustainability, including our 2025 Sustainability Goals and our customers' sustainability goals. Among our impacts: enabling water operators to reduce their carbon footprint by 0.7 million metric tons of CO₂, preventing 1.4B m³ of polluted water from flooding communities or entering local waterways, and enabling the reuse of 4.3B m³ of water, or more than 1 trillion gallons.

We are honored to be recognized for our progress by sustainability leaders and ESG investors: Xylem achieved an ESG rating of AAA from MSCI and the top Sustainability score for the industrial machinery industry. As of December 2020, Xylem has the highest environmental, social and governance capital as a percent of market capitalization of all large cap companies (>\$9 billion).

2020 also made us reflect on what it means to be a company that cares – about our people, our customers, our suppliers and our communities. When a company cares, all stakeholders benefit. We are excited about the future and our opportunity to drive even greater impact.

2020 Sustainability Recognitions

Xylem is honored to have been recognized for our sustainability progress:

- ESG rating of AAA from MSCI
- Top Sustainability score for the industrial machinery industry
- Barron's Most Sustainable Companies
- Forbes & JUST Capital: America's Most JUST Companies
- Newsweek's America's Most Responsible Companies
- Received score of 100 on Human Rights Campaign Equality Index

Our business and mission have never been more relevant, and the economic and social value of critical infrastructure has never been more apparent – as a key to protecting communities in times of crisis, and also a catalyst for economic growth, environmental advances and equity. As the world increasingly recognizes that resilience and sustainability go hand in hand, Xylem has a unique role to play in driving global impact – because these imperatives are at the heart of our business. And, so, we have a responsibility to show leadership, and to work with customers and other stakeholders for a stronger and more equitable future. We have the opportunity of a lifetime to solve urgent challenges like water scarcity, now, and create a more water-secure world for generations to come.



Patrick Decker
President & CEO

2020 Sustainability Milestones

Customers:

- In 2020, we helped our customers reduce their carbon footprint by **0.7 million metric tons of CO₂** by using more efficient products and solutions. That's equivalent to keeping 150,000 passenger cars off the road for a year.
- Through our dewatering and digital technologies, we helped our customers prevent **1.4 billion m³ of polluted water from flooding communities or entering local waterways**. That's about 2.5 times the size of Sydney Harbour.
- We installed treatment solutions that will help our customers reuse **4.3 billion m³ of water**. That's almost two million Olympic size swimming pools of water reused.
- We reduced non-revenue water – or water lost due to leaking infrastructure, broken meters or unauthorized use – by **0.5 billion m³** in 2020.

Company:

- **10 of our 22 major facilities are now operating on 100 percent renewable energy**, and two are recycling 100 percent of site process water, with 12 sites with projects underway.
- **Our overall facility water intensity is approximately 30 percent lower than it was in 2014. Our 2020 water usage was 19 percent less versus 2019.**
- **Total company GHG Net Emissions intensity was reduced more than 7 percent versus 2019.**
- We recently launched our Sustainable Fleet Strategy, which focuses on moving our global fleet to electric and hybrid vehicles.
- We have been reporting out to CDP on Climate Change and Water Security Score Reports since 2013. In 2020, Xylem received a score of A- on both our Climate Change and Water Scarcity Score Reports – a score that is in the Leadership band.

Supply Chain:

- In 2020, we launched our **U.S. diverse supplier program**.

Communities:

- We **assisted 4.1 million people living at the bottom of the global economic pyramid** by providing access to clean water and sanitation solutions, and we helped **provide 3.6 million people** with water education to improve quality of life and raise awareness.

CHAPTER 2

Message from Claudia Toussaint, SVP, Chief Sustainability Officer & General Counsel

"Amid the challenges of COVID-19 in 2020, we came together across our organization and with our stakeholders in significant new ways – to create environmental, economic and social value, and advance a more sustainable and equitable world."



Despite the many complexities of the global COVID-19 pandemic, 2020 was a year of progress for sustainability at Xylem. After launching our expanded sustainability strategy in 2019, we shifted our focus to the next phase of our sustainability journey: operationalizing sustainability across our business. With sustainability at our center, we pulled together across our organization and with our partners around the globe to help mitigate the impacts of COVID-19, we continued to deliver on our sustainability commitment and took meaningful actions to increase our sustainability impact:

- We took steps to care for our colleagues, expanding safety and health protocols, extending healthcare and medical benefits, putting in place premium pay for all colleagues classified as essential workers, and expanding paid leave for those directly affected by COVID-19.
- We assisted communities through Xylem Watermark, our corporate social responsibility program, by supporting our non-profit partners in frontline COVID-19 response, producing and donating personal protective equipment (PPE) and providing WASH education (Water, Sanitation & Hygiene).
- We continued to advance our diversity, equity and inclusion efforts, sharpening our focus on diversity recruiting, building our culture of inclusion, and increasing data transparency.
- We put sustainability again at the core of the company's financing approach, launching our \$1 billion green bond offering, the first of its kind for a U.S. industrial company.
- We reduced company water use intensity by nearly 10 percent versus 2019.
- We reduced total company net greenhouse gas emissions intensity by over 7 percent versus 2019.
- We committed to a sustainable fleet strategy to transition the global vehicle fleet to electric and hybrid.
- We launched a U.S. supplier diversity program.

- We increased transparency in our supply chain by engaging major suppliers to report into EcoVadis and CDP.
- We established the role of Chief Sustainability Officer, and augmented sustainability-linked compensation for an expanding group of colleagues.

As a global leader in water technology and smart infrastructure, we solve challenges across the water and wastewater cycles. It is a powerful vantage point that enables us to bring stakeholders together to innovate and find new ways to benefit the environment, and provide humanitarian support to help communities facing the toughest water and economic challenges.

The pandemic made the economic and social value of access to clean water, effective water networks and other critical infrastructure more apparent than ever. They are a potent driver of economic recovery, and a pre-requisite for human health and prosperity, and for a healthy environment. This gives Xylem and our stakeholders a unique opportunity to collaborate to create a more sustainable future for all.



Claudia Toussaint,
 SVP, Chief Sustainability Officer & General Counsel

2025 Signature Goals: Customer, Company, Community

Our 2025 goals are a focal point that inspires, unifies and motivates our colleagues around the world.



Learn About Our 2025 Signature Goals on page [34](#).

Xylem's COVID-19 Response

Customers



- Funded Chief Medical Officer for Water Environment Federation to protect water professionals during COVID-19 and beyond
- Supported hospitals, schools and other critical facilities continue operation with equipment and expertise (See page [46](#))
- Provided digital solutions technology to allow remote monitoring and asset management (See page [52](#))
- Provided on-demand educational resources for customers throughout pandemic (See page [46](#))

Company



- Expanded global safety and health protocols across our locations (See page [89](#))
- Invested in IT to enable remote work securely (See page [89](#))
- Extended healthcare and medical benefits (See page [89](#))
- Temporarily reduced executive and Board pay (See page [89](#))
- Implemented premium pay for all colleagues classified as essential workers (See page [89](#))
- Expanded paid leave to support colleagues and families directly affected by COVID-19 (See page [89](#))

Communities



- Launched additional \$3 million funding towards prevention and relief efforts (see page [104](#))
- Established Watermark Partner Community Grants and Matching Program (see page [104](#))
- Employees dedicated over 10,000 hours volunteer time to COVID-19 related efforts (See page [104](#))
- Utilized Xylem facilities to manufacture and distribute PPE to front line workers (See page [104](#))
- Worked with non-profit partners such as UNICEF, Americares and Planet Water to support communities hardest hit by the pandemic (See page [104](#))

CHAPTER 3

How We Think About Sustainability

Everyday our more than 16,000 colleagues from around the world facilitate in galvanizing efforts to promote and maintain clean water for a resilient world.



About Xylem

A healthy society depends on responsible management of water, including access to clean water and safe sanitation, and the protection of our environment and water resources. Yet an estimated three in 10 people worldwide lack access to safe drinking water, and six in 10 lack access to safely managed sanitation services. Water scarcity, the resilience of water systems in the face of climate change and water affordability are putting millions of lives at risk today and threatening the future of human health, our economy and the environment.



We are a leading global water technology company solving critical water and infrastructure challenges through innovation. By helping communities in more than 150 countries optimize resource and water management, we are improving water security and building a more sustainable world.

Xylem serves customer's water needs from utilities to industrial, commercial and other end users of water, as well as, energy utilities. By developing highly engineered products and industry-leading technologies, we create solutions that span the water cycle. Our wide array of products, services and solutions – the most comprehensive in the industry – enable our customers to address their most challenging water and smart infrastructure issues.

In 2020, our more than 16,000 colleagues worldwide generated revenue of \$4.88 billion.



Water Scarcity

Millions of people across the globe lack reliable access to clean water. We provide innovative products and solutions to our customers that treat, transport, test and track it, making water safe and available to entire communities. In order to create sustainable water sources for areas facing water scarcity, we enable water reuse while allowing more efficient use of clean water by assessing, monitoring and optimizing infrastructure.



Resilience to Water Challenges

In the midst of the climate crisis, natural disasters and other water-related emergencies are increasingly affecting water systems worldwide. To help communities prepare for, mitigate the impact of, predict and recover from severe weather events, we provide water technology and smart infrastructure solutions. These solutions protect local economies from damage, ecosystems from flooding, and sewers from overflowing. Most importantly, our technology helps save lives. Our advanced digital solutions are harnessing Artificial Intelligence to help prevent millions of gallons of polluted sewer water from overflowing into local waterways.



Water Affordability

Water delivery presents an efficiency and affordability challenge to utilities because of the amount of water often lost along the way, which in turn wastes energy and drives up the cost of clean water production for water providers and communities. To prevent this loss we provide innovative digital solutions that pinpoint and predict leaking infrastructure, and detect faulty meters and unauthorized use, and create solutions and products that save energy, water and costs, making water more efficient and affordable.

Climate Change and Water Security

Xylem integrates our approach to environmental, social and governance issues into our company strategy. As we decarbonize, continue to align with the United Nations Sustainable Development Goals and help rebuild an equitable economy post-pandemic, we strive to be transparent about our progress. We have been reporting out to CDP on Climate Change and Water Security since 2013. In 2020, Xylem received a score of A- on our Climate Change Score Report – a score that is in the Leadership band. Our CDP Score Report helps us document our progress and indicates which categories require attention to improve our performance. We improve our environmental stewardship through benchmarking and comparison with peers, in order to continuously improve our climate governance. Additionally in 2020, Xylem received a score of A- on our CDP Water Security Score Report – a score which is in the Leadership band. To read more about Xylem’s response to climate change and water security, please see our [2020 CDP Climate Change](#) and [2020 CDP Water Security](#) reports.

This year we are performing a Task Force on Climate-Related Financial Disclosure (TCFD) scenario analysis regarding our exposure to climate-related transition and physical risk; this analysis will be included in our July 2021 CDP Climate Change response. We are currently developing business-relevant metrics for on-going management and reporting of climate-related issues, as required.



The Name Xylem

is derived from the scientific term for the vascular tissue in plants that transports water upward from the roots. This name reflects our commitment to keep moving and keep driving progress to help our customers serve their communities and stakeholders – and to do our part to create a more sustainable world.



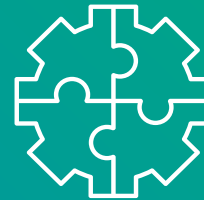
Our People

More than 16,000 colleagues globally united by a shared purpose to solve water



Our Customers

Partnering with our customers to build strong, lasting relationships



Our Solutions

Bringing together advanced technologies, application expertise and smart sustainable solutions



Our Brand

Built on trusted relationships and our focus on delivering innovation to solve our customers' challenges and help them build more sustainable communities

Our Vision and Values

Our vision and values guide our commitment to be an industry leader and ethical corporate citizen while supplying a strong foundation for sustainable growth. At Xylem, our vision is clear: Xylem will help create a world in which water issues are no longer a barrier to human health, prosperity and sustainable development. We devote our technology, time and talent to advance the smarter use of water.

Our Values

- 1** **Respect** for each other, for diversity of people and opinions, for the environment
- 2** **Responsibility** for our words and actions, for customer satisfaction, for giving back to our communities
- 3** **Integrity** for acting ethically, for doing what we say we'll do, for having the courage to communicate with candor
- 4** **Creativity** for thinking beyond boundaries, for anticipating tomorrow's challenges, for unlocking growth potential



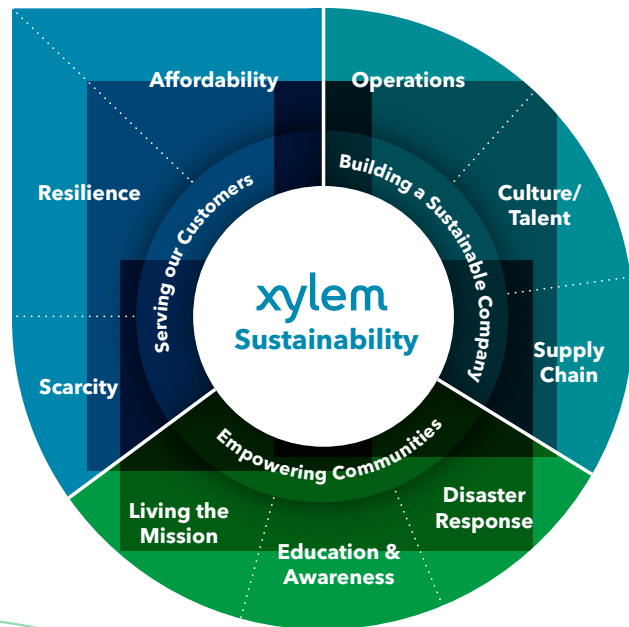
Our Approach to Sustainability

Access to clean water and safe sanitation is fundamental to building a more sustainable world. As a company dedicated to protecting, optimizing and managing water, sustainability is at the core of who we are and what we do. Since unveiling our expanded sustainability strategy in 2019 and ambitious 2025 Sustainability Goals, we are expanding our commitment to sustainability across all fronts: our customer solutions and technologies, our company’s business operations and practices, and our humanitarian work benefiting communities.

Serving Our Customers (Chapter 5, page 45). Our approach to sustainability centers on our belief that by providing innovative and reliable technology, solutions, services and expertise, we can help our customers achieve their sustainability goals and advance sustainability in communities across the globe. Utilizing our innovative technologies and solutions, our customers to mitigate water scarcity, reduce water losses and optimize water system assets to improve water affordability. Other solutions prevent stormwater pollution, predict and protect against flooding, and lower greenhouse gas emissions to help communities and their water systems become more resilient to the impacts of climate change and other challenges. We are a leader in the digital transformation of water, enabling our customers to leverage data, analytics and decision intelligence to transform and optimize the way they manage water and realize bold water, energy and cost savings for the communities they serve.

Building a Sustainable Company (Chapter 6, page 61). To enhance our ability to support our customers’ goals, we focus on building resiliency across our own company, and advancing on our commitment to sustainability and financial performance. We execute our work with discipline today while focusing with intensity and purpose on our vision of tomorrow. We run our business with integrity and minimize our environmental footprint. We ensure the safety of our employees and the quality of our products. We promote a culture of diversity, equity and inclusion, and we partner with organizations and suppliers that share our values. We are fully committed to creating a safer world and healthier environment. Especially during and after a global pandemic, our stakeholders want to know they can rely on Xylem, and we are committed to being their trusted partner of choice, and to helping them protect and serve their communities and customers.

Empowering Communities (Chapter 7, page 100). We help strengthen communities facing the most severe water and economic challenges, and raise awareness of water challenges, through our commitment to corporate social responsibility and innovative partnerships. We provide water-related disaster relief expertise, technology and equipment to communities in need. We educate and raise awareness about water challenges. We seek to inspire the next generation of water innovators and stewards, and we mobilize our employees and stakeholders by creating volunteer opportunities to solve water and support social change. All of this increases social value in the communities we serve around the world. Our expanded approach and commitment allow us to advance sustainability across all fronts and have greater impact for all those we serve. For more on our 2025 sustainability goals and progress, please see the [How We Make Progress](#) section.



Materiality* Assessment

Xylem regularly monitors sustainability issues that may have a material impact on the company. In addition, we periodically engage in a review to identify sustainability issues that affect our business. The results of this review are shared with stakeholders through our materiality matrix disclosed in this sustainability report. We pool all material issues based on past matrixes, media reports, peer benchmarking, global standards and initiatives on sustainable management, and expert opinions. Then we identify the most meaningful and relevant material issues through an expert internal and external review and discussion. In identifying the most important issues to inform Xylem's sustainability strategy, we applied the sustainability management criteria for the *Resource Transformation: Industrial Machinery & Goods* specified by the Sustainability Accounting Standards Board (SASB) Materiality Map. It is important to note that Xylem does not sit squarely within that industry code and other inputs were taken into account to reflect the true nature of Xylem's business operations, which include serving municipal utilities. Material issues were prioritized according to the economic, social, and environmental interests of stakeholders, as well as business impacts, such as revenue, costs, and reputation.

A third-party consultant, Ceres, supported Xylem in developing and implementing a robust materiality assessment that balanced the critical importance of integrating both internal and external stakeholders throughout the process. They provided feedback to Xylem through all phases of the assessment, including feedback on the list of relevant Environmental, Social and Governance (ESG) issues to be assessed, relevant stakeholder groups, and survey and interview questions. Ceres helped to elevate stakeholder perspectives and provided us with the qualitative and quantitative information needed to help inform Xylem's further prioritization and finalization of the results.



Interviews with Sustainability Management Experts

In 2021, we communicated with ESG evaluation agencies, environmental research institutes, customers, suppliers, employees, nonprofits, impact investors and sustainability experts to introduce our approach to sustainability management issues, key activities and progress, and gather feedback from stakeholders. The opinions we gathered are reflected in the materiality assessment and will be considered as we implement our sustainability management initiatives and strategy. The materiality assessment will also be used to inform Xylem's Enterprise Risk Management (ERM) approach.

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

Materiality Survey and Issue Identification	Prioritization	Internal and External Expert Review
<ul style="list-style-type: none"> Worked with Ceres to create a pool of material issues based on a comprehensive analysis of peer benchmarking and industry indicators (United Nations Sustainable Development Goals (SDGs), TCFD, GRI, SASB, and WEF Sustainability Metrics) More than 110 surveys completed by 12 constituent groups in over 15 geographies More than 40 ESG issues were identified as relevant and grouped into six different categories 	<p>Prioritized sustainable management issues by analyzing stakeholder impact and business impact:</p> <p>Stakeholder Impact</p> <p>Assessed economic, social, and environmental impacts to stakeholders (employees, customers, shareholders, investors, suppliers, and partners, including channel partners to nonprofits)</p> <p>Business Impact</p> <p>Assessed the impacts of material issues on Xylem’s revenue, costs, and reputation</p>	<ul style="list-style-type: none"> Over a dozen internal interviews with Xylem’s senior leadership and subject matter experts 9 external stakeholder perspectives Integration of almost 8,000 quantitative data points with the 22 interviews to allow for issue prioritization Reviewed by members of Xylem’s Senior Leadership Team Material issues selected through external sustainability management expert interviews Materiality matrix was finalized after internal working group meetings and further data analysis

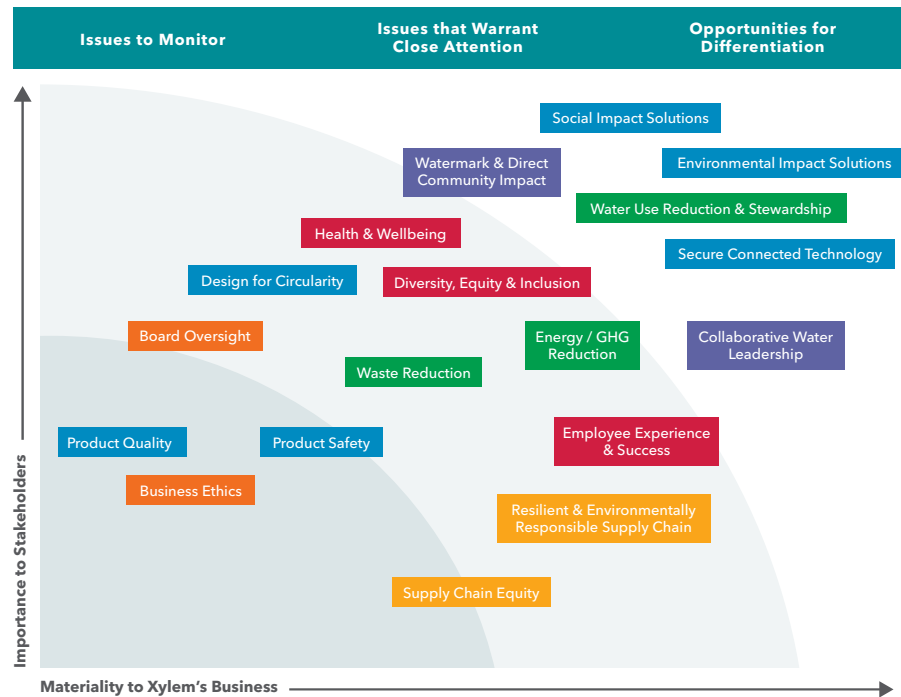


Stakeholder expectations with regard to effective management and transparent communications about ESG issues have increased significantly since we conducted our previous materiality assessment in 2018. Accordingly, we are expanding our reporting under additional frameworks and standards such as SASB and TCFD, which are important in explaining our ESG impacts and metrics, including climate risk and opportunity.

This year's assessment validated our approach to sustainability, in terms of serving our customers, building a sustainability company and empowering communities, and also reflects our learnings and refinement of material issues, with a continued

focus on the environmental and social impacts embedded in our solutions and an opportunity for a clear and incremental focus on equity.















Our 2021 assessment continues to reflect the core issues such as environmental operations (energy, greenhouse gas, water and water reductions), diversity & inclusion, health & well-being, business ethics, human capital, and sustainable products. In this year's assessment, we saw the most movement in the in the Global Community & Thought Leadership category. We attribute this to the increased engagements both internally and externally with our Watermark and Community Impact programing. We see this as a unique opportunity for Xylem to differentiate as a company that creates economic, environmental and social value.



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

This year's assessment reflects our learnings from the past three years and reflects our evolving approach to sustainability and its central role within our business strategy. We grouped the 43 ESG issues we identified in the materiality assessment into six different categories:

- **Board Oversight & Governance** – Overseeing strategy and execution to build long-term sustainable value
- **Environmental Operations** – Reducing our own GHG, Water and Waste footprint matters
- **Global Community Impact & Thought Leadership** – Water leadership multiplies our community work
- **Products & Services** – Our solutions uniquely advance environmental and social benefits for our customers
- **Social Operations** – Our people are key to our success
- **Supply Chain** – Our suppliers are important partners

Material Issue	Examples	UN SDG Alignment	GRI Standards
Business Ethics	Operating Xylem's business in a responsible and ethical manner that aligns with our values of Respect, Responsibility, Integrity, and Creativity.		GRI 205 Anti-Corruption GRI 206 Anti-Competitive Behavior
Board Oversight	Xylem Board of Directors' oversight of Xylem's strategy, operations, employee experience and success, and company culture in accordance with its governance documents, as well as Board governance matters, such as Board diversity.		GRI 102 18-39 Governance
Energy/GHG Reduction	Reducing energy use across Xylem operations and reducing the use of fossil fuels in our operations and fleet.	 	GRI 302 Energy GRI 305 Emissions
Waste Reduction	Reducing waste across Xylem operations including hazardous and non-hazardous waste, advancing the responsible consumption of materials through sustainable packaging and recycling.		GRI 301 Materials
Water Use Reduction and Stewardship	Responsible use of water across Xylem operations and through efficient use of water and process water recycling, advocacy and thought leaderships to support water stewardship.	  	GRI 303 Water and Effluents
Collaborative Water Leadership	Through powerful strategic partnerships and collaboration, and Xylem's thought leadership, elevating the global conversation and awareness of the world's most pressing water challenges to drive policy, advocacy and innovation.		GRI 102-13 Membership of Associations
Watermark & Direct Community Impact	Xylem's unique Watermark initiatives that partner with nonprofits and others across the globe to provide access to safe drinking water and sanitation, educate others on the world's greatest water challenges through unique strategic partners, address environmental protection and educate and inspire the next generation of youth leaders.	    	GRI 203-2 Significant Indirect Economic Impacts
Design for Circularity	Addressing sustainability of Xylem's product portfolio by designing for the full life cycle, including responsible material sourcing and designing for reuse, refurbishment and recyclability.		GRI 103 Materials
Environmental Impact Solutions	Xylem's products and solutions that uniquely support the protection of water resources and the environment by addressing issues such as resiliency to climate change and scarcity of water resources, as well as monitoring, moving and treating polluted water.	    	GRI 301-3 Reclaimed Products and Their Packaging Materials GRI 302-5 Reductions in Energy Requirements of Products and Services

■ Board Oversight & Governance
 ■ Environmental Operations
 ■ Global Community & Thought Leadership
 ■ Products & Services
 ■ Social Operations
 ■ Supply Chain

Product Quality	Production and management of products and services that are resilient, reliable and inherently beneficial in service to our customers, stakeholders and environment.		GRI 416 Customer Health and Safety
Product Safety	Production and management of products and services that enable and promote the safety and well-being of Xylem employees, customers and communities while under normal operation and service.		GRI 416 Customer Health and Safety
Secure Connected Technology	Development and management of Xylem connected products and services that are designed to protect customers cybersecurity and data privacy.		GRI 418 Customer Privacy
Social Impact Solutions	Xylem's products and solutions that create unique opportunities to provide both economic and social impact for customers and communities by addressing the equitable access and affordability of water and sanitation.	  	GRI 203-2 Significant Indirect Economic Impacts
Diversity, Equity & Inclusion	Development of a diverse employee base and a culture of inclusion and equitable access to opportunity through practices, policies, programs and leadership both within Xylem and across the water industry.	 	GRI 405 Diversity and Equal Opportunity
Health & Wellbeing	Prioritizing and caring for Xylem employee's physical and mental health, safety and well-being through robust health and safety practices, risk assessment, training, and accountability of leadership.	 	GRI 403 Occupational Health and Safety 2GRI 103
Employee Experience & Success	Developing a workforce that nurtures a sense of belonging, has equitable access to opportunity and the tools required to support the future of work, for employee and company success.	 	GRI 402 Labor Relations
Resilient and Environmentally Responsible Supply Chain	Development of and partnership with responsible supply chain to promote transparency of environmental impacts and actions to reduce GHG emissions, energy and water use, waste and drive sustainable sourcing.	   	GRI 308 Supplier Environmental Assessment
Equitable Supply Chain	Development of and partnership with responsible supply chain so that human and labor rights are observed, fair wages are provided and enhance and promote a diverse supplier base.	 	GRI 414 Supplier Social Assessment

 Board Oversight & Governance  Environmental Operations  Global Community & Thought Leadership  Products & Services  Social Operations  Supply Chain

Our Approach to Climate and Water Risks

The complex, global water challenges that Xylem solves every day are further intensified by the threats posed by climate change. Sensitivity to flooding, drought conditions and unpredictable fluctuations in temperatures and weather patterns are among the physical climate-related risks that can drive volatility within our business and, most notably, for our customers. These risks increase demand for our portfolio of solutions to help communities build resilience. Additionally, increased public and governmental awareness and concern regarding global climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions and will likely result in increasing environmental and climate change laws or regulations.

Our ability to help our customers significantly reduce their carbon and water footprints through our products is a key strategic differentiator for us, as well as a powerful opportunity and responsibility. Current strategies related to climate-change provide opportunity for our business and is fully integrated into our work in a way that fosters shared value with customers. By focusing on delivering more energy-efficient products and solutions to our customers, we enable them to significantly reduce their emissions and support their sustainability and community well-being efforts.

To further leverage this opportunity, we are developing adaptation and mitigation solutions to increase water systems resilience to the water-related challenges associated with climate change. These solutions are designed to improve the overall efficiency and resiliency of the water sector. Beyond reducing our own water footprint, our efforts are aimed at delivering significant water, cost and energy efficiencies to water and other essential service providers we serve across the globe. Through this approach, we are advancing sustainability for multiple partners across multiple geographies.

For more information on Xylem's approach to Climate Change, please see our [Climate Policy](#).



2020 Ratings and Recognitions

Xylem recognizes the importance of third party assessments and evaluations of our sustainability practices, while also recognizing the field of sustainability and ESG ratings is an evolving environment. Our ratings are listed below and current scores are available and regularly updated on the [Xylem Sustainability Website](#).

CDP

The CDP helps us measure, manage, disclose and ultimately reduce our greenhouse gas emissions and water usage categories require attention to reach higher scoring levels. This enables us to track our progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve our climate change and water governance. Later this year we will be disclosing the results of our TCFD Scenario Analysis in our Climate Change and Water Security submission. The analysis will help us to solicit consistent, decision-useful, forward-looking information on the material financial impacts of climate-related risks and opportunities, including those related to the global transition to a lower-carbon economy.

Sustainalytics

Sustainalytics is a global provider of ESG and corporate governance research and ratings to investors that reflects continued improvement and advancement of a company's sustainability strategy. As a trusted rating, Xylem has tied a portion of the Chief Executive Officer and SVP, Chief Sustainability Officer & General Counsel's annual compensation to improvement of the Sustainalytics score.

This rating has also been tied to our green financing strategies, which include the execution of a 2019 green credit revolver. Sustainalytics also wrote the Second Party Opinion for our 2020 Green Financing Framework. (See [Green Financing section](#) for more information.)



Institutional Shareholder Services ESG (ISS ESG)

ISS ESG provides diversified data to investors that together form a more inclusive and comprehensive story of Xylem's governance, environmental and social risk and performance.

MSCI

MSCI is an investment research firm that provides Xylem's performance analytics to institutional investors and hedge funds.

EcoVadis

EcoVadis is a trusted provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chains. Xylem's customers use the platform to assess our sustainability performance as a supplier. In 2020, Xylem received a Gold Medal (95th percentile) in recognition of our performance. Additionally, in 2020, we began requiring our suppliers to report on the EcoVadis platform to advance the management of sustainability in our supply chain. See [Supply Chain section](#) for more information.

Governance

We are committed to sound corporate governance that promotes the long-term interests of our shareholders and other stakeholders, strengthens Board and management accountability, and helps build trust in the company.

As a purpose-driven company, we are focused on creating both economic and social value for our customers, shareholders, employees and communities. Every day we work to solve water challenges through our commercial businesses and social impact efforts around the globe.

Sustainability, in its broadest sense, is at the core of what we do and who we are, and we have directly integrated sustainability into our business strategy. One of our Board's key responsibilities is overseeing the company's strategy.



Sustainability is embedded in our business model. Our Board of Directors and its committees oversee sustainability and its various aspects, while the CEO and Senior Leadership execute our sustainability strategy and advance progress towards our strategically aligned 2025 Sustainability Goals, described in the chart below:



Xylem Board of Directors

Strong governance starts with our highest governing body, the Xylem Board of Directors, which is led by our independent Board Chair. The Board believes that our current leadership structure strengthens the Board's role in risk oversight of the company.

As of the end of 2020, our Board consisted of 12 members, all of whom were independent with the exception of our Chief Executive Officer. On May 12, 2021, Sten E. Jakobsson, having reached the mandatory retirement age of 72, retired from the Board, 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 President & CEO and to see that the interests of our shareholders in the long-term health, success and

financial strength of Xylem 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 our broader stakeholders, including our employees, suppliers, customers and communities in which we operate. The Board recognizes that the long-term interests of shareholders are advanced by responsibly addressing the interests of these other stakeholders.

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

Oversight of the company's strategy is a key responsibility of the Board. The Board discusses strategy throughout the year and conducts a deep strategic review at least annually. The Board also receives periodic updates from management on the company's strategic and annual operating plans, provides appropriate input and perspectives and reviews and discusses the company's significant mergers and acquisitions (M&A) and the company's M&A pipeline. The Board hears regularly from customers, investors, financial advisors, relevant third-party advisors and external thought leaders in the water sector. In addition, Board members connect during the year with employees at various levels through facility visits, as well as engagement during Board meetings and other events. Due to the pandemic-related safety concerns and travel restrictions in 2020, our Board was unable to conduct site visits; however, our Board is committed to resuming visits once safety concerns abate. The Board, primarily through its Nominating and Governance Committee, provides oversight of our overall approach to sustainability, including corporate citizenship and social value creation. In connection with this oversight, the Board and the Nominating and Governance Committee have reviewed the company's sustainability strategy and regularly discuss this strategy with management.



Executive Oversight

Our Senior Leadership Team (SLT), under the direction of our President & CEO, Patrick Decker, leads businesses, sales teams and functional areas – all of which integrate sustainable processes into their strategies. In 2020, our President & CEO named Claudia Toussaint, then SVP and General Counsel, as our Chief Sustainability Officer & General Counsel to advance our work on sustainability.

The role recognizes Xylem’s commitment to sustainability as defined in our sustainability framework, including a financially resilient base. Additionally, we restructured our internal team to align with our holistic approach to sustainability, which includes diversity, equity and inclusion and social impact efforts.

As part of our efforts to drive accountability and executive oversight of our 2025 Sustainability Goals and other critical ESG topics, in 2020 we refreshed our ESG governance approach at the management level of the Sustainability Report and our other ESG reporting and presentations prior to release. This is intended to drive accountability and enhance the quality of our disclosures and reporting.

Supporting Committees	Executive Sponsors
2025 Goal Deployment Committee	<p>SVP, Chief Sustainability Officer & General Counsel SVP, Chief Marketing Officer SVP, Chief Supply Chain Officer SVP, Chief Innovation, Technology and Product Management Officer</p> <p>The Xylem 2025 Sustainability Goal Deployment Committee is a global and cross-functional committee that meets on a quarterly basis to review progress on the 2025 Sustainability Goals and discuss strategies to support these goals. The committee includes representatives from the Sustainability team, Innovation and Product Development, Supply Chain, Operations, Community Impact, and Human Resources. The implementation of the quarterly reviews has enhanced the reporting and analysis of our sustainability goals and initiatives.</p>
ESG Reporting Working Group	<p>SVP, Chief Sustainability Officer & General Counsel</p> <p>The ESG Reporting Working Group is a cross-functional team that reviews and advises on Xylem’s approach to ESG disclosure and reporting information to our stakeholders, and helps guide the evolution of our reporting. Given the increasing importance of ESG to our stakeholders, including the investment community, and the proliferation of ESG ratings, frameworks and data requests, ESG disclosure decisions are reviewed with a robust group of finance, legal and sustainability lenses. This approach to reporting is intended to provide transparent and reliable ESG data to our stakeholders and appropriate context to our sustainability performance.</p>
Green Finance Committee	<p>SVP, Chief Sustainability Officer & General Counsel</p> <p>Xylem established the Green Finance Committee to evaluate and select eligible green projects that contribute to the sustainable use and protection of water and marine resources, as well as mitigate and adapt to the effects of climate change based on compliance with the criteria determined by the Committee. The Committee also prepares reports required under the Green Finance Framework. The selected eligible projects align to Xylem’s sustainability strategy. The Committee reports to, and is overseen by, Xylem’s Disclosure Committee, periodically evaluates the effectiveness of the company’s disclosure controls and procedures.</p>

Councils and Working Groups: In order to further our approach to operationalize sustainability across all functions of our business, we strive to drive ownership and accountability of progress on our 2025 goals and other initiatives into functional leadership. As an example, our Human Resource Leadership Team is accountable for diversity and inclusion, while our Watermark Ambassadors, employees who help communicate Xylem’s commitment to sustainability and community, provide key input on community impact programming and commercial leaders drive sustainability in our work with customers.



Risk Management Oversight

Risk is essential to growth. The Board oversees management’s day-to-day approach to risk management and execution of its risk-management responsibilities. Our management conducts an Enterprise Risk Management program, which is an ongoing process that informs the company’s strategic and operational decision-making. Our enterprise-wide risk management program is designed to bring to the Board’s attention the company’s most material risks for evaluation, including strategic, operational, financial, compliance, and reputational risks. The Board receives periodic updates from management on the financial and operating results of the company, strategic and annual operating plans, and key enterprise risks. Synthesizing this information through discussion and analysis, the Board then provides appropriate input and perspectives. When the Board requests it or when specific, material risks arise, management also reports to the Board and its committees. 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. The regular updates the committees receive from management are then reported on to the entire Board so that the Board has information necessary to fulfill its risk oversight responsibilities.

Our Audit Committee (formerly Audit & Finance Committee) oversees overall risk assessment and risk management processes and policies. The Board and its committees work with management, our independent and internal auditors, and other external advisors, to incorporate enterprise-wide risk management into corporate strategy and business operations.

The Board oversees management’s approach to cybersecurity and data privacy risk management due to the strategic importance of cybersecurity and data privacy for our customers and employees, including in connection with geolocation data. The company has a cybersecurity program for both enterprise and product security that is overseen by our VP, Chief Information Security Officer. Our Cyber Risk Committee, consisting of members of senior management, is responsible for overseeing the strategic and functional management of cybersecurity across the company. For examples of areas of risk oversight, please see our [2021 Proxy Statement](#), page 26. For more information on governance at Xylem, see pages [115-123](#) of the GRI Content Index.

Stakeholders

Xylem's tagline is an inclusive invitation: Let's Solve Water. Every day we work with our customers and other stakeholders to address one of the greatest challenges of our time. Together, we partner to drive innovation and help utilities and other users of water harness the power of bold technologies and solutions to shape the future of water. Together, we strive to make a positive, lasting difference for our global and local communities.

We foster dialogue with our regular engagement of stakeholders in a variety of ways. We view a key stakeholder as one that is critical to our business and strategy, and/or a core partner in our growth and sustainability efforts. Beyond that, we also include stakeholders with broader societal impact in our outreach and engage with stakeholders such as certification and regulatory bodies, sustainability and financial rating agencies, academic institutions, associations and shareholder organizations. We participate in corporate governance organizations and other associations that provide valuable opportunities to meet with a variety of investors, peer companies, policy makers and other interested parties in sharing knowledge and promoting positive dialogue around corporate governance policy and practices, including the World Economic Forum, the Business Roundtable, the National Association of Corporate Directors, and the Society for Corporate Governance.

In addition, Xylem sought feedback from Ceres and various other external stakeholders on the content of this report. For more information on Stakeholder Engagement at Xylem, see page [124](#) of the GRI Content Index.



Shareholder Engagement

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.

We engage with a wide range of constituents, including institutional shareholders, retail shareholders, proxy advisory firms, ESG rating firms and industry thought leaders. We pursue multiple avenues for engagement, including our Annual Meeting of Shareholders, in-person and virtual meetings (we were limited to virtual from March 2020 through April 2021 due to the pandemic), quarterly earnings calls and investor conferences and presentations. In addition, we periodically hold Investor and Analyst Days to meet with investors and present and discuss our long-term strategy and financial objectives. Our engagement program involves members of our Board of Directors and senior management, as well as employees from a number of different functions in the company, including Investor Relations, Legal, Executive Compensation and Sustainability.

In December 2020, we invited our largest shareholders to engagement meetings. Of more than 30 shareholders invited to participate, we engaged in meetings and dialogue with 9 shareholders, representing more than 20 percent of our outstanding shares.

These engagement meetings are 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 provide a forum for management to solicit feedback regarding the practices and policies that are important to our shareholders. Topics discussed in these engagement meetings included those set forth on page 24 of our [2021 Proxy Statement](#).

A number of these engagement meetings included our independent 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 and corporate transactions.

Management reviews the key themes and insights from all 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 and executive compensation. We may from time to time 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 include additional director participation when the topic or the nature of the shareholder request makes this a more meaningful outreach approach.

Partnering to Elevate the Global Conversation on Water

As a leading global provider of water technology and solutions, with the most comprehensive portfolio of offerings in the industry, Xylem plays a unique role in driving the global conversation about water challenges and the impacts of climate change in the water sector. We recognize this is not something we can do alone. Through our innovation ecosystem, non-profit partners, supply chain, channel partners, industry groups, investors and employees, we have convened a passionate group of stakeholders invested in making real impact. It is through these strong partnerships that we build a resilient company, and resilient solutions to the greatest water challenges.

We engage a number of key strategic partners including:

- **World Economic Forum:** Xylem is a partner of the World Economic Forum (WEF). This offers Xylem the opportunity elevate water issues in global, multi-stakeholder conversations.
- **City Football Group (CFG):** Xylem is partnered with Manchester City Football Club (men and women's team), New York City Football Club - and more recently Mumbai City Football Club - to raise global awareness of water challenges such as drought, pollution, and resiliency. Since starting in mid-2018, we have reached over 900M individuals with the Xylem brand and water awareness messaging (Learn more on our [website](#))
- **Stockholm International Water Institute (SIWI):** SIWI leverages its knowledge and convening power to strengthen water governance for a just, prosperous and sustainable future. The organization focuses on a range of research and development topics within and around water that support decision-makers around the world. World Water Week (WWW) is currently one of the world's

leading annual water events, the Stockholm Water Prize (SWP) a prestigious water award, and the Stockholm Junior Water Prize (SJWP) fosters future generations of water excellence. Xylem provides thought leadership and is a Founder of SWP, a Founding Global Sponsor of the SJWP and a WWW Partner.

- **Ceres Company Network:** Ceres works across a variety of sectors and with many of the largest companies in the Fortune 500. Members of the Ceres Company Network recognize the business benefits of integrating sustainability into core business strategies – demonstrating that sustainability is the bottom line.
- **International Water Association (IWA):** The IWA is the network of water professionals striving for a world in which water is wisely, sustainability and equitably managed. Drawing exceptional professionals from over 140 countries, the membership of the IWA brings together scientists, researchers, technology companies, and water and wastewater utilities. The IWA is an international reference for the water and sanitation industry. The IWA membership communities contribute and develop the IWA Agendas. Xylem has a corporate membership with 32 employees selected as nominated reps. We are a main sponsor at the IWA World Water Congress & Exhibition, as well as the Digital Water Summit.
- **Value of Water Coalition:** This coalition is organized by the Meridian Institute and consists of public and private water agencies, business and community leaders, and national organizations united in communicating the importance of water to the economic, environmental and social well-being of America.

In addition, Xylem is engaged with organizations such as technology leaders like Esri and top universities to drive innovation and non-profit partners that help us solve water in communities around the world. Learn more in the [Serving Our Customers](#) and [Empowering Communities](#) sections.

Suppliers	<ul style="list-style-type: none"> • Direct engagement via Procurement teams • Xylem Supplier Ombudsperson program • Supplier Code of Conduct (available in 18 languages) • Supplier Day events 	<ul style="list-style-type: none"> • ESG performance such as WASH pledge, ethics, safety and human rights • Economic performance • COVID-19 response • Supplier diversity • Supply-demand balancing • Growth roadmaps and supply chain mapping • Understanding/fitting Xylem’s strategic direction
Communities, Community Organizations, Nonprofits, Universities, Manchester City Football Club and Manchester City Football Club’s Foundation	<ul style="list-style-type: none"> • Local operations outreach • Watermark field assessments and sponsorship of local community initiatives • Voice of partner meetings (Watermark) • Watermark volunteerism and donations • Social media 	<ul style="list-style-type: none"> • Community partnering • Social value creation through volunteerism • Partnering/education • Disclosure and reporting • Education and access to clean water and sanitation • Partnering to raise awareness on water challenges and solutions • Cleaning local water ways for sustainable supply
Certification and Regulatory Agencies, Third-party ESG Rating Agencies, Debt Rating Agencies	<ul style="list-style-type: none"> • Direct engagement • ISO- and OHSAS-certification audit and permit applications • ESG surveys 	<ul style="list-style-type: none"> • Outside expertise delivered to regulatory process • ESG and financial performance

CHAPTER 4

How We Make Progress

As we consider the future and our commitment to advancing sustainability, it is imperative that as a company we maintain a strong foundation that executes with discipline.



2025 Sustainability Goals

In 2019, Xylem launched an updated, comprehensive approach to Sustainability by Serving our Customers, Building a Sustainable Company and Empowering our Communities. In rolling out our approach, Xylem launched a comprehensive set of 2025 Sustainability Goals, with eight goals particularly critical to advancing progress on the world’s most urgent water challenges: Our 2025 Signature Goals.

These goals focus our efforts to:

- Help our customers solve water scarcity
- Enhance water systems resilience to climate change and other water challenges and water affordability issues
- Enable the continued sustainability of our company
- Empower communities

In 2020, we implemented several changes to improve how we track and drive progress to achieve our 2025 Sustainability Goals and to advance sustainability broadly across the organization, including:

- Formal appointment of a CSO and integration of D&I and CSR oversight into our overall Sustainability function
- Quarterly review by our 2025 Sustainability Goal Deployment Committee
- Inclusion and discussion of ESG metrics, including many of our 2025 Sustainability Goals in regularly quarterly business reviews attended by senior leadership
- Third party review and validation of sustainability metrics, including operational targets
- Assigning ownership of each 2025 goal to specific senior leaders to accelerate operational execution and optimize resource leverage and allocation
- Further aligned sustainability performance to executive compensation by announcing ESG PSU grant for Xylem executives, tied to five key 2025 Sustainability Goals

Customers



Save more than 16.5 billion cubic meters of water



Reduce over 3.5 billion cubic meters of non-revenue water



Treat 13 billion cubic meters of water for reuse



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 at our major facilities



and 100% process water recycling at our major facilities

Communities



Give 1% Xylem employees' time and 1% company profits to water-related causes and education

2025 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
- Treat 13 billion m³ of water for reuse, equivalent to the domestic water use needs of over 197 million people annually
- 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 percent of Xylem employees have access to clean water and safe sanitation at work, at home and during natural disasters
- Use 100 percent renewable energy at our major facilities¹
- Use 100 percent process water recycling at our major facilities¹

Other Goals

- Achieve 50 percent female representation in leadership positions² through merit-based retention, promotions and recruitment
- Achieve 25 percent U.S. minority representation in leadership positions² through merit-based retention, promotions and recruitment
- 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 suppliers to take the World Business Council for Sustainable Development (WBCSD) Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace
- Engage suppliers in sustainability initiatives through audit programs and corrective action plans
- Ensure packaging material consists of 75 percent reusable, recyclable or compostable content
- Achieve zero waste to landfill from processes at our major facilities¹
- Develop science-based target⁴ for GHG reduction (Scope 1,2,3)
- Provide all employees with rich learning and developmental opportunities to build Xylem's ability to solve water for decades to come

Communities

Signature Goals

- Give 1 percent of our company profits to water-related causes and education
- Provide paid time off for Xylem employees to volunteer 1 percent of their time

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 percent of Xylem employees in volunteer activities
- Engage 100,000 stakeholders in volunteer events

2025 Sustainability Goals – Our Progress in 2020

We are excited to share our second of seven annual 2025 goal progress updates in this report. We are using January 1, 2020 as the starting point for our reporting baseline for Year 2 progress. The reporting methodology was established based on internal data analysis, such as extrapolation from existing customer installations, sales forecasts, maturity of our supply chain and facilities processes, access to reliable internal data sources, and engagement with our senior leadership and Board of Directors.

As mentioned in our 2019 Sustainability Report, we continue to work closely with the Sustainability and Health Initiative for NetPositive Enterprise (SHINE)⁵ at the Massachusetts Institute of Technology (MIT) to obtain third-party validation of the methodologies, models and definitions for our Customer goals to validate our metrics and to align our approach with industry standards when available. Following extensive review throughout 2020, we have made some adjustments to our calculation methodology following MIT SHINE's guidance. Any changes are noted in the update below.

Some data is validated by a qualified third party and we refer our stakeholders to these validations in the table below. Over time, we plan to seek additional validations to facilitate transparency and confidence in our reporting.

For additional information on each category of goals, please see following chapters of this report.



Xylem Sustainability 2025 – Full List of Goals

Customers

Signature Goals	2020 (Year 2) Progress	Additional Commentary
Reduce over 3.5 billion m ³ of non-revenue water	Total Progress: 1 billion m ³ from 2019 & 2020; representing 29 percent of the 2025 cumulative goal 2020: 0.5 billion m ³ in 2020; representing 13 percent of the 2025 cumulative goal	Aligned with MIT SHINE Institute, we have implemented ‘Sales Year Accounting*’ approach for our product-based goals which includes the entire lifetime impact ⁸ for customary use phase.
Treat 13 billion m ³ of water for reuse	Total Progress: 4.7 billion m ³ from 2019 & 2020; representing 36 percent of the 2025 cumulative goal 2020: 4.3 billion m ³ in 2020; representing 33 percent of the 2025 cumulative goal	Aligned with MIT SHINE Institute, we have implemented ‘Sales Year Accounting*’ approach for our product-based goals which includes the entire lifetime impact ⁸ for customary use phase.
Prevent over 7 billion m ³ of polluted water from flooding communities or entering local waterways	Total Progress: 2.6 billion m ³ from 2019 & 2020; representing 37 percent of the 2025 cumulative goal 2020: 1.4 billion m ³ in 2020; representing 20 percent of the 2025 cumulative goal	Aligned with MIT SHINE Institute Contribution Goal methodology.
Provide access to clean water and sanitation solutions for at least 20 million people living at the base of the global economic pyramid	Provided access to 4.1 million people in 2020, bringing our cumulative total to 4.7 million people; representing 24 percent of 2025 goal	See Empowering Communities section.
Other Goals	2020 (Year 2) Progress	Additional Commentary
Reduce water’s CO ₂ footprint by over 2.8 million metric tons	Total Progress: CO ₂ reductions of 1 million metric tons from 2019 & 2020; representing 37 percent of the 2025 cumulative goal 2020: CO ₂ reductions of 0.7 million metric tons in 2020; representing 24 percent of the 2025 cumulative goal	Aligned with MIT SHINE Institute, we have implemented ‘Sales Year Accounting*’ approach for our product-based goals which includes the entire lifetime impact ⁸ for customary use phase.

*Accounting in this context does not refer to Generally Accepted Accounting Principles in the U.S. (GAAP)

Xylem Sustainability 2025 – Full List of Goals

Company		
Signature Goals	2020 (Year 2) Progress	Additional Commentary
Ensure 100 percent of Xylem employees have access to clean water and safe sanitation at work, at home and during natural disasters	100 percent of surveyed employees met this goal	In 2021, developing further assessment and notification process for employees. See Health & Safety section for more information. Surveys in 2019 and 2020 focused on India and Africa regions.
Use 100 percent renewable energy at our major facilities ¹	10 of our 22 major facilities ¹	Please see external assurance statement on page 125 .
Use 100 percent process water recycling at our major facilities ¹	2 of our 22 major facilities ¹ are using 100 percent process water recycling	Please see external assurance statement on page 125 . 12 water efficiency projects were worked by our major facilities ¹ during 2020.
Other Goals	2020 (Year 2) Progress	Additional Commentary
Achieve 50 percent gender parity in leadership positions ² through merit-based retention, promotions and recruitment ⁸	24 percent	After extensive review in 2020, we recognize that achieving 50 percent women in leadership will likely extend to 2030. Nonetheless, we remain fully committed to achieving parity in leadership. See Diversity & Inclusion section for more information.
Achieve 25 percent U.S. minority representation in leadership positions ² through merit-based retention, promotions and recruitment ⁸	18 percent	See Diversity & Inclusion section for more information.
Assess and monitor equitable pay practices with a goal to eliminate pay differences based on gender, race or ethnicity	Launched the Hiring Manager Toolkit and enhanced blind benchmarking, further establishing a baseline of consistency across the company's new hires	We have completed the roll-out of Xylem's updated human resources platform, which now allows for more comprehensive assessment of similar job functions and pay assessments. With this updated tool, we are executing on a global plan to assess our practices.
Reduce injury frequency to an incident rate of 0.5 or below	Injury Frequency Rate 0.62, reflecting a year-over-year improvement of 7 percent (2019 injury frequency rate was 0.67)	See Health & Safety section for more information.
Establish a Supplier Diversity Program and increase Supplier Diversity Spend in the U.S.	Launched Supplier Diversity Program in the U.S. in early 2020, identifying 268 diverse suppliers in our U.S. supply chain	Xylem recognizes the importance of Supplier Diversity. We are committed to making it part of our strategic sourcing process by providing opportunities for diverse businesses to participate as partners and suppliers in goods and services. Xylem will be expanding the Supplier Diversity Program to include Tier 2 Diversity Spend in 2022.

Xylem Sustainability 2025 – Full List of Goals

Company (continued)

Other Goals	2020 (Year 2) Progress	Additional Commentary
Require suppliers to take the WBCSD Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace	19 percent of spend	See Responsible Supply Chain for more information.
Engage suppliers in sustainability initiatives through audit programs and corrective action plans	Evaluated sustainability risks via virtual Supplier Quality audits and EcoVadis ³ sustainability desktop audits as a way to identify, assess and mitigate sustainability risks during COVID-19 travel restrictions	See Responsible Supply Chain for more information.
Achieve zero waste to landfill from processes at our major facilities ¹	3 of our 22 major facilities achieved zero waste from processes to landfill	Please see external assurance statement on page 125 .
Develop 1.5°C science-based target ⁴ for GHG reductions (Scope 1,2,3)		In 2021, we have launched a programmatic review of Xylem's Scope 1, 2 and 3 emissions with the intention to confirm our science-based targets by year end.
Provide all employees with rich learning and developmental opportunities to build Xylem's ability to solve water for decades to come	316,829 employee training hours recorded in our online learning management system, representing an average of 19.3 hours of training per employee	See Culture & Talent for more information, including regarding learning and development through vehicles other than our online learning management system

Xylem Sustainability 2025 – Full List of Goals

Community

Signature Goals	2020 (Year 2) Progress	Additional Commentary
Give 1 percent of our company profits ⁷ to water-related causes and education	In 2020 we gave over 1 percent of company profits, particularly due to one-time COVID-19 relief	We gave \$5.5 million: \$2.5 million Watermark contribution and a additional \$3 million for COVID-19 Relief
Provide paid time off for Xylem employees to volunteer 1 percent of their time	Provided 10 hours of employee paid time off for volunteering. On average, employees volunteered approximately 3 hours each.	
Other Goals	2020 (Year 2) Progress	Additional Commentary
Deploy humanitarian aid to 200 areas affected by water-related natural disasters	Provided humanitarian aid to 17 affected areas in 2020, bringing our cumulative total to 28 areas	See Communities section for more information.
Provide 15 million people with water education to improve quality of life and raise awareness	Helped provide education for 3.6 million people in 2020, bringing our cumulative total to 3.9 million people, 26 percent of cumulative 2025 goal	
Engage at least 95 percent of Xylem employees in volunteer activities	Engaged 45 percent of our employees in volunteer activities - 7,499 employees for a total of 53,100 volunteer hours	
Engage 100,000 stakeholders in volunteer events	Engaged 9,400 stakeholders in 2020, bringing cumulative total to 12,900	

Definitions

- ¹ Our major facilities are defined as those facilities with manufacturing activities that were in the top 10 contributors list for Xylem’s water, waste, GHGs in any of the last 3 years, or are located in extremely high water stress risk areas. We currently have 22 major facilities and review the list on a periodic basis. We expect to add facilities that are consistent with that definition.
- ² Our “Leadership Positions” are defined as positions that reflect significant responsibilities to help accelerate growth, enhance productivity and set direction. This group is calculated using an internal salary band structure that reflects executive and critical leadership positions. The exact number of Leadership Positions may vary periodically. See Diversity & Inclusion section of this report for more information.
- ³ EcoVadis is a web-based ratings platform that assesses a supplier’s corporate social responsibility and sustainable procurement performance.
- ⁴ Science based target 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° compared to preindustrial temperatures.
- ⁵ The Sustainability and Health Initiative for NetPositive Enterprise (SHINE) is a joint initiative between MIT and the Harvard T.H. Chan School of Public Health. SHINE at MIT focuses on research on Handprints and Net Positivity
- ⁶ “Company Profits” is defined as funds donated to charity and non-profit partners divided by GAAP Net Income.
- ⁷ “Lifetime Impact” corresponds to sales year accounting following MIT SHINE’s Handprint methodology. Sales-year accounting is defined as assigning the total lifetime impacts of the innovation to the year in which the product was sold, from the date of the innovation to the expiration of the Innovation Relevant Time Horizon (IRTH).
- ⁸ These goal reflects Xylem’s aspiration to drive a culture of diversity, inclusion and meritocracy through best practices that comport with all legal requirements and reduce potential barriers that may adversely affect equal employment opportunity. All open positions, including leadership positions, will be filled with the most qualified candidates.

Aligning with the United Nations Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) establish a clear framework to build a sustainable and inclusive world by 2030. These goals provide an opportunity for Xylem to strengthen our collaboration with stakeholders from a cross-section of industries, communities, governments and the social sector. While we are uniquely poised to help achieve the 17 SDGs through the responsible and mindful management of our internal operations and supply chain, corporate social responsibility programs, diversity and inclusion practices, and most importantly, the products, solutions and services that we offer to customers, we consider the following six goals our focus SDGs¹. For an overview of Xylem’s connection to the 17 SDGs, see our Xylem Sustainability website.



¹ Use of the SDG logos or icons does not imply endorsement of the United Nations.

Xylem has been identified by the World Benchmarking Alliance (WBA) as one of the 2,000 global companies with the greatest potential to influence a more sustainable future as envisioned by the Sustainable Development Goals. Xylem has been on the WBA SDG 2000 list since its launch at Davos during the World Economic Forum in 2020.

The private sector is critical to achieving the UN's Sustainable Development Goals by 2030. Xylem has been identified as critical to achieving the SDGs in the following three of the seven transformations identified by the WBA:

Social Transformation: Achieving universal human development by respecting human rights, promoting equality and empowering people to pursue the opportunities and choices they value.

Urban Transformation: Creating sustainable, inclusive and connected cities that are safe, resilient and clean.

Circular Transformation: Decoupling consumption and production from natural resource use and designing out waste and pollution.

Reporting Our Business Impact on the SDGs

In 2019, Xylem identified the SDGs that were highly relevant to our business strategy and we have committed to analyzing our impact on these goals in subsequent sustainability reports. We will continue to identify our potential impacts on these SDGs – both positive and negative – as well as what we are currently doing and what we plan to do in the future to increase our positive impact and improve the negative. Please see the index on page [136](#) to view the metrics on how we track progress on the relevant SDGs.



SDG 3 Good Health & Well-Being

- Xylem supports human health through reduction of water contamination.
- Our portfolio of technology enables customers to treat drinking water as well as prevent polluted water from flooding communities or entering local waterways.
- Through our corporate social responsibility programs, including Watermark, as well as through testing and treatment solutions, Xylem combats water-borne and communicable diseases by bringing clean water programming interventions and innovation to communities around the world.
- We have signed the WBCSD Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) and expanded it to include clean water and safe sanitation in employee homes and during times of natural disasters. We also engaged suppliers in signing the WASH at the Workplace pledge.
- Based on company estimates, approximately 40 percent Xylem revenue addresses SDG 3 by supporting access to clean water, safe sanitation and pollution prevention.



SDG 5 Gender Parity

- Xylem is committed to gender parity in leadership and is working toward increasing gender representation across the organization.
- We are also committed to eradicating pay differences based on gender as well as race and ethnicity.
- To help eliminate gender disparities in the workplace and in education, we help provide equitable access to water in vulnerable regions of the world.
- We help eliminate gender disparities in educational and professional opportunities by supporting efforts that lower the burdens on women and girls to provide for family or community access to water in vulnerable regions of the world.



6 CLEAN WATER AND SANITATION



SDG 6 Clean Water & Sanitation

- Xylem’s innovative solutions solve critical water issues for communities around the world, including the millions of people living at the base of the global economic pyramid. By developing and bringing to market digital technologies in areas such as treatment, water loss and water reuse, we benefit the public good by making communities more resilient and sustainable. Our holistic watershed management practices create water, energy and cost efficiencies that support health and well-being in those communities that are in greatest need.
- Our corporate social responsibility programs, including Watermark, in collaboration with its non-profit partners, work to make sanitation and safe affordable drinking water accessible to all by restoring water-related ecosystems and protecting them for future generations.
- We help our customers improve water quality by reducing pollution, reducing the proportion of untreated wastewater and substantially increasing recycling and safe water reuse globally.
- Based on company estimates, approximately 90 percent of Xylem revenue addresses SDG 6.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



SDG 9 Industry, Innovation & Infrastructure

- Xylem designs and brings to market innovative solutions, creating water, cost and energy efficiencies that enable utilities to solve their water challenges. These solutions help utilities increase resource-use efficiency and adopt environmentally sound technologies and cleaner industrial processes to build safer, cleaner communities.
- Our products specifically aim to address the energy intensiveness embedded in the water cycle and also allow for the reuse and recycling of wastewater for agricultural use and other uses.
- We invest substantial resources in Research and Development and create cutting-edge technologies, empowering developing geographies to achieve sustainable and robust infrastructure development where it is most needed.
- Based on company estimates, approximately 40 percent of Xylem revenue addresses SDG 9.



SDG 11 Sustainable Cities & Communities

- The safety and quality of life of millions of people around the world are directly impacted by access and proper management of clean drinking water, particularly people living in economically-challenged communities and/or those affected by water-related catastrophes. By enhancing access to clean drinking water, improving wastewater management and making water systems more resilient to the impact from climate change, Xylem has a meaningful impact on the health and well-being of millions of people around the globe.
- Our digital technologies reduce or prevent flooding and contaminated water from polluting local waterways, thereby protecting human life and safety.
- Through Watermark, non-profit partnerships and Xylem’s Global Humanitarian Disaster Response team, Xylem responds to water-related disasters and supports long-term recovery and resiliency efforts.
- Based on company estimates, approximately 95 percent of Xylem revenue addresses SDG 11.



SDG 13 Climate Action

- Xylem helps utilities and businesses build resilience through technologies such as water reuse solutions to enable a more secure supply of safe water in the face of scarcity from climate change.
- Many of our solutions reduce sewer overflow during extreme weather caused by climate change.
- We are committed to reducing our own carbon footprint and the water industry's carbon footprint. This includes advancing innovation to improve the energy efficiency of Xylem products to reduce our customer's operational emissions.
- We provide humanitarian aid in the form of clean drinking-water systems, and our products and services strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.
- We have conducted a Task Force on Climate-related Financial Disclosures Scenario Analysis for Transitional and Physical risks and will use this information to inform our future climate-related strategy and initiatives.
- Based on company estimates, approximately 35 percent of Xylem revenue addresses SDG 13.

List of Signatories

- United Nations Global Compact
- United Nations CEO Water Mandate
- United Nations Framework Convention on Climate Change
- We Are Still In Pledge
- United Nations Statement (UN75) from Business Leaders for Renewed Global Cooperation
- American Business Act on Climate Pledge
- United Nations Women's Empowerment Principles
- Human Rights Campaign Business Coalition for the Equality Act
- Human Rights Campaign Global Business Coalition
- Charta der Vielfalt
- Time to Vote

Media Accolades

- 2021 Newsweek’s Most Responsible Companies #27
- 2020 BL Media Best Corporate Citizens #16 (#2 out of 87 in Capital Goods)
- 2021 Human Rights Campaign Corporate Equality Index 100% (“Best Place to Work for LGBTQ Equality” Distinction)
- 2020 Barron’s 100 Most Sustainable Companies #61
- 2020 Forbes and JUST Capital’s 100 Most JUST Companies #98

CHAPTER 5

Serving Our Customers

Xylem understands that public health and improved quality of life are reliant upon access to clean water. Our customers depend on us to continue to innovate to solve the most challenging global water issues.

Serving Our Customers

2020 was a year like no other for our customers, and all those they serve: Utilities working tirelessly to keep water and other essential services flowing to their communities in the face of reduced workforces, urgent maintenance issues and financial strain. Industrial customers struggling to keep their operations going with workplace restrictions and marketplace disruption. Hospitals mobilizing to expand their facilities and infrastructure to treat influxes of sick patients. Commercial real estate managers facing challenges maintaining office buildings and equipment during lockdowns to keep facilities operational and safe.



Xylem worked intensively to help our customers navigate these extraordinary challenges by leveraging our industry-leading tools, technologies, services and expertise. To help address their immediate needs, we provided offerings like wastewater treatment solutions to enable hospitals to accommodate influxes of COVID-19 patients, and helped utilities manage workforce shortages and urgent maintenance issues that threatened to disrupt water and wastewater services to communities. We reconfigured some of our prototyping and manufacturing equipment to produce and deliver protective face shields around the world. In addition, we created new ways to serve customers virtually, including unique ways of providing remote commissioning and field service support, as well as online training and certifications.

More broadly, the pandemic accelerated industry trends, including spotlighting the extraordinary opportunity for utilities, industrials and other sectors to leverage innovative technologies and tools to build resiliency. For example, digital tools that provide remote capabilities to enhance worker safety and flexibility, reduce time and cost, and provide real-time data to improve performance. As part of our commitment to lead the water sector in innovation, we continued to build out our leading platform of technology and services, the most comprehensive in the industry. Our installed digital solutions also continued to deliver major water, energy and cost savings to our customers and their communities, at a time when utilities and businesses were facing extraordinary pressures.

For Xylem, our commitment to our customers and our commitment to innovation are one in the same. We know that by coming together with our customers and other partners, we can continue to drive progress across the water and infrastructure sectors.

2025 Customer Sustainability Goals

To drive our progress, we have set ambitious 2025 Sustainability Goals to guide and measure our progress. Working in partnership with our customers and communities, we continued to make significant strides in 2020, and we are on track to reach our 2025 targets, despite the many challenges of COVID-19.

Xylem 2025 Sustainability Goals

Goal: Reduce over 3.5 billion m³ of non-revenue water

2020 Results: 0.5 billion m³ in 2020, representing **13 percent of the 2025 cumulative goal**



Total Progress: 1 billion m³ from 2019 & 2020, representing **29 percent of our 2025 cumulative goal**

Goal: Treat 13 billion m³ of water for reuse

2020 Results*: 4.3 billion m³ in 2020, representing **33 percent of the 2025 cumulative goal**



Total Progress: 4.7 billion m³ from 2019 & 2020, representing **36 percent of the 2025 cumulative goal**

*We had a strong year for installation of water reuse projects in 2020. The reuse business is based on large project installations and regional regulations and is therefore inherently variable year to year.

Due to this economic variability, our strong 2020 reuse metrics are not to be constructed as a predictor of future results.

Goal: Prevent over 7 billion m³ of polluted water from flooding communities or entering local waterways

2020 Progress: 1.4 billion m³ in 2020, representing **20 percent of the 2025 cumulative goal**



Total Progress: 2.6 billion m³ from 2019 & 2020, representing **37 percent of the 2025 cumulative goal**

Goal: Provide access to clean water and sanitation solutions for at least 20 million people living at the base of the global economic pyramid

Cumulative Progress: Provided access to 4.1 million people in 2020, bringing our cumulative total to 4.7 million people, representing **24 percent of 2025 goal**



Goal: Reduce water's CO₂ footprint by over 2.8 million metric tons

2020 Progress: CO₂ reductions of 0.7 million metric tons in 2020; representing **24 percent of the 2025 cumulative goal**



Total Progress: CO₂ reductions of 1 million metric tons from 2019 & 2020; representing **37 percent of the 2025 cumulative goal**

Innovation at Xylem

Innovation is at the core of our strategy at Xylem, as we work with our customers and other partners to develop break-through technologies and solutions that help solve the world's toughest water challenges.

Xylem has a unique position in the water sector, reaching across both the water and the wastewater cycles with the most comprehensive portfolio of technology and services in the industry, backed by unparalleled applications expertise. This gives us a powerful vantage point and opportunity to solve water challenges holistically, through increasingly interoperable solutions. It also enables us to be the "connector" that brings together best-in-class partners to go after the toughest issues.

By their nature, our products and solutions deliver positive environmental impact. For example, we provide:

- **Digital solutions and services that dramatically reduce non-revenue water,** or treated water that is lost before it reaches users due to leaking pipes, broken meters or theft. "Lost" water is a massive problem around the world, wasting 33.3 billion gallons (126 billion liters) per year or \$40 billion of clean water every year¹ and driving up costs to utilities, families and communities. Our solutions harness advanced technologies to detect, predict and prevent broken pipes and infrastructure.
- **Treatment products that allow for reusing water to mitigate water scarcity,** or the lack of availability of water due to physical shortage, or the inability of communities to ensure a regular supply. Water scarcity is an increasingly urgent challenge due to factors like severe weather from climate change. Our water reuse solutions help enable communities to conserve and optimize their water supply, while extracting less new water, and supporting the circular economy².



- Pumps, instrumentation and Artificial Intelligence-powered solutions that prevent wastewater from flowing into the environment. Increasing numbers of storm events, aging infrastructure and other factors are causing more incidences of overflowing sewers. The result can be devastating levels of pollution in rivers, lakes and other waterways. Our solutions help make water systems and communities more resilient and more sustainable.
- Provide energy efficient and intelligent equipment that reduces and minimizes energy consumption and cost, as well as associated carbon emissions for our customers.

Xylem has also built an extensive network of partners, including leaders from across the water and technology sectors and beyond. Innovating together, we are redefining water management and taking on the toughest water challenges of our time. This means sustainability and innovation are our daily work and purpose. Together, it's our DNA.

¹Frost & Sullivan Jan19 Growth Opportunities in Global Smart Water Leakage Management Solutions Market, Forecast to 2025 ([frost.com](https://www.frost.com))

²Circular economy/circularity references the full life cycle impact of our products and services on the environment, customers and community, with an emphasis on reducing, reusing and/or recycling of materials.

Xylem's Approach to Innovation

Our comprehensive approach to innovation comprises five key pillars:

- 1. Culture of Innovation:** We foster a culture of innovation that spans our global enterprise – from technology and product innovation driven through our R&D centers and innovation experts, to business model innovation, to supply chain and process innovation, to championing diversity, equity and inclusion as a catalyst for innovation. Together with our customers and other stakeholders, we are shaping the next generation of water and infrastructure solutions.
- 2. Focus on Customers:** Solving escalating global water challenges requires bold new approaches and partnership. At the heart of our strategy is how we team with customers and other stakeholders. We walk in their shoes to fully understand their pain points and changing needs, and we co-create with them to address their toughest water challenges. We take a holistic approach to innovation that focuses not just on product outcomes but on enabling our stakeholders to deliver broader community impact, in alignment with our ambitious 2025 Sustainability Goals.
- 3. Industry-Leading Products and Solutions:** We have a long track record of creating products and solutions that set the pace for the water sector. Our offerings includes:
 - Market-leading pumping, treatment, metering and testing products
 - Smart and connected devices that communicate data
 - System of smart and connected devices for water meter deployment
 - Software and services helping customers to optimize infrastructure

- 4. Open Innovation Partnering Approach:** We bring together the most innovative minds from across our global organization and across sectors. Our innovation platform includes customers, leading technology companies, leading universities and research institutes, supplier and distributor partners, industry influencers, government, start-ups and investors, and a new generation of student innovators and leaders.
- 5. Sustainability:** Sustainability is at the center of our business and innovation approach at Xylem. Our products and solutions help to improve and optimize water and resource management and advance sustainability across the water cycle for our customers. In addition, we are increasingly leveraging sustainable materials and sustainability-focused suppliers to advance the circular economy.



2020 Highlights

In 2020, we took a number of meaningful steps to expand the sustainability impact we drive with innovation:

Culture of Innovation

Last year, we advanced our product development process by adopting agile methodologies and processes broadly across the company. At the center of agile transformation is colleague and team empowerment, and greater focus on iterative customer feedback throughout the process.

Industry-Leading Products and Solutions

- We launched additional industry-leading products and solutions, including new connected products with sustainability impact. Examples:
 - **New ecocirc building circulator pumps**, designed for water circulation in heating, air conditioning and domestic hot water systems – studies show that 10-15 percent of the electricity consumption in domestic households is due to heating circulators. These pumps deliver energy savings to reduce carbon emissions, plus greater simplicity and control. The ecocirc motor and hydraulics feature high-efficiency ECM motors and embedded intelligence that allow energy savings of up to 80 percent compared to conventional circulators.
 - **EXO NitraLED**, the world's most accessible UV nitrate sensor, built with state-of-the-art LED technology, for long-term nutrient monitoring. This sensor simplifies and dramatically reduces the cost of unattended nitrate monitoring for point and non-point source pollution in freshwater environments. It also reduces power consumption and carbon emission – requiring 98 percent less power than traditional lamp-based systems.

- We also continued our focus on development and application of software solutions that allow customers to improve their sustainability. We continue to increase our investment in digital tools and technologies. Among our 2020 launches:
 - **Aquatalk smart water management platform launch in China:** This smart water management cloud platform provides customers with the data, insights and analytical service they need to run their infrastructure more efficiently and cost-effectively, reducing utilities' carbon footprint and advancing water affordability.
 - **Avensor wastewater asset management platform:** Avensor provides water operators with connectivity and remote data access to their pump station or other water infrastructure assets, giving them alarms, operating data and insights to reduce the risk of downtime, optimize resources thus creating resiliency and affordability.
 - **Continued build-out of our Digital Optimization Solutions:** In addition to our core and connected products, which solve critical water challenges around the water cycle, modern digital decision intelligence support tools offer unprecedented opportunities to unlock the power of data to inform better system-level decisions. Against a backdrop of rising needs and insufficient resources, digital optimization solutions enable dramatic improvements through predictive analytics, more efficient monitoring and diagnostics, more targeted investments, and a transition to a holistic model for system management. These tools help utility leaders improve cash flow and service affordability, ensure compliance and operating performance, and build system resilience – so utilities can achieve superior performance as they serve their communities.

Open Innovation Partnership Approach – 2020 Highlights

Solving the world's water challenges will require the combined efforts of industry, government, academia and society – no one company can do it on their own. With this in mind, Xylem has made substantial investment in growing our external partnerships ecosystem including the formation of a corporate team focused solely on partnerships in 2020. The team works across Xylem to initiate and foster relationships with technology providers, government agencies, nonprofits and customers. These collaborations accelerate product development and innovation, expand potential market reach, and extend into joint efforts on sustainability with best-in class institutions. Examples include the Xylem Technology Hub Singapore for collaborative research on sustainable water technologies and Esri for industry leading GIS solutions across the water sector.

Engagement with universities is also part of this effort. Xylem also engages in research collaborations with leading universities to develop cutting-edge technology. Among our collaborating institutions are the Abdul Latif Jameel Water and Food Systems Lab at the Massachusetts Institute of Technology and Arizona State University. This informs and accelerates Xylem's product development and innovation, expands potential market reach, and impacts its sustainability initiatives

Following are a few examples of collaborations with external organizations:

- **Arizona State University (ASU):** Throughout 2020, Xylem collaborated with Arizona State University to address some of the world's most difficult water challenges. Xylem and Arizona State University both highly value sustainability and innovation and this industry-academic partnership enables both institutions to develop progressive solutions that help meet sustainability goals as well as global good. Current research areas include resource recovery from water treatment processes, methods to address contaminants of emerging concern, and cybersecurity.

- **JWAFS at MIT:** In 2016 Xylem became a founding sponsor of the Abdul Latif Jameel Water and Food Systems Lab (J-WAFS) at the Massachusetts Institute of Technology. This collaboration puts Xylem at the forefront of research breakthroughs, disruptive ideas, and new startup creation. In 2020, research areas included technology to improve centrifugal pump efficiency, chemical sensing in water and novel high efficiency drip irrigation systems.
- **Xylem Technology Hub Singapore:** In January 2020, Xylem launched a new multi-disciplinary center for water, wastewater and energy technologies at the regional headquarters in Singapore. The Hub represents a continued investment in sustainable water technologies, and research at the new center focuses on developing breakthrough technologies in water distribution and water and wastewater treatment. Additionally, the Hub features a customer experience center and training center. Currently, several technology advances are underway in partnership with the Singapore innovation ecosystem.
- **Imagine H2O Incubator:** Xylem continues as a core sustaining sponsor of Imagine H2O, a nonprofit dedicated to empowering people to develop and deploy innovation to solve water challenges globally. The organization supports a diverse range of entrepreneurial innovations to advance SDG 6, ensuring the availability and sustainable management of water and sanitation for all. Since 2009, Imagine H2O's water innovation accelerator programs have supported over 150 startups with the resources to validate and scale their solutions.
- **BlueTech Research:** Xylem was a sponsor of the "Brave Blue World" film through our partnership with BlueTech Research, an independent water research firm. The award-winning documentary now streaming worldwide on Netflix, spotlights water innovation across the sector, and includes a perspective from Xylem President and CEO Patrick Decker.

Solving Water through Digital Optimization: Cincinnati, OH

The Metropolitan Sewer District (MSD) of Greater Cincinnati serves an Ohio population of more than 850,000 spread out across 290 square miles. Like many large cities, Cincinnati MSD operates combined stormwater and sanitary sewer systems, some of which were built more than a century ago. These systems were built to collect rainwater runoff, domestic sewage and industrial wastewater in the same pipe. Whether by design, or due to infiltration and inflow of stormwater, they have a tendency to overflow, discharging untreated sewage into local waterways or flooding streets and basements.

Cincinnati's sewers were discharging an average of 14.4 billion gallons of combined sewage every year into the Ohio River and its tributary streams within Cincinnati's urban watershed. In 2002, the U.S. Environmental Protection Agency entered into a federal consent decree with MSD, mandating the elimination of sanitary sewer overflows and significant mitigation of combined sewer overflows into receiving waterways. Engineers estimated the cost to mitigate the sewer overflows through capital investments such as deep tunnel construction, at \$3.1 billion, an unacceptable capital expense to pass along to MSD's customers.

To overcome these challenges MSD partnered with Xylem to optimize the performance of their existing assets through advanced digital optimization solutions. Xylem worked with MSD to implement Xylem's **Wastewater Network Optimization** solution that utilizes a combination of sensors and weather data to create a real-time decision support system (RT-DSS) that delivers automated, optimized control of existing assets to reduce sewage overflows, improve storage and maximize treatment plant operations during wet weather.

The project was an overwhelming success – after MSD implemented a coordinated real-time control (RTC) program, overflow volumes were reduced by 247 million gallons annually (based on 2015 rainfall), a 45 percent reduction in overflow compared to the original design. Additionally, operational enhancements from the project increased treatment facility utilization by more than 100 percent, as a result of using the existing assets more efficiently. MSD continues to expand the wastewater network optimization solution across their system, delivering savings to rate-payers while protecting the local watershed.



Management Approach for Connected Products, Product Security and Data Privacy

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

- Implementation of Security by Design principles as a standardized element of the product development lifecycle.
- Active participation in the Water Information Sharing and Analysis Center (www.waterisac.org), the international security network created by and for the water and wastewater sector.
- Collaboration with the International Society of Automation Global Cybersecurity Alliance (ISA GCA), a collection of industrial cybersecurity leaders including operators, automation providers, integrators, and government agencies.
- A comprehensive cybersecurity program and team, which follow the ISA/IEC 62443, ISO/IEC 27001 Information Security Management, and NIST Cyber Security Framework standards.

Xylem's data security is managed by our VP, Chief Information Security Officer, and ultimately approved by our SVP, Chief Information officer. Please visit www.xylem.com/security for our most up to date information related to cybersecurity.





Partnership spotlight: Esri

[Xylem has teamed with Esri](#), the global leader in location intelligence to develop joint solutions and to partner commercially. A recent collaboration example involves a U.S. water utility, for which we deployed artificial-intelligence (AI)-powered pipeline analysis technology to reduce operational costs by \$70 million – or nearly 80 percent – and bring down pipeline failures by 400 percent. The approach was one of the first in North America to effectively model the future of the water network, and reliably predict pipe failures before they happen. The breakthrough came from deploying an AI-based solution from Xylem to analyze data from the utility’s system built on Esri’s ArcGIS® Enterprise. Results allow water operators to prioritize and stage pipeline replacement, lowering costs and reducing customer impacts by targeting the most critical and deteriorated pipes.

Xylem and Esri have also partnered to create The Water Equity Lens, a spatially-explicit water equity benchmarking tool developed in partnership with utilities, which helps them identify specific areas to target investment in order to have the greatest positive impact on enhancing water equity in a city.



Innovation Governance

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

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



Intellectual Property

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

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

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

Consistent with our Intellectual Property Policy, Xylem's Product Development (XPD) process facilitates respecting the valid intellectual property rights of third parties. As part of our Product Development process, patent searches are conducted to identify third-party patents that may present obstacles to the commercial launch of products or services being developed. To the extent that any third-party patent is identified as a potential obstacle, we will either design around the third-party patent, initiate a validity review with the relevant

government authority if applicable, or seek out a licensing arrangement with the third-party patent owner. If none of these options to clear a potential obstacle are commercially feasible, the development effort will be terminated by the XPD. Public trademark registers are searched to ensure that any proposed branding for new products and services will not conflict with third-party trademark rights.

Intellectual Property Training for Employees

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

Xylem's intellectual property activities are managed in concert by Xylem's legal and technical employees. Intellectual property protection at Xylem is a collaborative effort between employees in our Legal group, including our SVP, Chief Sustainability Officer and General Counsel, our VP, Chief Intellectual Property Counsel, and our VP, Chief Technology Counsel, and personnel in our Innovation, Technology and Product Management group, including our SVP, Chief Innovation, Technology and Product Management Officer and Leaders of Xylem's Innovation, Technology and Product Management Council. The collaboration results in an intellectual property portfolio that is aligned appropriately with our business to protect its proprietary technologies and brands. At the end of 2020, Xylem had approximately 3,278 patents, 1,020 patent applications, 2,020 trademark registrations and 181 trademark applications spread over 103 countries.

Product Life-Cycle

Sustainability is embedded throughout the life cycles of Xylem products, from development and manufacture to proper disposal of used equipment. As an advocate of environmental stewardship and the needs of our customers, we apply our holistic view of recycling and waste minimization during product development from the outset, beginning in the design stage by creating compact, efficient products that use high-recycling-value materials.

We carry out this commitment by performing a life-cycle assessment on our products which includes an evaluation of the collective impact from a product's manufacturing, use and disposal. Once the life-cycle assessment is completed, for some products the results are used to develop an Environmental Product Declaration (EPD). EPDs are certified in accordance with the ISO 14025 standard and are part of the International EPD System, an international, standardized process for understanding and comparing the environmental impact of products. This aligns with the work we are doing when creating a more comprehensive and robust process covering the broader product portfolio.

Recycling guidelines have been developed for most of our businesses and are included in our "Installation, Care and Maintenance" manuals. These guidelines recommend that our customers initially follow local laws and regulations regarding recycling of units/parts through an authorized recycling company. If local laws and regulations are not applicable, then the unit or parts should be returned to Xylem.

In some instances, we implemented unique recycling programs. For customers in the United States, YSI offers a free recycling program of our instruments, probes and cables. Any Xylem instrumentation product can be sent back for recycling at any time with or without the purchase of a new system. YSI's free recycling program will also take back any similar instrumentation – regardless of manufacturer or model – with the purchase of a new similar product purchased through YSI.

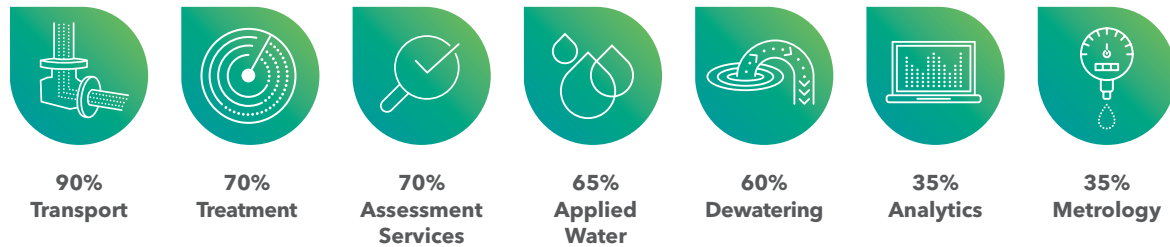


Our monitoring and control and Wedeco businesses incorporated a take-back program which follows local regulations and the EU Directive 2012/19/EU on Waste Electrical and Electronic Equipment (WEEE). The businesses provide for proper collection, treatment, recovery and environmentally sound disposal of products. With programs like these in place, we estimate that, overall, 60 percent of our products can be recycled.

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

Calculation of % of products that can be recycled

The 60% has been calculated based on the weighted average of the Business Unit recyclable % per their business sales %.
 Total % = (Sum (BU Recyclable% * BU revenue)) / Xylem revenue



Management Approach for Materials

Sustainability means acute awareness of the environmental impact of our products. This awareness is shared by Xylem, our customers and the local communities that use our products. Our product development teams carefully manage this topic and report to our SVP, Chief Innovation Technology and Product Management Officer. Basic Life-Cycle Assessments are conducted for each new product developed. This is accomplished with an Environmental, Health and Safety (EHS) and Sustainability design review of each new product or solution in development. It has been embedded as a standard part of our Xylem product development process. The EHS Design Review covers the span of the product life-cycle, from raw materials to production to use and end-of-life aspects. The results of this process are assessed, and design modifications are suggested where needed.

Product Safety

Xylem customers, communities and employees trust us to deliver safe products. We honor this trust by making the safety of our products a top priority. Product safety also ensures the resilience of our business and keeps us compliant with applicable laws and regulations.

Our products offer high levels of safety for the technicians, engineers and others who use our products regularly. For example, Xylem's Sensus business updated the Radio and Firmware used in the NaviComm™ in 2020, which is certified through TUV SUD for safety to UL/CSA standard 61010-1.

We take extensive steps to enable product safety in our product development. Despite these efforts, products may occasionally experience early failure. On the rare occasions when these failures occur, we seize the opportunity to learn from what happened and take measures to address the root cause of the failure in an improved product design.

Xylem has a well-established, robust and enterprise-wide product safety process and governance structure, and product safety incidents are taken very seriously. The collaboration of local facility, business unit and corporate level Product Safety Review Boards enables adherence to our product safety policy and manual. Product safety is integrated into our new product development process, and all existing products in our portfolio have undergone a thorough risk analysis to identify where corrective action is required. Safety incidents are recorded across Xylem and escalated to the corporate Product Safety Review Boards. Eleven product safety incident inquiries were reviewed and mitigated in 2020.





Management Approach for Product Safety

In 2020, Product Safety governance is reviewed by the Board of Directors and has a formal business unit and corporate structure. The Xylem Product Safety Review Boards review all product safety-related incidents at a corporate level to track their management and share best practices within our company.

Xylem Product Safety management system consists of:

- Product safety review boards at product line, business unit and corporate level.
- A reference product safety manual describing the system, roles and responsibilities, and annual trainings.

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

Our approach integrates:

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

In 2020, a new Product Safety manual has been released, integrating improved product safety incident escalation criteria, and Product Safety dashboards have been deployed across all Business Units and are reviewed quarterly at the Product Safety Steering Committee. Our SVP, Chief Innovation, Technology and Product Management Officer is responsible for the program.

CHAPTER 6

Building a Sustainable Company

Creating a more sustainable and resilient world depends on companies like Xylem to operate with integrity, minimize environmental impacts, and promote diversity.



Business Transformation for a Resilient Future

In order to serve our customers and provide a sustainable future, we must first strengthen our own resiliency. 2020 was a year like no other for Xylem and all companies around the world, where the importance of a strong foundation combined with the ability to be agile and responsive to changing customer needs, proved critical. Work done in previous years to enable Xylem's business continuity plans are robust and localization efforts proved invaluable.

In March 2020, as COVID-19 began to spread across the globe, Xylem activated our business continuity team and immediately went into action. Due to our China business' early exposure to the virus causing the pandemic, we were able to learn quickly from their immediate and comprehensive approach to advancing employee safety and responsiveness to customers and addressing community needs as the virus spread across the globe. Despite having a large and diverse supply chain, we were able to weather the global shocks and impacts from early in the year. Previous efforts related to operational safety and continuity paid dividends, and recent improvements to our IT infrastructure provided employees flexibility and reliability as work environments changed and meetings became increasingly virtual.

As Xylem has evolved over the years, these investments in a strong global foundation, combined with agile local regions, have allowed us to come out of 2020 stronger than ever. We learned to do more with less, find new ways of working, and importantly, continue to serve our customers and communities with excellence.

2020 also shined a light on areas where we have more room to evolve, as you'll see called out in our following Diversity & Inclusion, Operations, and Culture & Talent sections. We are proud with where the year ended, but constantly strive to do more in advance of our all-important mission: to solve water.



Operations

Xylem's 2025 Sustainability Goals for Operations and Safety

- 100 percent Renewable Energy at major facilities*
- 100 percent Process Water recycling at major facilities*
- Achieve zero waste to landfill from processes at major facilities*
- Reduce injury frequency rate** to an incident rate of 0.5 or below
- Develop 1.5°C science based targets for GHG reduction (Scope 1, 2, 3)

*Major facilities defined on page [112](#).

**Injury frequency rate defined on page [88](#).

Water and Effluents

Efficient use of water is one of the most complex, challenging and important issues our planet faces. As a signatory to the United Nations CEO Water Mandate, a UN Global Compact initiative that mobilizes business leaders on water, sanitation and the Sustainable Development Goals, we are committed to driving progress against the mandate's six core elements of water stewardship: direct operations, supply chain and watershed management, collective action, public policy, community engagement, and transparency. Given this commitment, responsible water consumption within our operations is a major focus at Xylem and helps us to better understand and manage our own water use risks.

In 2020, Xylem received a CDP Score of A- on our Water Security Score Report – which is in the Leadership band. Our CDP Score Report helps us understand our score and indicates which categories may require further attention. This enables us to improve our environmental and water stewardship. To read more about Xylem's response to water security, please see our [2020 CDP Water Security Report](#).

We launched our first set of operational sustainability goals in 2014, including water usage. By the end of 2020, our water intensity was estimated to be 30 percent lower than 2014 mainly due to the implementation of water usage reduction projects in a number of important locations, including: Montecchio, Italy; Uniontown, Pennsylvania, USA; and Texarkana, Arkansas USA, as well as, reductions attributable to certain operations that were scaled back in response to the COVID-19 pandemic.

To accelerate our efforts to reduce water intensity, we have committed to employing 100 percent process water recycling at our major facilities by 2025. In 2020, two sites – Chihuahua, México and Nanjing, China – achieved that goal.

As part of this commitment, we recognize the risk of runoff and sewage spills caused by neglecting wastewater management. All Xylem facilities meet or exceed national, local and our internal requirements for the return of clean and safe wastewater back into public water streams. To help meet these standards, 14 of our facilities have installed on-site wastewater treatment systems. In 2020, those facilities treated and released over 53 megaliters of treated water back into the environment.

The upgrade of the existing wastewater treatment system at our Shenyang, China facility continues to contribute to our overall reduction in water use intensity in 2020. This included the installation of Xylem technologies (Flygt, Steady and Lowara pumps, Sanitaire aeration and Wedeco ozone disinfection), allowing the facility to treat its wastewater and reuse it in test tanks, and for a number of other purposes, including: facilities cleaning, toilet flushing, landscaping and sprinkler system refilling.

In 2020, facilities including Montecchio, Italy; Texarkana, Arkansas, USA; and Uniontown, Pennsylvania, USA delivered significant water intensity savings by improving their treatment systems, processes, controls, testing practices, and equipment to achieved significant reductions in water consumption (five or more megaliters year-over-year).

In addition to responsible water use practices in our facilities, our commitment to watershed stewardship is reflected in our operations in water-stressed areas. Our facilities treat non-potable water without the use of chemicals to independently verified drinking water standards and continuous remote monitoring of the water quality allows us to adjust treatment as necessary. For example, our facility in Chihuahua, Mexico, located in a high-risk water-stressed region, uses Xylem products to enhance the quality of reused water in a pump washing water recirculation loop. In 2020, it was estimated that 98,000 gallons were reused on such processes.

After the successful implementation of data-driven water reduction projects supported by the installation of our own water meters and sensors in Uniontown, PA, another set of meters and sensors were installed in Shenyang China.

Water Discharge and Intensity and Water Consumption* (in megaliters)

	2019	2020
Total Water Withdrawal	442.9	357.8
Total Volume of Water Recycled and Reused	51.8	58.5
Total Water Treated and Released	56.7	53.6
Total Sales (MUSD)	5,250	4,880
Total Water Intensity	0.0844	0.0733
Percentage of water recycled and reused	11.7%	16.4%

Read the Assurance Statement on page [125](#).
 Values provided for all Xylem facilities.



Management Approach for Water and Effluents

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

We manage this effort with the following tools:

The **Sustainability Projects App**, an application within our Environmental, Health and Safety metric database that allows Xylem to track environmental projects at our facilities.

The **Aqueduct Water Risk Atlas**, developed by the World Resources Institute, is used to determine which Xylem facilities are located in water-stressed or water-scarce areas; this tool is being used at manufacturing facilities, sales, service and other facilities.

Waste

To minimize the amount of waste being sent to landfills and incinerators, we work with our waste contractors to direct materials to be recycled and reused to the extent feasible. We also implement internal activities such as Point Kaizens and other continuous improvement initiatives to eliminate or reduce waste from our operations. Since 2014, we have improved waste reduction reporting by our facilities, internal waste reduction efforts and cooperation with our outside partners.

As a result of this diligence and our commitment to responsibly managing waste, no significant spills were reported at any of our facilities in 2020.

Waste by Type and Disposal Method (metric tons)

	2019	2020
Non-Hazardous Waste Recycled	21,772	21,570
Non-Hazardous Waste to Non-Landfill	1,557	1,435
Non-Hazardous Waste to Landfill	9,132	7,295
Total Non-Hazardous Waste	32,461	30,300
Hazardous Waste Recycled	399	289
Hazardous Waste to Non-Landfill	958	1,090
Hazardous Waste to Landfill	111	43
Total Hazardous Waste	1,467	1,422
Total Waste Recycled	22,171	21,860
Total Waste to Non-Landfill	2,514	2,525
Total Waste to Landfill	9,243	7,338
Total Waste	33,929	31,723

Three of our sites – Herford, Germany; Nanjing, China; and Vadodara, India – have already achieved our 2025 Goal of zero process waste to landfill, mainly due to a large scale recycle/reuse program implemented on site supported by the locally available infrastructure.

In 2021, we will take a number of activities planned to increase, simplify, and facilitate the handling of process waste.



Sustainable Packaging

We estimate that more than 75 percent of the packaging material used at Xylem is recyclable, reusable or compostable. Five major facilities (Auburn, New York, USA; Chihuahua, Mexico; Emmaboda, Sweden; Montecchio, Italy; and Morton Grove, Illinois, USA) accounting for approximately 50 percent of the total packaging material cost, were selected to pilot a robust sustainable packaging plan to be replicated across the organization.

To promote sustainability in our product packaging, we also launched an enterprise-wide Sustainability Packaging Task Force to guide our global strategy.

Key components of the strategy include:

- **Packaging material content.** Utilizing certified renewable content (chain of custody certification) for our product packaging. This provides confirmation that Xylem’s packaging materials come from environmentally and socially responsible sources.
- **Packaging filler.** Using recyclable material for packaging filler, eliminating the use of foam and reducing the use of plastics.
- **Digitalize product instruction manuals.** Delivering available technical information to our customers through a QR code, reducing waste and applying available technology to access to that information.
- **Sustainable ink.** Using inks free of substances of high concern, heavy metals or other undesirable components is a visible way to demonstrate our commitment to sustainable packaging for our customers.

Energy and Emissions

Electricity use is the largest contributor to greenhouse gas (GHG) emissions associated with our operations. By reducing energy consumption and increasing investments in renewable energy at our facilities, we aim to lower our GHG emission intensity levels. We are making significant progress, from identifying our highest GHG-emitting activities to engaging employees across our company to adopt a more energy-efficient mindset.

Efforts to Reduce Our Energy Consumption

With sustainability core to our culture, we are proud that some of our most successful initiatives to engage employees in energy-reduction efforts have resulted in significant emission reductions. Activities include “energy treasure hunts” and other suggestions collected at select facilities, where cross-functional teams identify possible day-to-day energy-efficiency improvements. Many opportunities discovered to reduce energy use, costs and GHG emissions related to energy are low-cost, easy to implement improvements, such as the installation of more efficient lighting and equipment including: mechanical systems, ovens, motors, belts and drives, fans and pumps, refrigeration systems and office equipment. Treasure hunts and other activities that identified energy efficiency opportunities were conducted at 28 Xylem facilities in 2020, some within our highest resource-consuming facilities.

2025 Sustainability Goal

Use 100 percent renewable energy at our major facilities by 2025

2020 Progress

45 percent of our major sites met the goal in 2020.

7.6 percent reduction in GHG Net emissions intensity in 2020 versus 2019.

Sustainability Projects Tracked in 2020

Recommended Projects	Pursued Projects	Diverted Carbon Emissions (tons)	Saved Energy (kWh)
67	15	118	733,000

In 2020 we capitalized on the benefits of our investments in at least 15 energy reduction projects involving solar panels installation, replacement of less-efficient lighting units with light-emitting diode (LED) lighting at major facilities and from several other opportunities, including compressed air efficiencies and equipment turn off after hours. The estimated yearly impact/reduction of those projects is around 733,000 kWh per year of electricity and 118 tons per year of CO₂ emissions.

We continued to purchase renewable or “green” energy credits and renewable energy in 2020 to further reduce our environmental impact. As of year-end 2020, 74 Xylem manufacturing facilities and sales offices purchased or generated electricity from renewable sources.

In addition to purchasing renewable electricity, our Herford Germany factory offsets its natural gas consumption through certified green natural gas credits, and the heat being purchased by our Emmaboda, Sweden factory is procured from a renewable source.

Learn how we are increasing energy efficiency and reducing GHG emissions with our products and solutions in the Serving our Customers section.

Business Travel and Logistics

At the end of 2020, Xylem launched a Fleet Electrification project to reduce Xylem’s fossil fuel consumption while fostering a more sustainable and affordable fleet. Through this initiative, which is starting in Europe, we aim to reduce CO₂ emissions of our vehicle fleet. This will be accomplished through the replacement of current fleet with hybrid and electric vehicles throughout 2021. Additionally, we have introduced a new European Regional Our Car Policy that has been amended to remove diesel and petrol vehicles from their car choice list, giving preference to battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV).



Energy Consumption

	2019	2020
Direct Energy By Type (MWh)		
Renewable Electricity Generated	1,031	1,036
Natural Gas Used	100,175	88,545
Stationary Sources Gaseous Propane	0.4	0.0
Stationary Sources Liquid Propane	2,318	3,249
Stationary Source Fuel Oil	5,419	7,237
Total Stationary Energy Usage (MWh)	108,943	100,067
Mobile Source Gasoline	4,612	3,879
Mobile Source Diesel	76,993	71,652
Mobile Source Liquid Propane	0.16	0.71
Total Mobile Energy Usage (MWh)	81,605	75,531
Total Direct Energy Usage (MWh) = Stationary + Mobile (MWh)	190,548	175,598
Indirect Energy by Type (MWh)		
Purchased Electricity	167,232	166,988
Purchased Heat	8,498	8,282
Total Indirect Energy Usage (MWh)	175,730	175,269
Total Energy Consumption (MWh)	366,278	350,868



	2019	2020	Percent of change
*Energy Intensity (MWh/MUSD)	69.8	71.9	3.1

Scope 1 Emissions

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

	2019	2020
Natural Gas Used	18,158	16,050
Stationary Sources Gaseous Propane	0.1	0.0
Stationary Sources Liquid Propane	485	680
Stationary Sources Fuel Oil	1,365	1,823
Cryogenic CO ₂	1.3	1.3
Refrigerant Use	532	183
Total Stationary GHG Emissions	20,543	18,738
Mobile Source Gasoline	1,212	1,019
Mobile Source Diesel	20,713	19,276
Mobile Source Liquid Propane	4	18
Total Mobile GHG Emissions	21,929	20,313
Total Direct GHG Emissions	42,471	39,051



Scope 2 Emissions

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

	2019	2020
Purchased Electricity	48,354	48,130
Purchased Heat	1,773	1,809
Total Indirect GHG Emissions	50,127	49,939
Scope 2 Location-Based	50,127	49,939
Scope 2 Market-Based	28,763	24,766

Energy Indirect (Scope 3) GHG Emissions

2020 Scope 3 Indirect Emissions¹ (metric tons CO₂)

	2019	2020
Purchased goods and services		1,802,915
Waste generated		6,731
Employee commuting		680
Business travel	11,653	2,996
Air travel	10,221	2,663
Hotels	724	188
Car travel	709	175
Total for Scope 3 Emissions	11,653	1,968,049

¹ In 2020, we expanded our Scope 3 emissions assessment to collect additional Scope 3 sources that were not quantified in our 2019 Sustainability Report:

- Purchased goods and services
- Upstream transport
- Employee commuting
- Fuel and energy-related activities
- Waste generated in operations
- Downstream transport

These values were calculated using economic input-output methodologies using spend information that was allocated into the above categories.



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

	2019	2020
Total GHG Emissions (metric tons CO ₂)	92,598	88,990
Total Sales	5,250	4,880
Total GHG Emissions Intensity	17.64	18.2
Purchased Renewable Energy Credits (mtCO ₂ e)	17,605	24,515
Renewable Electricity Generated	681	652
Renewable Purchased Heat	6	5
Net GHG Emissions (including renewable electricity)	74,306	63,817
Total Net GHG Emissions Intensity	14.15	13.08

Managing Air Emissions

Central to our commitment to reduce emissions, we are moving away from using paints that contain volatile organic compounds (VOCs) and toward water-based painting systems in our operations. In 2020, progress in this area was made at our Shenyang, China, and Morton Grove, Illinois, USA facilities. Where this is not possible, we try to use materials with lower VOC content. Our production facility in Emmaboda, Sweden burns VOCs and reuses heat from its painting process.

Air Emissions

	2019	2020
Volatile Organic Compound (VOC) Emissions (metric tons)	89.4	81.1

*We consider these numbers as the most relevant other air emission.

Management Approach to Climate Change, Energy, Emissions, Effluents and Waste, and Environmental Compliance

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

Xylem maintains a Climate Change Policy, which covers the management of our operational environmental impact and outlines our enterprise commitment to develop innovative mitigation and adaptation solutions for the water-related challenges associated with climate change.

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



Ethics and Compliance

Upholding High Ethical Standards and Accountability

High ethical standards form the basis of our core values of respect, responsibility, integrity and creativity. Our ethics strategy includes holding both our employees and partners accountable to these high ethical expectations. Our Code of Conduct defines these expectations and outlines guidelines for employees in all transactions, interactions and business opportunities. All directors, officers and employees are required to adhere to the Code of Conduct. If local laws and regulations are more stringent than our Code of Conduct, the local ones are to be followed. To promote transparency with our customers, business partners, investors, and other stakeholders and to enable its accessibility to all employees, the Code of Conduct is posted publicly in 25 languages. Our Supplier Code of Conduct is publicly available in 18 languages and is integrated into our standard contracts and anti-corruption due diligence process. The Audit Committee and Nominating & Governance Committee of our Board of Directors oversee our Ethics and Compliance Program and receive regular updates.

Education and Training Programs

To ensure Xylem employees meet our expectations regarding ethical conduct, new employees receive training on our Code of Conduct, harassment prevention, cybersecurity and anti-corruption as part of our global onboarding process. Compliance and ethics trainings are also conducted for all employees periodically and Code of Conduct trainings are administered on at least a biennial basis.

Code of Conduct training provides employees insight into our values and the behaviors, actions and decisions that support these values. In 2020, we met our target of at least 95 percent training completion.

Employees certify that they understand how the Code applies to their jobs and how to comply with its provisions at least biennially.

Through several avenues, including reports filed with our Xylem Integrity Line and our 24-hour confidential reporting portal, we regularly monitor ethics and compliance trends, company and industry-wide developments, as well as regulations in this area. We then update the Code of Conduct training to address these inputs.

Employees in departments such as Human Resources, Finance, Legal, Ethics and Compliance, Sales, and Marketing receive anti-corruption training based on current trends and industry-wide developments.

Our ethics and compliance trainings are conducted both online and live instructor-led formats. Online trainings in 2020 included Code of Conduct (focused on raising concerns and our non-retaliation policy), harassment prevention, anti-corruption, workplace substance abuse prevention, privacy and cybersecurity. In 2020, we conducted over 5,200 hours of live instructor-led ethics and compliance training on compliance topics such as Code of Conduct, harassment prevention, anti-corruption including compliance with our policies and due diligence guidelines, antitrust and competition law compliance, our gifts, hospitality and charitable contributions policy, data privacy, trade compliance, conflicts of interest and reporting issues. We also conducted robust in-person training for our global Legal department employees on conducting workplace investigations.

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



Reporting Mechanisms

Our goal is to make the reporting of concerns about ethics-related issues as frictionless as possible, allowing maximum opportunity to eliminate misconduct efficiently and quickly. There are various mechanisms for employees and other stakeholders to easily report their concerns and instances of observed or suspected misconduct without delay. Multiple reporting channels allow individuals to report in a way most comfortable for them:

- Xylem Integrity Line. This 24-hour confidential reporting portal is available to all employees, suppliers and customers. Language support is provided in all of Xylem's key languages. Reports can be made through the website or by phone, and can be anonymous, where legally permitted, through the same mechanisms.
- Ombudsperson network. Globally, over 75 ombudspersons are available to receive employees' questions and reports relating to ethics and compliance concerns. Ombudspersons are required to take all reasonable and legally permissible steps to protect the identity of all those who report possible violations in good faith.
- Management, Human Resources, Legal, Internal Audit, and Ethics and Compliance Teams (including the Chief Ethics and Compliance Officer). Employees are encouraged to raise concerns directly with any of these internal parties.
- Audit Committee of the Board. Concerns can be brought directly to this committee, which is independent of management.

Integrating Our Commitment to Ethical Business Into Our Risk Processes

An annual risk assessment of bribery and corruption facing our business and sales teams identifies risks which are then closely monitored and considered when updating Xylem's internal policies. Regular audits of certain facilities are conducted by our Internal Audit department to review compliance with Xylem policies and regulations such as the U.S. Foreign Corrupt Practices Act. The Ethics and Compliance department, which sits under the SVP, Chief Sustainability Officer and General Counsel, is responsible for the governance of our anti-corruption program.

The function of Xylem's anti-corruption due diligence framework is to identify third parties that are classified as higher risk. Third parties must certify alignment with our Code of Conduct and contractually agree to comply with all applicable anti-corruption and anti-bribery laws as part of the third-party screening process. Completion of online anti-corruption training through our due diligence platform is required of all third parties to help them understand how to maintain compliance. Our due diligence is renewed on a periodic basis depending on a risk ranking algorithm. Additionally, in 2020, in-person compliance training was delivered to key commercial partners in our Emerging Markets and European regions.

Management Approach for Ethics and Compliance

Xylem is committed to doing business with integrity. We maintain zero tolerance for any form of bribery or corruption. We must be vigilant about maintaining these high standards of ethical excellence in those situations where we need to operate in parts of the world that are ranked high on Transparency International's Corruption Perceptions Index. Our robust anti-corruption program was built to support our goal of seeing that our values are promoted, understood and maintained, and that anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010 are strictly adhered to.

Our policies mandate stringent compliance with these anti-corruption laws, whatever local custom or practices in this area might be.

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

To understand trends and address gaps, the Ethics and Compliance team headed by the Chief Ethics and Compliance Officer (CECO) regularly reviews current regulations, as well as data from the Xylem Integrity Line (our 24-hour confidential reporting portal), our due diligence platform, and feedback received from our employees. Armed with this data and information, the team then develops enhancements to the program. The CECO provides updates on the Ethics and Compliance Program to the relevant committees of our Board of Directors at least annually. The CECO provides these updates to the corporate and regional Ethics and Compliance Review Boards (ECRBs) at least quarterly. ECRBs are composed of members of the Senior Leadership Team and regional senior leaders as applicable, with Internal Audit serving as an observing member.



Risk Assessment	<ul style="list-style-type: none"> • Partner with Internal Audit to assess risk, plan and implement global compliance and anti-corruption audits and evolve the Program • Leverage the Enterprise Risk Management (ERM) Program to assess and evolve the Program • Develop a risk assessment strategic plan
Anti-Corruption Program	<ul style="list-style-type: none"> • Administer a robust third-party due diligence program based on the risks posed by particular third parties and proposed business interaction with Xylem Based on the due diligence process, third parties are required to undergo various levels of anti-corruption due diligence, including, completing an anti-corruption questionnaire, remediating any issues and certifying compliance with anti-corruption laws and ethical standards embedded in our Code of Conduct, as well as online training • Include robust anti-corruption terms and conditions in contracts with customers, suppliers and other business partners • Administer a Gifts, Hospitality, Travel and Charitable Contributions Policy and pre-approval tool; revised policy in 2020 based on a third party assessment
Policies, Procedures and Controls	<ul style="list-style-type: none"> • Maintain robust policies that are globally communicated and translated into languages representative of our employee base, generally between 10 and 25 languages • Update these policies and related compliance procedures regularly in response to new regulations, audit results, our internal trend/gap analysis and periodic third party assessments and benchmarking
Communication, Training and Tone	<ul style="list-style-type: none"> • Execute on corporate, regional and country-specific ethics and compliance communication and training plans • Leverage corporate and regional Ethics and Compliance Review Boards, comprised of senior leaders • CEO highlights “lessons learned” from internal and external compliance issues to our Extended Leadership Group (~450 top leaders and managers) during virtual communication sessions
Monitoring and Auditing	<ul style="list-style-type: none"> • Improvement initiatives implemented to regularly enhance the Program; in 2020, key initiatives included enhancements to our policies and Code of Conduct, investigations processes, anti-corruption program and processes, risk assessment process, and antitrust and competition law compliance program and processes • Ethics and Compliance Review Boards receive Program updates at least quarterly • Audit Committee of the Board of Directors receives Program updates at least annually, with quarterly updates as needed, including compliance investigations and Xylem Integrity Line (our 24-hour confidential reporting portal) activity • Internal Audit performs regular anti-corruption audits
Data and Analytics	<ul style="list-style-type: none"> • Analyze third party due diligence program trends • Analyze Xylem Integrity Line (our 24-hour confidential reporting portal) reporting trends • Review data from various inputs to determine, analyze and correlate trends (data sources include the third party due diligence system, Xylem Integrity Line, quarterly litigation report, results from various audits, including anti-corruption, trade compliance, environmental, health and safety, Sarbanes-Oxley and internal controls)
Resolution and Root Cause	<ul style="list-style-type: none"> • Continuously improve process to monitor implementation of recommended actions arising out of Xylem Integrity Line reports • Respond to compliance questions/consultations within 48 hours • Determine root cause for systemic issues; partner with business and functional leaders to put targeted improvements in place, such as additional procedures or training and discuss with Ethics and Compliance Review Boards
Reporting and Investigations	<ul style="list-style-type: none"> • Maintain Xylem Integrity Line (our 24-hour confidential reporting portal) (employees can report anonymously through various channels) • Investigate all reports, using internal or external resources, as appropriate with target completion of investigations within 45 days of receipt

Responsible Supply Chain

Xylem's 2025 Supply Chain Sustainability Goals:

- Require suppliers to take the WBCSD Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace
- Engage suppliers in sustainability initiatives through audit programs and corrective action plans

Other initiatives:

- Require suppliers to disclose sustainability information via EcoVadis (or equivalent) system
- Require suppliers to provide Scope 1 and 2 GHG emissions and water usage via CDP Supply Chain
- Implement a Supplier Diversity Program in the U.S. and increase diverse supplier spend

Our standard of excellence in ethics applies as much to our suppliers as it does to us. Strict adherence of our Supplier Code of Conduct is required of all our suppliers. In alignment with our procurement processes, all suppliers are required to act in accordance with our business standards, product quality, process capabilities and commitment to sustainability. Responsible sourcing is a key component of our approach to promoting sustainability. In 2020, we continued to support our suppliers in integrating more sustainable practices into their business operations.

We depend on suppliers in these major categories: motors, castings, machining, fabrications, electronics and polymeric. These products are composed of metals, plastics and electronic components. They contain raw materials such as stainless steel, aluminum, iron ore and copper. To ensure that these raw materials come from reputable and qualified sources, Xylem Global Procurement (XGP) manages these commodities carefully.

Where possible, our operations rely on local suppliers to optimize material flow and reduce costs without losing the benefits of scale.

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.

Beyond our local sourcing efforts, the following sourcing programs – all implemented or expanded in 2020 – are helping reduce Xylem's environmental impact:

- Launched fleet electrification project to lease electric and hybrid vehicles.
- ENGIE Impact's expense and data management services that we use include auditing utility bills, resolving billing errors, addressing energy consumption anomalies, reducing the risk of service interruptions and weekly consolidations of utilities billing.
- ENGIE Impact's Energy Supply Management services support us in our goal of attaining 100 percent renewable energy use at each of our major facilities by 2025. Xylem Category Management, local Xylem Site Procurement, Xylem EHS and ENGIE Impact work together to enable renewable energy certificates or credits are evaluated with the option to purchase during the contracting process for all major facilities.

- We periodically review contract coverage and sustainability requirements for compliance and inclusion within all bids by energy providers. For more information on our management through ENGIE Impact, see our [2020 CDP Climate Change report](#).
- Energy and sustainability expert consultants, including ENGIE Impact, will support Xylem with the focused effort to reduce and eliminate our waste sent to landfill in 2021 and beyond.

In 2020, Xylem also:

- Added dedicated support to Supply Chain Sustainability and Supplier Diversity.
- Conducted educational webinars and engagement meetings with suppliers to promote the WBCSD WASH Pledge for Access to Safe Water, Sanitation and Hygiene at the Workplace. On October 15, 2020 Global Handwashing Day, WBCSD and Xylem jointly posted a blog to feature how committed Xylem is to establishing a worldwide movement through the [WASH Pledge](#). 19 percent global spend of suppliers took the Pledge.
- Partnered with EcoVadis and launched Supplier Sustainability Assessment program across 21 indicators in four themes: environment, labor and human rights, ethics and sustainable procurement. 15 percent global spend of suppliers disclosed sustainability information via this program.
- Completed all of the preparatory work for planned CDP program launch in 2021. This program helps us support our suppliers in reducing greenhouse gas emissions and water usage and strengthening their climate resiliency. Supplier engagement also helps us achieve our Scope 3 greenhouse gas emission targets and other sustainability goals.

- Planned to launch Sustainability Assessment program but was put on hold due to COVID-19 travel restrictions. We utilized virtual Supplier Quality audits and EcoVadis desktop audits to assess and mitigate sustainability risks at suppliers.
- Launched Xylem Supplier Diversity program in the U.S. We are committed to standing behind the diverse businesses by providing opportunities for them to participate as our suppliers for goods and services. We accomplished 7.1 percent of diversity spend in the U.S. supply base.

Modern Slavery

Xylem publishes an annual statement on our Sustainability website and on the Australian Border Force Registry site concerning our efforts to combat modern slavery under the U.K. Modern Slavery Act (2015), the Australian Modern Slavery Act (2018) and the California Transparency in Supply Chain Act (2010).



Conflict Minerals Program

As a manufacturer of heavy industrial goods, we use tin, tungsten, tantalum and gold (3TG) in many of our products. For example, we produce seals that contain tungsten and electronics that contain tin and gold. Over the past five years we have worked diligently to comply with U.S. SEC requirements regarding the sourcing of these materials. Our SVP, Chief Supply Chain Officer oversees the Conflict Minerals Program. In 2020, we continued utilizing a third-party service provider to assist us in reviewing our supply chain. We surveyed 4,495 in-scope suppliers and received a 58 percent response rate up from 55 percent in 2019.



COVID-19 Response with Supply Chain

The COVID-19 pandemic heavily impacted supply chains from the restrictions being placed on the movement of people and the ways in which goods could be transported, to the human impact of the virus that meant it became more challenging to produce goods and deliver services.

Since the outbreak of COVID-19, the procurement organization has taken decisive action and focused the efforts on enhancing our capabilities on key areas that could have an impact on business continuity related to how we Detect, Assess and React to events, as well as, our Supplier Risk and Sustainability processes.

Main initiatives taken in response to COVID-19

- We ran two supplier surveys with more than 200 of our direct and indirect material suppliers to identify supply chain issues that could have an impact on business continuity.
- We enhanced the financial health monitoring of our suppliers by regularly screening and actively engaging with suppliers showing signs of a weak financial health situation.
- We have added a risk management tool to our portfolio of risk management tools which significantly enhances our ability to identify events affecting our suppliers at early stages, so we can react immediately and minimize potential negative effects on our supply chain.
- We have improved the capabilities to assess the criticality of our suppliers with the introduction of a risk management tool and accelerated the automation of risk management related processes and tasks.
- We have reinforced the team with 3 more people. 2 of them leading the Sustainability and Supplier Diversity programs inside Global Procurement and the third person reinforcing the Supplier Risk Management team.

Management Approach for Responsible Supply Chain

Oversight for responsible procurement is carried out by Xylem's SVP, Chief Supply Chain Officer and the legal department. Since June 2020, we have one employee dedicated full-time to Supply Chain Sustainability, and one dedicated full-time to Supplier Diversity and Inclusion, as well as Compliance.

Our suppliers are required by our standard procurement terms and conditions 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.

Expectations of suppliers across various areas of ethics and integrity as well as social and environmental responsibility are covered in Our Supplier Code of Conduct which can be viewed on our website.

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

Our responsible supply chain management will be assessed over the next four years by tracking against our 2025 goals.



Culture and Talent

Xylem 2025 Goal for Culture and Talent and Employee Engagement:

- Provide all employees with rich learning and developmental opportunities

Our shared purpose, solving water, unites our more than 16,000 employees around the globe. As a company driven by innovation and creative solutions, bringing together diverse skills, backgrounds and perspectives in an inclusive culture provides us with strategic advantage. Fostering workforce diversity is essential to our success in solving the world's water challenges.



Xylem Employees (by Contract Type, by Region)	Total End of Year Headcount (as of December 31, 2020)
All employees	
Americas	6,370
Europe	2,863
Emerging Markets	7,425
Total	16,658
Temporary, Fixed-Term, or Intern	
Americas	50
Europe	581
Emerging Markets	335
Total	966
Employees Without Time-Limited Contracts	
Americas	6,320
Europe	2,282
Emerging Markets	7,090
Total	15,692

Xylem Employees (by Contract Type, by Region)	Total End of Year Headcount (as of December 31, 2020)
All employees	
Male	12,524
Female	4,134
Total	16,658
Temporary, Fixed-Term, or Intern	
Male	690
Female	276
Total	966
Employees Without Time-Limited Contracts	
Male	11,834
Female	3,858
Total	15,692

Xylem Employees (by Contract Type, by Region)	Total End of Year Headcount (as of December 31, 2020)
Full-Time	
Male	12,273
Female	3,759
Part-Time	
Male	251
Female	375

Talent Attraction and Retention

At Xylem we recognize the importance of attracting and cultivating quality talent and leadership, and we make this a strategic priority. We offer a broad array of experiences (formal training, learning on the job, strong employee networks, etc.) to support our employees’ professional growth and continuous learning to advance the capabilities of our organization. Xylem remains committed to attracting and retaining the best talent to help better serve our customers.

Global On-Boarding Program

Our global on-boarding process for new hires provides a consistent introduction to Xylem to help them feel part of one company. Xylem Welcome Leads helps incoming employees get acclimated, and the Intranet site “Welcome to Xylem” provides new hires with key materials outlining critical information. These materials cover all aspects of Xylem’s business, as well as role-tailored compliance training and a plan that managers use to track new hires’ performance progress over the year. Surveys are conducted with new hires to get feedback on their experience and to identify areas for improvement of the on-boarding process. This approach aligns with our commitment to continuous improvement as a company.



Early-in-Career Talent Recruitment Programs

We continue to build on our university relationships across the U.S. through targeted recruitment, career fairs, technical talks and other partnership activities that include Watermark events. In 2020, we quickly adapted to virtual internships, offering 75 students the opportunity to work remotely, while still providing engaging projects and opportunities to connect virtually with each other and senior leaders from across the organization. We will continue to focus on our summer internship program as a feeder pool into our entry-level recruitment programs. We are committed to growing these university relationships as we move forward. As part of this, we are finding ways to expand our Xylem Watermark activities on campus, and we are expanding programs geared towards developing relationships with key universities in our European and Emerging Market regions. Talented university graduates seek out companies that have a strong sense of purpose and mission, and Xylem’s “Let’s Solve Water” ambition continues to be a powerful attraction for students. By engaging with university graduates early and often (see chart of programs described on this page), we are continuing to build a pipeline of purpose driven early-in-career talent. Each of our recruitment programs have been developed and implemented over time.

Over the past eight years, through the end of December, 2020, we have hired over 90 employees into Xylem through these three programs that continue to help us build our relationships with key universities and expand our early-in-career talent pipeline. For more information on these programs, visit our [website](#).

Program graduates have often been placed into full-time positions throughout the organization. Both the program participants and the teams working with these individuals report back to us on the value the new graduates bring. They are able to look at challenges with a fresh perspective while bringing energy and ability to fully engage with the challenges presented to them. One of the highlights from all of our entry-level rotational programs is when each program participant has the opportunity to present to their rotational managers and senior leaders an overview of their rotational experience. We continually hear from our program participants how much they value the opportunity to interact with our CEO and other senior leaders, while our senior leaders, value the energy and openness to learnings each participant shares.

Entry-Level Rotational and Training Programs	Focus Areas	New Participants In 2020	Program Graduates In 2020
Engineering Leadership Development Program (ELDP)	Technology and engineering	9	8
Operations Leadership Development Program (OLDP)	All facets of the supply chain	7	5
Finance Leadership Development Program (FLDP)	Finance-focused roles including audit, tax, investor relations, and financial planning and analysis	5	First class to graduate program in 2022

Development Programs for Emerging Leaders

We have continued to build out our talent development programs over the past several years. These programs are targeted to our high-potential employees who want to continue to grow and develop their careers. Each of our emerging leader programs include group and individual projects, trainings in global locations, access to senior mentors and an end-of-program presentation to senior leaders. In addition, in 2020, in response to the pandemic, we modified the delivery of our programs to virtual and extended the length of time for each program. In addition, we expanded our emerging leaders programming with a program focused on our Supply Chain employees. Approximately 15 participants are selected for each of the following programs per year:

Emerging Leader Programs	Focus Areas	New Participants In 2020	Program Graduates
Strategy Leadership Development Program (SLDP)	Developing a deep understanding of Xylem, our strategy and leadership skills	16	67 since 2015
Innovation and Technology Leadership Development Program (ITLDP)	Developing leadership skills in engineering and technology	15	30 since 2017
Supply Chain Enterprise Development Program (SCEDP)	Developing broad understanding in Supply Chain and leadership skills	15	New program in 2020



In 2020, over 60 percent of our early-in-career program participants moved into new roles, took on expanded roles, moved across different operating units/geographies and/or were promoted. We are committed to ensuring that all of our programs have a diverse cohort including gender, functional and geography representation. All of our programs continue to get high praise from the program participants, stating cross-company collaboration and personal development as two of the most impactful experiences.

Developing Our People Managers

Developing our people manager talent is a key priority for Xylem and a critical enabler of our sustained success. One of the most powerful ways to ensure we excel at this is by providing our people managers with a broad range of development programs and experiences. Key skills we focus on in our people manager training include: building self-awareness, leading through change, coaching, setting clear performance goals with their teams and creating a culture that makes it easy to give and receive feedback. Our approach to manager development is to provide opportunities to learn through doing, attend specific training programs and create a strong network of peers from across the organization that they can learn from and see as resources to rely on when needed.

In 2020, we quickly adapted our approach to manager development by offering a significant number of live virtual trainings. By partnering with MindGym® we offered over 100 90-minute virtual sessions, and trained over 500 of our people managers. We focused on topics to support how to better lead remote teams, feedback and many other topics essential to supporting our people managers to provide the connection and support our employees needed in the new remote ways of working. Through our partner Ontos Global® we offer two consecutive Manager as Coach® (MAC I and II) programs to bring real-life coaching opportunities to practice and ensure participants can carry these critical skills back to the job. In 2020, we adapted delivery of the MAC I program to live virtual, to continue to build these valuable coaching skills in our people managers.

We continued to offer our Manager to Leader (M2L) program with 25 participants. This program was able to start with a face-to-face session, but as the pandemic took hold, we had to adjust the timing and finish the program virtually. In January, 2021 the cohort presented their final projects to their managers and some other key leaders. All five group projects were focused on social value and have been adopted and implemented into our broader Watermark portfolio. In addition to the M2L program we also kicked off a similar program for our Emerging Markets team in late 2020. We are calling this program Leader Accelerator Program (EM-LAP) and it targets the same profile of employee as the M2L Program. Both the M2L and EM-



LAP programs provides a hands-on experience of what it means to be a leader at Xylem, helps participants to create more self-awareness and helps them to be more effective leaders for their teams and Xylem.

2020 brought many challenges for us all, and employee mental wellbeing became a clear priority for Xylem. Through various means, we started to weave messaging about the need to recognize our employees were all dealing with the pandemic in different ways. We held listening sessions for caregivers, we expected our people

managers to connect more regularly with their team members, we provided on-demand learning in our Xylem Learning Center (XLC) and we partnered with Mental Health First Aid® to provide training to managers to help them recognize signs of mental issues. In 2020, nearly 800 employees attended the live-virtual sessions, and in 2021, we will continue to offer more sessions, as well as broaden our Employee Assistance Program (EAP) offerings to support employees who may be suffering and other actions to support our employee’s mental wellbeing.

316,829

Employee Training hours recorded in our online learning management system XLC, representing an average of 19.3 hours of training per employee.

228,158

Training hours by employees with no direct reports. An average of 24.8 training hours per employee with no direct reports.

88,672

Training hours by managers with direct reports. An average of 29.6 training hours per manager with direct reports.

21,961

Training hours by non-wired employees. An average of 5.1 training hours per non-wired employee.

500+

managers with direct reports completed coaching and management training. Nearly 170 employees completed Leading for Continuous Improvement Training. Manager training consisted of:

- Manager As Coach® I: 25 managers
- Executive Development Program: 19 Leaders
- Manager to Leader: 24 managers
- Coach-the-Coach® sessions or recordings, Leader-Led Discussion recordings, Mind Gym® sessions: 439 managers

Some observations

- Our Employee Training hours recorded in XLC increased 63 percent over 2019
- Manager Training hours recorded in XLC increased 30 percent over 2019
- Employee Training hours recorded in XLC increased 93 percent over 2019
- Non-Wired Training hours recorded in XLC increased 16 percent over 2019
- The Leading for Continuous Improvement Training number decreased 83 percent for 2019. This is typically a live classroom training which was interrupted with the pandemic starting in the spring of 2020 halting all in-person training through the end of the year.

The Xylem Learning Center (XLC) is Xylem’s learning management system. The XLC is used both to deliver on-line/e-learning content, and also to track all training hours including instructor-led or externally provided training. We are continually adding new on-demand content to support the learning and development of all of our employees. In 2020, we rolled out a new XLC interface that allows employees to create their own ‘learning playlist’ and mark favorite on-demand learning modules that they can come back to again and again. In addition, the new interface allows employees to add any adhoc training they are doing to their transcript.



Management Approach for Performance Management

“Connect. Perform. Grow.” (CPG), provides a framework for integrated talent management through a performance management approach. Our SVP, Chief Human Resources Officer and our VP, Leadership and Talent Development oversee the approach to performance management. The CPG process includes ongoing and relevant conversations between managers and team members focused on performance feedback, coaching and career development. These conversations are scheduled on a regular basis and at least quarterly throughout the year. A quarterly survey ensures that these conversations are occurring. In 2020, 55 percent of our employees, on average, participated in the survey and nearly 90 percent of respondents affirmed that these quarterly conversations between them and their managers met their expectations. As part of our annual goal-setting process, we ensure alignment between individual goals and Xylem’s strategic priorities and imperatives and in 2020, as a result of feedback collected from our 2019 Global Employee Survey, there was a concerted effort to ensure all employees understand Xylem’s strategy and are able to connect their day to day goals to what Xylem is trying to achieve. In 2020 we continued to leverage our global human resources technology platform for running the quarterly survey to approximately 10,000 employees globally. We also used the platform to complete the 2020 CPG performance review cycle and set 2021 goals. The platform provides a transparent and efficient way for managers and employees to update performance objectives as needed throughout the year. We will continue to deepen our understanding of the system and how it can support on-going dialogue between a manager and employee.

Leadership Development

Xylem strives to become a high performing company with a common culture on all levels, from individual to company-wide. Our Executive Development Program (EDP) builds on this goal through its work to develop enterprise leadership approaches and empower leaders to take charge in achieving business transformation. A cohort of approximately 20 senior leaders from across the company take part in EDP by attending three residencies held on three different continents and which include professional coaching and strategic project work. In 2020, Cohort 7 was able to meet in early February before the pandemic took hold, however, they completed their program virtually in March of 2021, with their second and third sessions held virtually. Smaller subgroups called SPTs (Strategic Project Teams) are created from these cohorts to pursue a wide range of projects identified by our Senior Leadership Team. At the end of the program, the SPTs present the results of their projects to the Senior Leadership Team. Approximately 75 percent of the projects to date have been adopted and integrated with EDP alumni and Senior Leadership Teams at the helm. Our training and development programs are consistently scrutinized and re-evaluated to ensure that they are building capabilities to strengthen Xylem’s competitive edge.

Employee Engagement

Every two years, Xylem conducts a Global Employee Engagement and Culture Survey. These surveys are crucial to our success as a company because the feedback they provide helps us continue our unceasing drive to better our systems, programs and work environments. Following the survey, managers and their teams use the results to develop local action plans that they can implement on their own in addition to an action plan at the enterprise level. The Senior Leadership Team owns the enterprise-level actions and will work closely with the employees who will drive implementation. We are fully engaged in the work of building a cohesive ‘One Company’ culture across our family of brands, business units and facilities around the globe, all in service of our customers.

From our 2019 survey, employees across businesses and regions wanted to hear more from Xylem's leadership on the company's overall strategy and how it relates to their role at Xylem. In response to this, this past year during virtual town hall discussions, leadership and internal communications teams have focused on highlighting each of Xylem's key strategic pillars. In many cases, leaders from different functions who directly impact a strategy have joined the live call with the President and CEO, Patrick Decker and others to discuss their work and how others can influence the strategy. The response has been overwhelmingly positive, with good feedback and comments from employees that they feel more connect and engaged after learning about fellow employees.

In Fall 2021, we will be launching our next global survey.

Xylem Now

Xylem's social collaboration platform, Xylem Now, provides an opportunity for employees to connect with each other across businesses, functions and geographies. Xylem Now has gained significant traction with over **10,500 employees registered and nearly 75 percent of employees active every month**, sharing and discovering news, ideas, information, and experiences. Together users connect to build a sense of community and to innovate, brainstorm and solve challenges with the advantage of collective wisdom and expertise. This global communications platform allows employees to create community and keep one another up to date in real time no matter the geographical distances between them. Leaders from across the organization use the platform to broadcast live video events, including regular updates from our President and CEO, Patrick Decker and other members of the Senior Leadership team.

Management Approach for Employment

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

Management Approach for Labor / Management Relations

Xylem respects the work of labor organizations, work councils and trade unions to better the lives of working people. In accordance with this, Xylem respects the legal rights of its employees to join or to refrain from joining such organizations. Worldwide labor laws regarding employee and third-party involvement govern Xylem's policies where applicable. An employee's decision to join or not join a labor organization will in no way account for any discrimination against that employee. Xylem makes managers at all levels aware of the importance of respecting the rights of employees to organize. Xylem's labor/management relations policies are ultimately managed by our SVP, Chief Human Resources Officer. Our experience supports our core belief that a favorable, collaborative work environment with direct communication between employees and management serves not only the interests of employees but also the interests of Xylem as a company. We work to establish favorable employment conditions that promote positive relationships between employees and managers, facilitate employee communications and support employee development.

Health and Safety

Xylem 2025 Goals for Health and Safety:

- Ensure 100 percent of Xylem employees have access to clean water and safe sanitation at work, at home and during natural disasters
- Reduce injury frequency to an incident rate of 0.5 or below

“Safety is a team sport, and we all must look over one another to ensure risk is minimized so we can all return home healthy at the end of each day.”

– Patrick Decker, President and CEO.

In 2020, 80 percent of Xylem sites worldwide achieved zero injuries and/or illnesses. This is an achievement we are proud of as it is a clear marker of successful collaboration with team members to reduce risk and promote a positive safety culture. By tracking leading safety indicators, we hold sites accountable in order to continue to help drive down incident frequency. Tracking of management inspections, colleagues reporting concerns, number of toolbox talks conducted, and corrective action closure helps to continuously improve the safety of our sites. In 2021 we anticipate even better performance through our myriad and targeted efforts for zero-incident workplaces.



Total Hours Worked	30,676,147
Days Away From Work Case Rate	0.31
Injury Frequency Rate	0.62
Fatality Rate	0

*Based on 200,000 hours worked

We record our injuries in the countries in which we operate based on the applicable local laws and regulations, and we apply the U.S. OSHA calculation standard to derive our injury frequency rate.

2025 Goal: Ensure 100% of employees have access to clean drinking water and safe sanitation at work, home and during natural disasters.

Considering Xylem's mission to solve water, it's equally important to ensure that every employee at Xylem has access to safe water, sanitation and hygiene (WASH) at work, at home and during natural disasters. To enable this, we test the quality of drinking water at our work locations on at least an annual basis and we have clean and adequate washroom facilities for all employees. We are building capacity to better understand our employees' WASH situation outside of the workplace in a manner that is respectful to employee privacy.

In 2020, we held our first pilot program, which included local human resources and Environment, Health and Safety (EHS) outreach, an educational WASH training session and a voluntary survey for a targeted employee population in India. We found that this approach helps our employees better understand the importance of WASH and also emphasizes to them that Xylem will help support corrective actions depending on the results of their survey.

The results showed that the surveyed employees had access to safe water, sanitation and hygiene, however, there were a few employees who had a high concentration of minerals in their drinking water in their home. Xylem supported these employees by providing them with in home water filters.

We are in the process of expanding this program into other regions, starting with Africa, to improve our survey practice and leverage Xylem technology and solutions, while also solidifying our procedure to identify employees without access to clean water and sanitation when a natural disaster occurs. Our approach to all health and safety topics, including our goal of providing clean water and safe sanitation for employees, is to create a culture in which every employee feels empowered and supported to reach out when they need support.

COVID-19

Protecting the safety and well-being of our colleagues is our top priority. By keeping our colleagues safe, we were able to continue to meet the needs of our customers, enabling them to continue to solve water.

At the onset of COVID-19, Xylem enhanced our protections to limit exposure to COVID-19 by requiring masks globally and providing personal protective equipment to limit the spread. In addition, we implemented protocols and processes for colleagues to conduct a self-health check prior to arriving at work, as well as on-site temperature screening. As part of the Pandemic Risk Mitigation plan, we also implemented:

- Implemented remote work/work from home for as many colleagues as possible
- Provided colleagues with guidance on effective infection prevention
- Supplied all necessary PPE and mandated its use
- Staggered shifts
- Restructured production lines to promote social distancing
- Provided on-site temperature checks
- Provided COVID-19 testing at select sites
- Implemented disinfection protocols according to CDC and WHO guidelines
- Restricted business travel to protect our workforce
- Enhanced mental health and employee assistance program
- Imposed quarantines according to local guidance

Diversity and Inclusion

Xylem 2025 Goals for Diversity & Inclusion:

- Achieve 50 percent female representation in leadership positions through merit-based retention, promotions, and recruitment by 2030*
- Achieve at least 25 percent U.S. minority representation in leadership positions through merit-based retention, promotions and recruitment by 2025*
- Increase U.S. diverse supplier spend to 12 percent by 2025 (see [Supply Chain](#))
- Assess and monitor equitable pay practices with a goal to eliminate pay differences based on gender, race or ethnicity

* These goals reflect Xylem's aspiration to drive a culture of diversity, inclusion and meritocracy through best practices that comport with all legal requirements and reduce potential barriers that may adversely affect equal employment opportunity. All open positions, including leadership positions, will be filled with the most qualified candidates.

For Xylem to innovate, serve our stakeholders, and build a sustainable and resilient company, we must nurture a culture that taps into the power of diversity and inclusion (D&I). Bringing together people from different backgrounds and cultures, with different perspectives, talents and experiences, sparks new ideas and different ways of seeing and solving problems. This culture, in turn, leads to better products and services for our customers and more engaged employees.

D&I is also critical to building a sustainable company. We are passionate about increasing diversity in our workforce, in part because workforce diversity is a powerful draw for attracting the next generation of leaders and top talent to Xylem careers. Diversity in our teams also allows us to reflect the diversity of those we serve, and helps us better understand different perspectives from stakeholders, end-users, and customers. This helps us build trust, grow relationships, gain support and solve problems faster – across markets and cultures, around the world.

Our Approach To Diversity & Inclusion

We are committed to a workplace that creates a sense of belonging for everyone: where all our colleagues feel involved, respected, valued, connected and able to bring their more authentic selves to work. We are equally committed to including our suppliers, customers and communities in this journey to advance more inclusive and equitable societies.

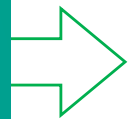




How We Promote Diversity and Inclusion Across Employees' Career

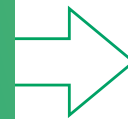
Entry Level

- Extend reach of campus recruiting to diverse student organizations
- Expand talent sourcing channels to include Historically Black College and Universities and partner with external diversity organizations
- Sponsor scholarship programs for under-represented students in water sector (InFLOW)
- Target 50 percent female and 25 percent U.S. minority hires for entry level talent and interns
- Ignite interest in working in the water sector



Early and Mid-Career

- Monitor and seek to balance diversity of leadership program participants
- Augment D&I focus in Organization Leadership Reviews to accelerate development of talent feeder pools
- Encourage engagement and leadership opportunities in Employee Network Groups
- Increase visibility of diverse colleagues working at Xylem (People of Xylem series)



Experienced Talent

- Discuss D&I dashboard as part of monthly business reviews
- Participate in Inclusive Leadership training
- Require diverse candidates slates for people manager roles and utilize diverse interview teams
- Provide resources to support attracting and hiring diverse talent
- Showcase stories (One Minute in Water, Making Waves)

Our Company

Xylem Workforce Demographics

Data shared is representative of Xylem’s workforce as of December 31, 2020 and covers three dimensions of diversity - global gender, U.S. race and ethnic minority and age. We see this as the beginning of a journey to improve the depth and breadth of our diversity data. In the future this might include self-identified data types such as sexual orientation, disability, and military service.

Increasing Transparency – Public Disclosure of Annual EEO-1 Report Data

To increase our D&I transparency, Xylem made our most recently filed (2018) U.S. Federal Employer Information Report EEO-1 available in the External Reporting section of the [Xylem Sustainability website](#).



Global Data

Xylem Employees by Geographical Area

(Total End of Year Headcount as of December 31, 2020)

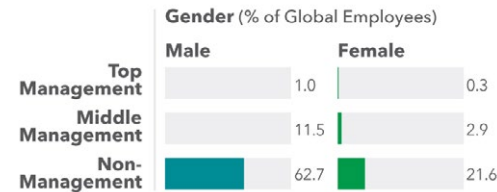
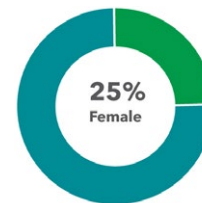


Americas

Europe

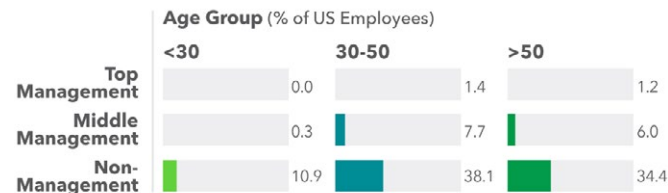
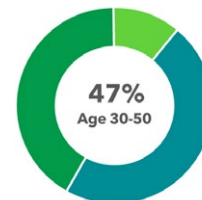
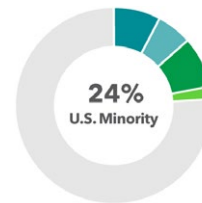
Emerging Markets

Americas includes North and South America; Emerging Markets includes Australia and New Zealand.



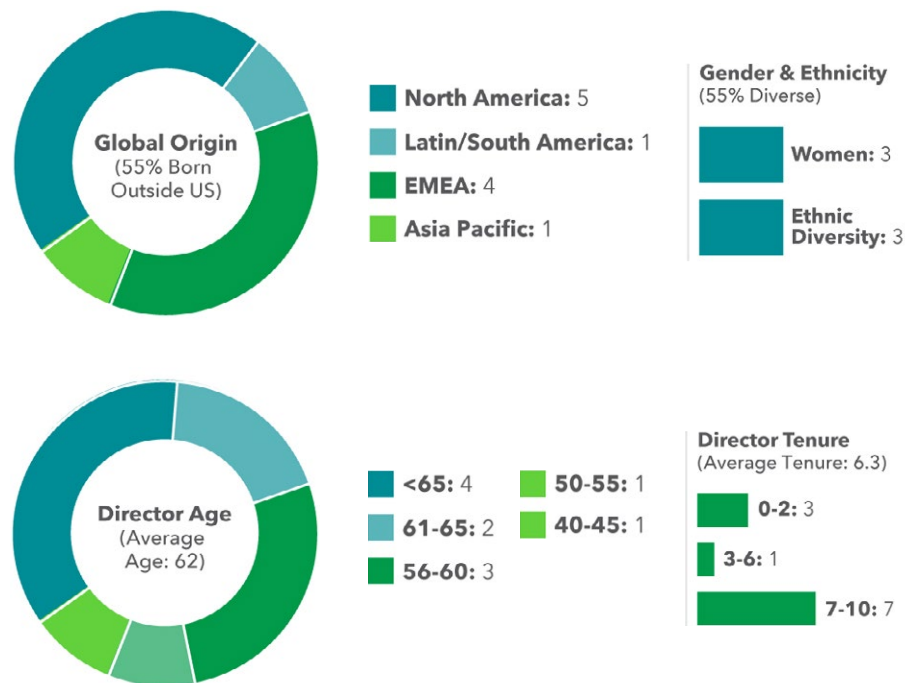
Xylem is a global company. Fifty-four percent of our employees are based outside of the U.S. and represent nationalities from 150 countries.

U.S. Data



Board Representation

Our Board is committed to seeking highly qualified women and individuals from minority groups to include in our pool of candidates from which Board nominees are selected as part of each Board search. While this has been our practice for a number of years, our Board amended our Corporate Governance Principles in December 2019 to highlight this for our investors and other stakeholders.



Our Actions to Advance Diversity & Inclusion

Progress toward our diversity, equity and inclusion goals in 2020 focused on diversity recruiting, cultivating our culture of inclusion, and increasing data transparency. In the U.S., Xylem added a Historically Black College and University to our recruiting schools and partnered with university and national external diversity organizations, such as the Society of Women Engineers and the National Society of Black Engineers. Through sponsorship of the Water Environment Federation’s InFLOW program, Xylem is working to attract underrepresented talent to careers in the water sector. To help connect and support colleagues, especially during the pandemic, Xylem launched two new employee network groups in 2020 - Working Parents Network and People of Color and Allies Network. Finally, Xylem added D&I metrics to existing monthly business reviews to increase visibility and drive accountability.

While we are making progress, we recognize we have significant work ahead of us. The profound impact of the COVID-19 pandemic on the business landscape in 2020 also has been disruptive for diversity and inclusion. The sudden shift to remote working tested the adaptability of our employees and disproportionately impacted our working parents and caregivers. Worldwide social unrest and the racial justice movement in the U.S. sparked important conversations about race, equity, and justice and called for businesses acknowledgment and action. Across the world, the pandemic fueled coronavirus-related racial attacks, particularly against people of Asian descent. At Xylem, the disruption of the pandemic honed our focus on a broadened diversity, inclusion and equity agenda and reinforced the need to ensure diverse representation, build an inclusive culture and provide equitable access to opportunity for all employees.

Research, such as the World Economic Forum's Global Gender Gap 2021 Report, highlights the disproportionate impact the pandemic has had on working women and suggests an urgency on actions to accelerate gender parity as we move forward. This call to action prompted investigation and data gathering on the progression of women to leadership positions in Xylem, and soon recognized that reaching our commitment of 50 percent women in leadership by 2025 would require unreasonable turn-over rates across the company that would be detrimental overall to Xylem's sustainability. This assessment and gap in reaching our gender parity in leadership have only reaffirmed the need for the work we have ahead of us and we are doubling down on our commitment to reach equal representation in leadership.

We remain fully committed to equal representation in leadership and anticipate reaching 50 percent females in leadership by 2030. Achieving 35 percent women in leadership by 2025 will have us on track to achieving that target. Some actions taken this year to increase representation and opportunity for women in Xylem include:

- Created a Hiring Manager D&I Toolkit of resources to assist managers with increasing the opportunity to attract and hire diverse talent, including women
- Trained senior leadership on Inclusive Leadership
- Expanded candidate sourcing strategy to attract and hire professional female talent
- Implemented candidate slate diversity goal to increase the opportunity for female hires/promotions
- Increased visibility of female innovators at Xylem (e.g. One Minute in Water video series, Xylem Making Waves article on International Women's Day, etc.)
- Listened to women and working caregivers during pandemic and responded with support that included:
 - Creation of a Working Parents Network group
 - Establishment of Support Pay program (up to two weeks) to cover time at home to care for children/family/self
 - Expanded Employee Assistance Programs globally
 - Enhanced U.S. Benefits

External Recognition and Commitments



[Human Rights Campaign Global Business Coalition](#)



[UN Women's Empowerment Principles](#)



[Best Place to Work for LGBTQ Equality](#)



Xylem Employee Network Groups

Employee Network groups are a critical part of Xylem’s diversity, equity and inclusion strategy. The groups build community and belonging by connecting people in social and professional ways and encouraging interaction between colleagues. They also empower employees, each group having a collective voice to speak with management, including the opportunity to voice concerns as a community and to drive change and innovation. Xylem Employee Networks support learning and development by offering formal and informal leadership opportunities, providing professional and personal development opportunities and creating visibility for employees. Network groups also provide a resource for leadership regarding staff/community issues, needs and policies. Finally, networks support retention at Xylem because employees are likely to stay longer if they have built or are part of a strong community within the company and feel heard.

Collectively, more than 3,000 employees actively participate as members of our seven network groups: Women’s, Emerging Leaders, Veterans, LGBT+ and Allies, Working Parents, People of Color and Allies and Hispanic Origin and Latin Affinity.

Each network group has senior executive sponsors and executive level leaders to enable support and help advance and align to our diversity, equity & inclusion strategy. Each network group defines a charter that outlines the specific mission of the group, sets cadence for connecting and provides guidelines for participation. And Xylem Employee Network groups connect globally via Xylem Now, our internal social media platform, and are augmented with local/site network group chapters.



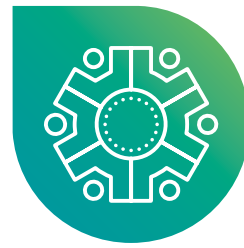
Women’s Network



Emerging Leaders Network



Veterans Network



LGBT+ and Allies Network



Working Parents Network



People of Color and Allies Network



Hispanic Origin and Latin Affinity (HOLA) Network

Supporting Colleagues During 2020

Listening sessions helped foster inclusion and supported women and working caregivers during COVID-19 pandemic

What we heard...

- Colleagues value connection – with each other and leadership
- Balancing expectation of increased productivity at work with additional responsibilities at home is challenging
- Self-care has become even more essential as mental strain, stress, anxiety and sleep deprivation are prevalent

What we did...

- Created new groups on Xylem Now: Staying Connected During COVID-19, Working Parents and Mental Health & Well-Being
- Offered Support Pay program (up to 2-weeks) to cover time at home to care for children/family/self
- Arranged a partnership with Bright Horizons, which provides a discount for employee for in-home childcare and tutoring services
- Extended Employee Assistance Program (EAP) globally
- Rolled out Mental Health First Aid at Work training

Addressing Racial Injustice

Patrick Decker issued statement of support to all colleagues – [“Stand Against Injustice and Discrimination”](#)

What we did...

- Set target for 25 percent minority hires for entry-level talent/intern
- Added HBCU to our list of U.S. target recruiting schools– Partnered with the National Society for Black Engineers (NSBE)
- Launched People of Color Employee Network group
- Leverage our Watermark program to deliberately benefit black and other underrepresented communities
- Patrick Decker issued statement – stand with and support our many Asian-Pacific colleagues (Xylem Now post March 25th)
- Shared resources with colleagues for education and personal action and support amid rising anti-Asian American violence

Xylem and Water's Role in Addressing Equity

"All our work in addressing the world's toughest water challenges supports the Sustainable Development Goals. It also addresses fundamental questions of equity: water equity, environmental equity, racial equity and gender equity. Ensuring all people have access to safe, reliable, and affordable water and wastewater systems is foundational to a sustainable population. No group should bear a disproportionate burden of environmental hazards and all deserve to be protected from the threat of extreme weather and climate change. And race and gender equity are pre-conditions for a foundation of justice on which sustainability necessarily rests." – Patrick Decker

As we continue our work to advance a diverse workplace and inclusive culture, we recognize and embrace the concept of "equity" as the next step in our D&I journey. Equity means we strive to be intentional about promoting fairness in the context of unique needs and circumstances through our programs, policies and practices. We believe we have a unique opportunity to nurture equity among our stakeholders by identifying and helping eliminate unfair biases, stereotypes and other barriers that inadvertently exclude underrepresented or unheard voices. Water plays a central role in the global conversation about creating more equitable societies. Often, communities that are economically disadvantaged can be the hardest hit with water challenges around affordability of water, scarcity of reliable water resources and infrastructure that is resilient against a changing climate.

As we developed our refreshed Materiality Assessment (see page [17](#)), several dimensions of equity rose to the forefront.

Diversity, Equity and Inclusion: Through our practices, policies and programs, we cultivate a diverse employee base, culture of inclusion and equitable access to opportunity for our employees.

Supply Chain Equity: We leverage our relationships with our suppliers around the globe so that human and labor rights are observed, and to promote diversity across our supplier base.

Social Impact Solutions: With our depth and breadth of technology and solutions that address environmental and economic challenges, we have an important opportunity to work with our customers and partners to advance equitable access to clean water and safe sanitation. As example, our recently released "Water Equity Lens" was developed with our technology partner, Esri (see page [54](#)). This framework outlines an approach to provide communities with greater visibility into how water/wastewater services and programs affect key equity attributes, such as rate affordability, water quality and infrastructure resilience. This framework enables utilities to target investments in order to have the greatest positive impact on enhancing water equity in their community.

Collaborative Water Leadership: By cooperating with key strategic partners such as the US Water Alliance and the Water Environment Federation we have an opportunity to drive thought leadership and collective action on equity. We pursue elevating the global conversation and awareness of the world's most pressing water challenges to drive policy, advocacy and innovation – particularly when it comes to water's role in creating more equitable society.

Watermark & Direct Community Impact: Together with our philanthropic partners, our employees and other stakeholders, we assist in providing access to clean water, safe sanitation, and WASH education as well as humanitarian disaster response relief. Our work supports underserved and economically disadvantaged populations. In 2020, we supported the humanitarian response to COVID-19 around the world through access to WASH and healthcare supplies. For example in Bangladesh, we supported household access to clean drinking water and latrines for over 800 low-income community members. (See page [105](#) for more)

Management Approach to Diversity and Equal Opportunity

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

Xylem's Global Diversity and Inclusion Council promotes the benefits of diversity, equity and inclusion raises awareness of issues around it, supports implementation of practices of equity, establishes metrics, and monitors and engages with senior leadership on progress on these fronts. The Leadership Development and Compensation Committee of the Board regularly reviews our diversity and inclusion program. To enable consistent messaging and approach for how we address harassment and discrimination, we intentionally align our harassment prevention program (described in "How We Think About Sustainability" page 10) with our diversity and inclusion program. The Xylem Code of Conduct supports diversity and inclusion and the prevention of discriminatory practices by directly addressing these issues and provides guidance for our employees on how to behave as industry leaders and ethical corporate citizens. We also expect suppliers to employ diversity and inclusive practices, as outlined in our Supplier Code of Conduct. This Code of Conduct mandates that suppliers consider diversity and inclusion in their selection decisions for their own suppliers and subcontractors.



Green Finance

Since 2013, Xylem has integrated sustainability into our financing strategy. Xylem has published our approach to green financing framework on our sustainability website. The framework follows the International Capital Market Association (LCMA) Green Bond Principles and the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) Green Loan principals, which are voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of green debt like Green Bonds and Green Loans. The framework guides the Use of Proceeds, Process for project evaluation and selection, Management of proceeds and reporting.

As an important barometer of Xylem's continued commitment to sustainability and financial resiliency, in 2020, we completed a \$1 billion Green Bond offering, the proceeds of which will fund green projects that help improve water accessibility, water affordability and water systems resilience, thus further aligning our sustainability and financing strategies. This follows our 2019 execution of the first sustainable improvement loan in the general industrial sector in the United States, which ties the company's financing rates to our Sustainability rating (see Ratings Approach section for more on Sustainability) and various R&D loans since 2013 focused on sustainability and innovation.

Learn more on [Xylem Green Finance Framework website](#).



watermark.
Because Every Drop Counts

CHAPTER 7

Empowering Communities

Harnessing the passion of our people and partnerships, Xylem makes a difference in communities through WASH education, further promoting health, wellness, and access to clean water.

Living the Mission

Xylem's 2025 Community Impact Goals:

- Give 1 percent company profit and 1 percent employee time to water-related causes
- Provide access to clean water and sanitation solutions for at least 20 million people living at the base of the global economic pyramid
- 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 percent of Xylem employees in volunteer activities
- Engage 100,000 stakeholders in volunteer activities



As a company, Xylem creates economic and social value for our customers and their communities through our commercial offerings and humanitarian efforts around the globe. Through our innovative products and solutions, we are developing next generation approaches and business models, serving both developed communities and those facing the most severe challenges to provide access to clean water and sanitation.

Through our humanitarian work, we provide clean water access, WASH education and humanitarian disaster response. By expanding and elevating global partnerships with organizations such as City Football Club's Cityzens Giving program, we help raise awareness of global water challenges and driving the conversation around solutions. Since establishing our partnership, we have reached over 10,000 young people with hands-on water education. We are also reaching the next generation of water leaders through educational, innovation-focused programming, including the launch of Xylem Ignite, our global youth engagement program. At the core of our work to empower communities, our employees and business partners live the mission every day, by partnering with nonprofits, at a global, regional and local level, to make measurable community impact towards water-related causes, education, and humanitarian disaster response.

Xylem Watermark

Xylem Watermark, our corporate social responsibility program, was founded twelve years ago as part of our commitment to solve the world's most challenging water issues. The program is integral to realizing Xylem's vision to help create a world where water issues are no longer a barrier to human health, prosperity and sustainable development. The mission of Xylem Watermark is to provide education and equitable access to safe water and sanitation to support healthy lives and help build resilient communities.

In pursuit of this mission, we work with nonprofit partners on sustainable development projects that provide education and protect safe water resources for communities around the world. We encourage employees and stakeholders to take action to address global water challenges by volunteering their time, providing pro-bono skilled expertise, donating in-kind technology and products, and making corporate-matched monetary donations. Xylem Watermark also innovates with nonprofits and stakeholders to provide programmatic community interventions with a focus on water and sanitation education and access.



Employee & Stakeholder Engagement

In 2020, despite COVID-19 restrictions leading to fewer in-person volunteer events, more than 7,400 employees logged over 53,100 volunteer hours, helping us to achieve over 230,000 volunteer hours within five years. Over 9,000 external stakeholders also engaged in Watermark activities. Throughout the year, employees creatively found ways to make a difference. Many found ways to volunteer in a virtual environment or clean-up their local waterway.

During 2020, Watermark volunteers continued their work with local nonprofit organizations committed to water-related issues in their communities, with

global annual signature events: the Make Your Mark 30 Day Challenge, a global “Plogging” initiative during which people jog while picking up litter, a Disaster Response & Preparedness Campaign, and a global Month of Service in October. Our strong network of employee Watermark Champions at every site maintained momentum by pivoting to virtual, individual, and skills-based engagement opportunities, and reaching out to our business partners and local nonprofits to make new programming possible.



© Mercy Corps

Xylem employees prepared themselves for potential natural disasters by assembling at-home kits and participating in online educational programming. For each personal disaster kit assembled, Xylem donated an emergency hygiene kit to be deployed in the field by partner Mercy Corps®. In total, over 800 hygiene kits were donated. [Learn more here.](#)



Xylem Watermark employees were creative during COVID-19 restrictions and took action on their own, or virtually with colleagues and nonprofit partners.



Xylem volunteers teamed up with distribution channel partners, and nonprofit organizations. The Chris Long Foundation and Water Well Trust to bring clean water to families in the USA in Texas, Oregon, and Virginia. Learn more about the Hometown H2O Project and the families impacted [here.](#)

COVID-19

In April 2020, Xylem Watermark launched immediate assistance to meet the rising needs of communities around the globe impacted by COVID-19, dedicating an additional \$3M of critical funding towards prevention and relief efforts. A portion of this funding was directed to two of our Watermark global nonprofit partners who were on the front line, UNICEF and Americares. Throughout the pandemic, the importance of having access to WASH facilities to prevent the spread of disease became increasingly visible. With these two partners, Watermark was able to expand impact into healthcare.

Additionally, with these funds, Watermark established the Watermark Partner Community Grants and Matching Program to support our business partners and customers as they worked to address the most pressing needs in their communities. Any Xylem customer, supplier, and partner within our business network could apply for a Watermark Partner Community Grant, or a matching donation on behalf of a local nonprofit partner engaged in response to COVID-19. Through this program, Xylem worked with more than 70 business partners across 19 countries to provide grants and matched donations for projects such as field hospitals, hand washing stations, food and utility bill relief and more. Additionally, a new program was established to match employee donations to COVID-19-related causes at a rate of 2:1.

Throughout 2020, employees continued to volunteer their time in safe, responsible ways to respond to COVID-19 and continue to advance our mission of solving water. Employees dedicated over 10,000 hours to causes related to COVID-19, including responding as hospital and EMT volunteers on the front lines, manufacturing PPE at our facilities and distributing it across the world in partnership with our network of channel partners, and delivering groceries to those unable to leave their homes.





Employees raised funds and volunteered with Atlanta based organization Love Beyond Walls to sponsor hand washing stations to serve individuals experiencing homelessness and provide groceries for communities economically impacted by COVID-19. [Read more here.](#)



Xylem employees and partners came together to manufacture and distribute 150,000 face shields to frontline workers in the Americas and Europe. Xylem also partnered with RCAP and 120Water to donate and distribute an additional 105,000 N95 face masks to operators at rural and tribal water and wastewater systems. Learn more [here](#) and [here](#).



© Americares

Distribution partner Cummins-Wagner joined Xylem's COVID-19 relief efforts by making generous donations to nine hospitals and nonprofit organizations serving their home communities, which Xylem matched at a rate of 100 percent. [Learn more here.](#)



© Laure Philippe-Kagan / Eau & Vie

Xylem's Channel Partner Ashora Group nominated local nonprofit Water and Life Bangladesh for a COVID-19 Community Partner Grant to help them respond to rising COVID-19 cases with WASH access and hygiene awareness for kids and women from low-income communities. With Xylem's funding and technical support from Ashora, over 800 people received household access to clean water, 40 new latrines were constructed, and water system frontline staff were provided with PPE.

Global Nonprofit Engagement

Through signature projects with nonprofit organizations, Xylem Watermark delivers clean water and sanitation solutions, educates communities about WASH and the value of water, and promotes youth development.

In 2020, the importance of this work was heightened with the spread of COVID-19. Water access and safe hygiene knowledge served a key role in limiting the spread of the virus.



© Americares

[According to the WHO](#), almost 2 billion people depended on health care facilities without basic water services. Xylem has partnered with Americares®, a health-focused relief and development organization, to deliver WASH access, training, and education to health facilities on the front lines of the pandemic and the communities they serve. In 2020, as a result of Xylem-sponsored projects across 10 countries, including in-kind equipment donations: 175 WASH facilities were rehabilitated, 3.5 million people benefitted from access to clean water and sanitation, and over 200,000 people received WASH education. Through a sustained multi-year partnership, Xylem and Americares will continue to make vital WASH improvements to health facilities around the world.



© UNICEF/UN043092/Keita

It's estimated that over a third of schools globally do not have access to basic water services, and 37 percent lack access to basic sanitation services. As a leading humanitarian organization, working across 190 countries and territories to save children's lives, UNICEF® is well positioned to address this challenge.

In proportion to Xylem's financial contribution to UNICEF's global COVID-19 response, 117,259 people were reached with critical WASH supplies and 3.3 million people were reached with educational messaging on COVID-19 prevention. Xylem has also made a multi-year commitment to support the development of an online knowledge management hub that will be used to share best practices on policy and programs pertaining to WASH in schools.



In 2020, Xylem and partner Planet Water Foundation reached an exciting milestone of providing more than one million people with access to safe, reliable drinking water and hygiene education over the course of our 10 year partnership. Through the partnership, Xylem has sponsored the deployment of over 500 clean water projects in 14 countries across Asia-Pacific and Latin America. Over the last decade, more than 1,600 Xylem employees and partners have served as Planet Water project volunteers to install water filtration systems, engage communities in WASH education, and respond in the wake of natural disasters.

Disaster Response & Preparedness

Through the deployment of in-kind equipment and expertise, collaborations with nonprofit partners, employee engagement initiatives and corporate matching campaigns, Xylem Watermark supported humanitarian disaster response and recovery efforts in 17 communities in 2020. For our efforts in ensuring clean and safe water, Xylem was recently recognized among [PR Daily's Corporate Social Responsibility Awards](#) winners.

In 2020, disaster response activities included:



In-Kind

When severe flooding impacted many areas of China, our colleagues took action right away. They reached out to our regional partner, China Women's Development Foundation, to see how we could help – specifically how we could help residents and farmers facing difficult conditions brought on by the storm. We were able to donate two pumps in Hefei Lujiang County Anhui Province. The pumps were used by rescue teams to discharge water from households and farmlands, helping over 3,000 people who had been affected by the floods.



Stakeholder Engagement

In October 2020, Hurricane Eta and Iota devastated Honduras, leaving many families homeless and without safe water for over a month. Together with our distributor Diseine, Planet Water and DHL, we delivered and installed two AquaBlock water filtration units to the San Pedro Sula and El Progreso communities, where they directly supplied clean water for over 550 families.



Nonprofit Partners

Torrential rain in January 2020 caused floods, and landslides in the Lebak district of Indonesia. With the support of Xylem's emergency response funding, Mercy Corps® was able to address the community's urgent and ongoing long-term clean water needs, reaching more than 6,876 people with improved access to clean water. Xylem and Mercy Corps also partnered to provide emergency WASH access in Guatemala, Nepal and Nigeria in 2020.



Employee Volunteerism

In January 2020, the Taal volcano erupted in the Philippines, forcing nearly a million people to evacuate. Xylem volunteers in the Philippines supported the relief and recovery efforts in affected communities through volunteerism and donations. With Planet Water, volunteers installed five AquaTowers and two AquaBlock emergency water filtration systems at schools serving as evacuation shelters. Xylem volunteers collected donations, distributed relief items at the evacuation centers, and set up a soup kitchen to provide meals.

Youth Engagement

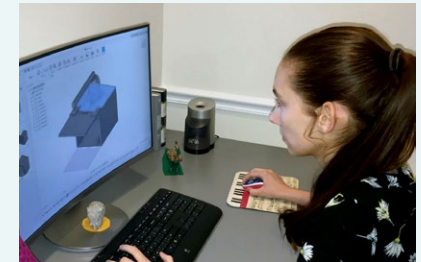
Xylem recognizes the importance of engaging young people in education, innovation, and community service to prepare the next generation of young talent to solve water issues. Xylem has demonstrated this commitment over many years with our partnerships with youth-focused organizations such as Stockholm Junior Water Prize and EarthEcho International.

In 2020, we strengthened this commitment by launching Xylem Ignite – a global initiative that seeks to build a strong network of passionate student leaders and empower them to drive real changes in the water industry. We recognize the mounting environmental challenges impacting communities around the globe and the need to prepare the next generation to raise the global conversation on water issues and inspire future talent for Xylem and the industry. Through a series of activities, from Hackathons to Watermark events, to an Incubator program, we are creating a movement to enroll, ignite and nurture the NextGen Water Leaders.

In 2021, the Ignite program continues to grow, with the launch of a global Innovation Challenge attracting hundreds of students from around the world to learn from water experts at Xylem and MIT, create their own innovative solution, and compete for prizes. Learn more about Xylem Ignite and the Innovation Challenge [here](#).



Emily Cohen and **Alex Zhu** are High School students from New York who participated in the Xylem Ignite Incubator program, which pairs students with Xylem mentors who have the expertise and passion to help grow student's innovative ideas into tangible solutions.



"As two high school students expecting to complete our senior research projects, the COVID-19 pandemic derailed our plans and left us almost completely without options. Fortunately, we were given the unique opportunity to work with Xylem, whose mentorship and vast resources helped us develop an innovative way to raise awareness about water usage. By using a method called "gamification," we have worked to create a water conservation video game that motivates users to save water at home. Throughout our time working with Xylem, we gained first-hand experience in a professional environment, expanded our ability to problem solve, learned how to fully develop a long-term project using an agile development process, and practiced effective and clear communication. These experiences and skills will continue to help us grow throughout our college and professional careers."

– Emily Cohen and Alex Zhu (Spackenkill High School, New York, USA)

Watermark Partnerships

These global nonprofit partners listed below, together with more than 300 additional community partners constitute our Watermark partnerships. Community partners are organizations that our employees and stakeholders supported locally through volunteerism, donations, and community grants in 2020. Funding for global nonprofit partners aligns with strategic and scalable sustainable impact.

- Mercy Corps
- Planet Water Foundation
- Engineers Without Borders
- AmeriCares
- UNICEF
- EarthEcho International
- Stockholm Junior Water Prize
- Manchester City's Foundation

Management Approach for Community Impact

To provide and protect safe water resources for communities in need, Xylem collaborates with nonprofit partners around the world. The sustainable development projects that result from these collaborations invite employees and other stakeholders to volunteer their time and to donate funds supporting water-related solutions in water-challenged communities. These activities often have indirect and beneficial economic impacts. Xylem's Watermark program is managed in the Sustainability and Social Impact team at Xylem, under the responsibility of the SVP, Chief Sustainability Officer and General Counsel. Xylem's SVP, Chief Marketing Officer additionally chairs the Community Impact Committee and provides guidance and leadership in the programming efforts. In addition to these programs, our software-enabled solutions and smart technology products foster an intelligent approach to some of the world's most severe water and infrastructure challenges. These solutions help to empower our customers increase their revenue, lower costs and optimize productivity, all while managing their water issues. This empowerment at multiple levels provides customers with greater opportunity and flexibility to create positive economic impacts in their communities.



Management Approach for Strategic Partnerships

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

Academic and research partnerships are managed through the Advanced Technology & Innovation team, which regularly assesses new collaborative research opportunities relating to water.

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





**MATERIALITY
DISCLOSURES SERVICE**

2021

CHAPTER 8

GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core option. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

General Standard Disclosures		Information / Location in Report																												
GRI 101: Foundation 2016																														
GRI 102: General Disclosures 2016																														
Organizational Profile																														
102-1	Name of the organization	Xylem Inc.																												
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 energy. Our broad portfolio of products, services and solutions addresses customer needs across the water cycle, from the delivery, measurement and use of drinking water to the collection, test and treatment of wastewater to the return of water to the environment. We have differentiated market positions in core application areas including transport, treatment, test, smart metering, smart infrastructure analytics, digital solutions, condition assessment and leak detection, building services and industrial processing.																												
102-3	Location of the headquarters	1 International Drive Rye Brook, NY 10573, USA																												
102-4	Location of operations	<p>Xylem Locations Worldwide See our website for full list of locations worldwide.</p> <p>We have identified 22 locations as major facilities for the purpose of this report. We define major facilities as those facilities with manufacturing activities that:</p> <ul style="list-style-type: none"> were in the top 10 contributors list for Xylem’s water use, waste production and GHG emissions in any of the last 3 years, or are located in extremely scarce water regions. <table border="0"> <thead> <tr> <th colspan="2">Americas</th> <th>Europe</th> <th>Emerging Markets</th> </tr> </thead> <tbody> <tr> <td>Auburn, NY</td> <td>Morton Grove, IL</td> <td>Emmaboda, Sweden</td> <td>Calamba, Philippines</td> </tr> <tr> <td>Bridgeport, NJ</td> <td>Pewaukee, WI</td> <td>Herford, Germany</td> <td>Dubai, United Arab Emirates</td> </tr> <tr> <td>Cheektowaga, NY</td> <td>Slaton, TX</td> <td>Montecchio, Italy</td> <td>Nanjing, China</td> </tr> <tr> <td>Chihuahua, Mexico</td> <td>San Diego, CA</td> <td>Quenington, United Kingdom</td> <td>Shenyang, China</td> </tr> <tr> <td>DuBois, PA</td> <td>Texarkana, AR</td> <td>Stara Tura, Slovakia</td> <td>Vadodara, India</td> </tr> <tr> <td>Lubbock, TX</td> <td>Uniontown, PA</td> <td></td> <td></td> </tr> </tbody> </table>	Americas		Europe	Emerging Markets	Auburn, NY	Morton Grove, IL	Emmaboda, Sweden	Calamba, Philippines	Bridgeport, NJ	Pewaukee, WI	Herford, Germany	Dubai, United Arab Emirates	Cheektowaga, NY	Slaton, TX	Montecchio, Italy	Nanjing, China	Chihuahua, Mexico	San Diego, CA	Quenington, United Kingdom	Shenyang, China	DuBois, PA	Texarkana, AR	Stara Tura, Slovakia	Vadodara, India	Lubbock, TX	Uniontown, PA		
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Lubbock, TX	Uniontown, PA																													

102-5	Ownership and legal form	Publicly traded company listed on the New York Stock Exchange
102-6	Markets served	<p>Revenue by End Market: Utilities: 55% Industrial: 30% Commercial: 10% Residential: 5%</p> <p>Revenues by Geography: United States: 45% Western Europe: 26% Emerging Markets: 21% Rest of World: 8%</p>
102-7	Scale of the organization	Revenue: \$4.88 billion Capital Expenditures: \$183 million Capitalization: Shareholders Equity: \$2,968 million Net Debt: \$1,209 million Net Debt to Capital: 29%
102-8	Information on employees and other workers	See Building a Sustainable Company, page 80 .
102-9	Supply chain	See Building a Sustainable Company, page 76 .
102-10	Significant changes to the organization and its supply chain	There were no major acquisitions or structural changes during the reporting period.
102-11	Precautionary Principle 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 and policies that we believe could cause harm to the health of people or the planet.

102-12	External initiatives	<p>Xylem voluntarily subscribes to or endorses the following economic, environmental and social charters, principles or initiatives:</p> <ul style="list-style-type: none"> • United Nations Global Compact • American Business Act on Climate Pledge • CDP: Climate Change / Water Security / Supply Chain • United Nations CEO Water Mandate • Human Rights Campaign Foundation’s Global Business Coalition • World Business Council for Sustainable Development • Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace • United Nations Care for Climate • United Nations Women’s Empowerment Principles • We Are Still In Declaration
102-13	Membership of Associations	<p>Xylem holds positions in, participates with or provides funding beyond routine membership dues to the following industry associations and advocacy organizations:</p> <p>Water Advocacy, NGOs, Research and Academic See Innovation partners, page 51 and Empowering Communities, page 100.</p> <p>Industry</p> <ul style="list-style-type: none"> • American Water Works Association • Australian Water Association • Bipartisan Policy Center Executive Council on Infrastructure • British Pump Manufacturers Association • British Water • National Fire Protection Association • Europump • Hydraulic Institute • International Water Association • MAPI Environment, Health & Safety Council • National Association for Environmental Management • Smart Cities Connect • Society of Women Engineers • Stockholm International Water Institute • U.S. Water Alliance <ul style="list-style-type: none"> • U.S. Water Partnership • Value of Water Coalition • Water Environment Federation • Water Systems Council • MAPI Purchasing Council • International Society of Sustainability Professionals • WateReuse Association • Sump and Sewage Pump Manufacturer's Association <p>Social, Governance and Ethics</p> <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 • World Economic Forum

Strategy		
102-14	Statement from senior decision-maker	See Message from Patrick Decker, President & CEO and Message from Claudia Toussaint, SVP, General Counsel & Chief Sustainability Officer, pages 3-5 .
102-15	Key impacts, risks and opportunities	See Building a Sustainable Company, page 71 .
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	See Building a Sustainable Company, page 72 .
102-17	Mechanisms for advice and concerns about ethics	To ensure compliance with our principles, we've adopted straightforward mechanisms for colleagues and other stakeholders to report their concerns and instances of observed misconduct. We provide multiple reporting tools so that concerned individuals can report in a way most comfortable for them. See page 74 for more detail.
Governance		
102-18	Governance structure	See How We Think About Sustainability, page 25 .
102-19	Delegating authority	<p>The Board of Directors of Xylem Inc. (the "Board") oversees the Company's strategy and management's approach to risk management and execution of its risk management responsibilities; both strategy and risk management include areas that affect Xylem's sustainability efforts.</p> <p>Our Board, primarily through its Nominating & Governance Committee, provides oversight of the Company's approach to sustainability and corporate social responsibility. In addition, our Leadership Development & Compensation Committee oversees the Company's approach to improving diversity, equity and inclusion as well as talent development. The Board and its committees regularly discuss with management our approach to sustainability, including risks and opportunities, and implications for the Company's strategy.</p>
102-20	Executive-level responsibility for economic, environmental, and social topics	See How We Think About Sustainability, page 25 .
102-21	Consulting stakeholders on economic, environmental, and social topics	<p>See How We Think About Sustainability, page 28.</p> <p>We periodically hold Investor and Analyst Days where we meet with investors and present and discuss our long-term strategy, including with respect to sustainability, and financial objectives. Our upcoming Investor and Analyst Day will be held in the Fall of 2021.</p>

102-22	Composition of the highest governance body and its committees	<p>We are a global water technology company committed to solving critical water and infrastructure challenges with innovation. Our Board, through its Nominating & Governance Committee, regularly reviews the experience, skills and qualifications needed to properly oversee the interests of the Company and its shareholders, taking into account the Company's short- and long-term strategies and evolving global operations. The Nominating & Governance Committee then compares those attributes to those of the current directors and potential director candidates. The Nominating & Governance Committee conducts targeted efforts to identify and recruit individuals that have the requisite experience, skills and qualifications, keeping in mind our commitment to actively seek qualified women and individuals from minority groups to include in the pool of candidates from which directors are selected. Directors and candidates should be persons of the highest personal and professional ethics, integrity and values, with significant accomplishments and recognized stature, and who bring a diversity of backgrounds and perspectives to the Board and are committed to representing the long-term interests of the shareholders. Our Board believes that the director nominees have the appropriate mix of experience, skills, qualifications and attributes needed to lead the Company at the Board level.</p> <p>For more information, please see pages 8-15 of Xylem's 2021 Proxy Statement.</p>
102-23	Chair of the highest governance body	<p>Our Board is led by our independent Chair. The Board believes that our current leadership structure strengthens the Board's role in risk oversight of the Company. Mr. Friel currently serves as our independent Chair, and was re-elected to the role at the 2021 Annual Meeting. The Board will consider the continued appropriateness of this structure as necessary to meet the best interests of the Company and whether alternatives, such as an appropriately empowered lead independent director, would be sufficient. The Board believes that our current leadership structure strengthens the Board's role in strategy and risk oversight of the Company.</p>
102-24	Nominating and selecting the highest governance body	<p>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.</p> <p>Our Board is committed to seeking highly qualified women and individuals from minority groups to include in our pool of candidates from which Board nominees are selected as part of each Board search. While this has been our practice for a number of years, our Board amended our Corporate Governance Principles in December 2019 to highlight this for our investors and other stakeholders.</p>

<p>102-24 (contd.)</p>		<p>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, taking into consideration the impact on Board composition from upcoming director retirements, recognizing that Xylem's strategy, business and operations are evolving and are diverse and global in nature.</p> <p>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</p>
<p>102-25</p>	<p>Conflicts of interest</p>	<p>We have a written policy that governs the reporting, review and approval or ratification of transactions with related parties. The policy covers, but is not limited to, the related party transactions and relationships required to be disclosed under SEC rules. The policy supplements our Code of Conduct which addresses potential conflict of interest situations. Under our policy, directors and executive officers are required to promptly notify the Chair of the Nominating & Governance Committee and our Corporate Secretary of any actual or potential related party transactions so that the transaction can be reviewed and considered for approval or ratification by the Nominating & Governance Committee.</p> <p>In reviewing related party transactions, the Nominating & Governance Committee will consider the relevant facts and circumstances, including:</p> <ul style="list-style-type: none"> • whether terms or conditions of the transaction are generally similar to those available to third parties; • the level of interest or benefit to the related party; • the availability of alternative suppliers or customers; and • the benefit to the Company. <p>Any Nominating & Governance Committee member who is a related party with respect to a transaction under review may not participate in the deliberations about the transaction or vote for its approval or ratification.</p> <p>The policy provides pre-approval for certain types of transactions that the Nominating & Governance Committee has determined do not pose a significant risk of conflict of interest, either because a related party would not have a material interest in a transaction of that type or due to the nature, size or degree of significance to the Company.</p>

102-26	<p>Role of highest governance body in setting purpose, values, and strategy</p>	<p>At Xylem, sustainability is at the center of who we are, and what we do. As a leading global water technology company, we address one of the world’s most urgent sustainability challenges – responsible stewardship of our shared water resources. One of the Board’s key responsibilities is overseeing the Company’s strategy. The Board has deep knowledge and expertise in this area and regularly discusses our strategic priorities and businesses, believing that oversight of our strategy is a continuous process that includes the following:</p> <ul style="list-style-type: none"> • Each director participates in a comprehensive orientation program upon joining the Board where he/she/they gain an understanding of Xylem’s strategy, businesses and operations. • At each of its meetings, the Board receives information and updates from management and actively engages with our President & CEO, our Chief Strategy & Digital Officer and other senior leaders with respect to the Company’s strategy and its execution, including the strategic plans, for our businesses and research and development, as well as the competitive landscape. • Matters of strategy are also discussed at committee meetings, as relevant, given each committee’s specific focus and expertise. • One Board meeting per year is dedicated to an intensive review and discussion of the Company’s strategic plans. During this meeting, the Board engages with the President & CEO, senior leaders and other members of management regarding long-range strategy, business objectives, the competitive landscape, key market opportunities, customer and economic trends, innovation and technology, key talent considerations and other developments. This review also includes our strategic approach to sustainability and environmental, social and governance (ESG) matters and informed by external perspectives invited to engage with the Board directly. • The independent directors hold regularly scheduled executive sessions without management present. • The Board’s engagement on oversight of strategy continues in between meetings in a variety of ways. In addition, our directors may from time-to-time visit our business locations, including research and development facilities around the globe. Due to pandemic-related safety concerns and travel restrictions in 2020, our Board was unable to conduct site visits; however, our Board is committed to resuming visits once safety concerns abate. <p>Our directors also have the opportunity to understand and assess how we are communicating our strategy to our investors through updates during shareholder engagement, regular earnings releases and periodic Investor and Analyst Days.</p> <p>The Board is also responsible for ensuring processes are in place to maintain the integrity of compliance with law and ethics.</p>
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102-27	Collective knowledge of highest governance body	<p>We are a global water technology company committed to solving critical water and infrastructure challenges with innovation. Our Board, through its Nominating & Governance Committee, regularly reviews the experience, skills and qualifications needed to properly oversee the interests of the Company and its shareholders, taking into account the Company's short- and long-term strategies and evolving global operations. The Nominating & Governance Committee then compares those attributes to those of the current directors and potential director candidates. The Nominating & Governance Committee conducts targeted efforts to identify and recruit individuals that have the requisite experience, skills and qualifications, keeping in mind our commitment to actively seek qualified women and individuals from minority groups to include in the pool of candidates from which directors are selected. Directors and candidates should be persons of the highest personal and professional ethics, integrity and values, with significant accomplishments and recognized stature, and who bring a diversity of backgrounds and perspectives to the Board and are committed to representing the long-term interests of the shareholders. Our Board believes that the director nominees have the appropriate mix of experience, skills, qualifications and attributes needed to lead the Company at the Board level.</p> <p>A discussion of each director's experience and skills is provided on pages 8-15 of our 2021 Proxy Statement.</p>
102-28	Evaluating the highest governance body's performance	<p>The effectiveness of the Board and its committees is critical to Xylem's success and the protection of the long-term interests of our shareholders and other stakeholders. In the spirit of continuous improvement, each year our Nominating & Governance Committee initiates a comprehensive assessment of the effectiveness of the Board and each of our committees, as well as individual directors, using a self-assessment or third-party advisor. The objective of the assessment is to identify and assess areas where the Board functions effectively, and importantly, areas where it can improve. The assessment process includes the following steps:</p> <ul style="list-style-type: none"> (1) each Director's opinion on a variety of topics is solicited through a survey; (2) the Chair of the Nominating & Governance Committee holds one-on-one meetings to solicit additional feedback; (3) the Chair of the Nominating & Governance Committee and Board Chair review the directors' aggregated responses to the questionnaires; and (4) results of the Board and committee surveys are shared with all directors and there is a dialogue at the full Board to discuss.
102-29	Identifying and managing economic, environmental, and social impacts	<p>See How We Think About Sustainability, page 26.</p>

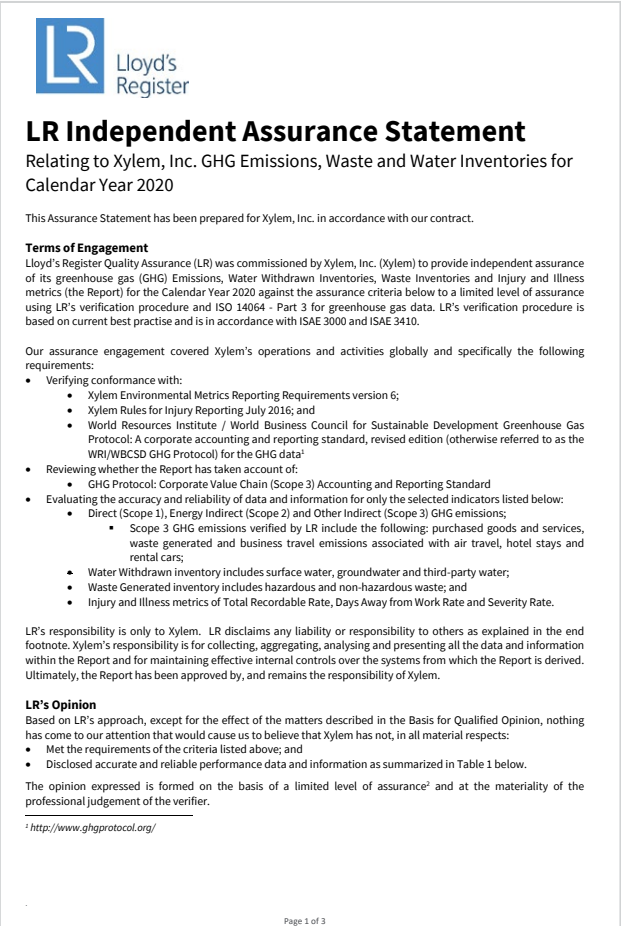
102-30	Effectiveness of risk management processes	<p>Management is responsible for day-to-day management of the Company's risks, including the creation of appropriate risk management programs, policies and practices. Management conducts an enterprise risk management (ERM) program, which is an evergreen process using a widely-accepted framework to identify, assess, monitor and communicate the Company's strategic, operational, financial, compliance and reputational risks. We seek to identify and mitigate risks, and enable improved decision-making and prioritization. The Board and its committees work with management, our independent and internal auditors, as well as other external advisors, to incorporate ERM into corporate strategy and business operations.</p> <p>As an integral and ongoing part of its work, the Board oversees management's approach to risk management and execution of its risk management responsibilities; this oversight includes the following:</p> <ul style="list-style-type: none"> • Throughout the year, the Board discusses risk in both general terms and in relation to strategy and specific proposed actions. • The Board receives periodic updates from management on the Company's financial and operating results, strategic and annual operating plans, and key enterprise risks and provides appropriate input and perspectives. • Management periodically reports to the Board and its committees on specific risks as they arise or as requested by the Board. • The Company's independent directors hold regularly-scheduled executive sessions without management present to discuss risks facing the Company and management's approach to managing and mitigating them. • The Board has delegated responsibility for oversight of certain risk categories to its committees based on each committee's expertise and applicable regulatory requirements. Each committee regularly receives updates on these matters from management and reports on them to the full Board so that the Board has information necessary to fulfill its risk oversight responsibilities. Our Audit Committee oversees overall risk assessment and risk management processes and policies. <p>The Board recognizes the importance of maintaining the trust and confidence of our customers, suppliers, employees and shareholders. As part of its objective to provide independent oversight of the key risks facing the Company, the Board devotes considerable time and attention to oversight of management's approach to cybersecurity, including strategy, resources, policies, processes and practices. At least twice each year, the Board receives reports from management, including the Chief Information Officer and the Chief Information Security Officer, on the Company's cybersecurity risk profile, strategy for managing the risks, status of projects to strengthen the Company's cybersecurity posture, assessments of the Company's enterprise and product security programs, the emerging threat landscape, and other relevant topics.</p> <p>To more effectively prevent, detect and respond to cybersecurity threats, the Company has a cybersecurity program for both enterprise and product security that is overseen by our Chief Information Security Officer. Key elements of the program are driven by the overall strategy and include policy, standards, architecture, processes, employee education and incident response. The program is designed to protect and preserve the security, integrity and continued availability of the Company's</p>
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102-30 (contd.)		<p>information technology systems and connected products, and also to protect the confidentiality and integrity of all information owned by, or in the care of, the Company. Our employees receive a variety of regular education regarding relevant cybersecurity practices and how to protect information and data against cyber threats.</p> <p>Xylem’s Cyber Risk Committee, consisting of members of senior management, is responsible for overseeing the strategic and functional management of cybersecurity across the Company. Throughout the year, the committee receives presentations and reports on a broad range of topics around enterprise and product security, including updates on policies and practices, the threat landscape, periodic third-party vulnerability assessments, technology trends, regulatory developments and legal issues, and specific aspects of the Company’s evolving risk profile. The Company’s Enterprise Risk Committee, also comprised of members of senior management, is responsible for reviewing the Company’s critical risks, including cyber risk, and works to appropriately identify, manage, mitigate, and report such risks to the Board.</p> <p>For examples of areas of risk oversight, please see our 2021 Proxy Statement, page 26-27. For more information on governance at Xylem, see pages 118 of the GRI Content Index.</p>
102-31	Review of economic, environmental, and social topics	<p>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 December 2020, we reached out to shareholders representing approximately 60 percent of our outstanding shares, which resulted in engagement in direct dialogue with shareholders holding more than 20 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, the balance of performance metrics in our annual and long-term incentive plans, the pay and performance alignment, and the linkage for certain executives to sustainability performance as rated by Sustainalytics.</p>
102-32	Highest governance body’s role in sustainability reporting	<p>The Board, primarily through its Nominating and Governance Committee, provides oversight of our overall approach to sustainability, corporate citizenship and social value creation, including our approach to sustainability reporting.</p>

102-33	Communicating critical concerns	<p>The Board has established a process to facilitate communication between shareholders and other interested parties with the Company's independent directors. Communications intended for the Board, or for any individual member or members of the Board, should be sent by: (1) e-mail to Independent.Directors@xylem.com or (2) directed to our Corporate Secretary at Xylem Inc., 1 International Drive, Rye Brook, New York 10573, with a request to forward the communication to the intended recipients. In general, any shareholder communication delivered to us for forwarding to the Board or specified directors will be forwarded in accordance with the shareholder's instructions. Correspondence addressed to "Non-Employee Directors" will be forwarded to our independent Board Chair.</p> <p>See More About the Xylem Integrity Line in How We Think About Sustainability, page 28. Ethics and Compliance</p>
102-34	Nature and total number of critical concerns	See response for GRI 102-21 in How We Think About Sustainability , page 28 .
102-35	Remuneration policies	<p>See response for GRI 102-21 in How We Think About Sustainability, page 28-29.</p> <p>A comprehensive discussion of director and executive compensation can be found in our Proxy Statement for the year ended 2020 on pages 20-25 and 34-64.</p>
102-36	Process for determining remuneration	A comprehensive discussion of non-employee director compensation and executive compensation can be found in our 2021 Proxy Statement for the year ended 2020 on pages 43-65.

102-37	Stakeholders' involvement in remuneration	<p>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 December 2020, we reached out to shareholders representing more than 60 percent of our outstanding shares and engaged in direct dialogue with shareholders holding more than 20 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, the balance of performance metrics in our annual and long-term incentive plans, and the linkage for certain executives to sustainability performance as rated by Sustainalytics. Accordingly, no changes were made to the executive compensation program as a result of feedback from our shareholders.</p> <p>Our policy is to conduct an annual say-on-pay shareholder vote. In 2021, as in prior years, we received strong support in our say-on-pay advisory vote, with approximately 86 percent of the shares voting at the annual meeting supporting our executive compensation.</p> <p>Our equity compensation programs are designed to attract and retain the most creative and talented industry leaders and high potential talent and to align employee and shareholder interests. As such, participation in our equity compensation program is not limited to our non-employee directors and executive officers.</p> <p>An important barometer of Xylem's continued commitment to sustainability, the individual component of the 2020 Annual Incentive Compensation for both our President & CEO and SVP, Chief Sustainability Officer & General Counsel was tied to Xylem's sustainability performance as rated by Sustainalytics. In addition, the individual component of the 2020 Annual Incentive Compensation for our segment Presidents included the safety performance of their businesses as measured by injury frequency and risk reduction index. In 2021, the Company is augmenting its sustainability-linked compensation for members of our Senior Leadership Team, as well as a broader group of executives, with a special, one-time grant of performance share units with goals that are based on 5 of our strategically transformative 2025 sustainability goals.</p> <p>In 2019, 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.</p>
102-38	Annual total compensation ratio	<p>In 2020, the ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 161:1. For more information see our 2020 Proxy Statement, page 65.</p>
102-39	Percentage increase in annual total compensation ratio	<p>The ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 161:1 in 2018 and 166:1 in 2019, and 161:1 in 2020. For more information see our 2021 Proxy Statement, page 65.</p>

Stakeholder Engagement		
102-40	List of stakeholder groups	See How We Think About Sustainability, page 31 .
102-41	Collective bargaining agreements	As of December 31, 2020, Xylem employed more than 16,000 employees worldwide, of which approximately 1,100 were temporary or fixed-term employees or interns. We have approximately 5,500 employees in the U.S., of which approximately 17 percent are represented by labor unions. In certain foreign countries, our employees are represented by work councils. We believe that our facilities are in favorable labor markets with ready access to adequate numbers of workers and believe our relations with our employees are good.
102-42	Identifying and selecting stakeholders	See How We Think About Sustainability, page 28 .
102-43	Approach to stakeholder engagement	See How We Think About Sustainability, page 28 .
102-44	Key topics and concerns raised	See How We Think About Sustainability, page 31 .
Reporting Practice		
102-45	Entities included in the consolidated financial statements	We consolidate companies in which we have a controlling financial interest or when Xylem is considered the primary beneficiary of a variable interest entity. We account for investments in companies over which we have the ability to exercise significant influence but do not hold a controlling financial interest under the equity method, and we record our proportionate share of income or losses in the Consolidated Income Statements.
102-46	Defining report content and topic boundaries	See How We Think About Sustainability, page 17-21 .
102-47	List of material topics	See How We Think About Sustainability, page 17-21 .
102-48	Restatements of information	There were no restatements of information during the reporting period.
102-49	Changes in reporting	See Xylem Inc. 10-K for the year ended December 31, 2020, Note 1 – Summary of Significant Accounting Policies, page 61.
102-50	Reporting period	January 1, 2020–December 31, 2020
102-51	Date of most recent report	June 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	xylem.sustainability@xylem.com

102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	This document is organized by GRI disclosures and pages 111-135 serve as our GRI Content Index.
102-56	External assurance	 <p>LR Lloyd's Register</p> <p>LR Independent Assurance Statement Relating to Xylem, Inc. GHG Emissions, Waste and Water Inventories for Calendar Year 2020</p> <p>This Assurance Statement has been prepared for Xylem, Inc. in accordance with our contract.</p> <p>Terms of Engagement Lloyd's Register Quality Assurance (LR) was commissioned by Xylem, Inc. (Xylem) to provide independent assurance of its greenhouse gas (GHG) Emissions, Water Withdrawn Inventories, Waste Inventories and Injury and Illness metrics (the Report) for the Calendar Year 2020 against the assurance criteria below to a limited level of assurance using LR's verification procedure and ISO 14064 - Part 3 for greenhouse gas data. LR's verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.</p> <p>Our assurance engagement covered Xylem's operations and activities globally and specifically the following requirements:</p> <ul style="list-style-type: none"> Verifying conformance with: <ul style="list-style-type: none"> Xylem Environmental Metrics Reporting Requirements version 6; Xylem Rules for Injury Reporting July 2016; and World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data¹ Reviewing whether the Report has taken account of: <ul style="list-style-type: none"> GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard Evaluating the accuracy and reliability of data and information for only the selected indicators listed below: <ul style="list-style-type: none"> Direct (Scope 1), Energy Indirect (Scope 2) and Other Indirect (Scope 3) GHG emissions; <ul style="list-style-type: none"> Scope 3 GHG emissions verified by LR include the following: purchased goods and services, waste generated and business travel emissions associated with air travel, hotel stays and rental cars; Water Withdrawn inventory includes surface water, groundwater and third-party water; Waste Generated inventory includes hazardous and non-hazardous waste; and Injury and Illness metrics of Total Recordable Rate, Days Away from Work Rate and Severity Rate. <p>LR's responsibility is only to Xylem. LR disclaims any liability or responsibility to others as explained in the end footnote. Xylem's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of Xylem.</p> <p>LR's Opinion Based on LR's approach, except for the effect of the matters described in the Basis for Qualified Opinion, nothing has come to our attention that would cause us to believe that Xylem has not, in all material respects:</p> <ul style="list-style-type: none"> Met the requirements of the criteria listed above; and Disclosed accurate and reliable performance data and information as summarized in Table 1 below. <p>The opinion expressed is formed on the basis of a limited level of assurance² and at the materiality of the professional judgement of the verifier.</p> <p>¹ http://www.ghgprotocol.org/</p> <p>Page 1 of 3</p>

Topic-Specific Disclosures		Information / Location in Report
Indirect Economic Impacts		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Empowering Communities, page 110 .
GRI 203: Indirect Economic Impacts 2016		
203-2	Significant Indirect Economic Impacts	See Empowering Communities, page 101 .
Procurement Practices		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 79 .
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	See Building a Sustainable Company, page 76 .
Anti-Corruption		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 74 .
GRI 205: Anti-Corruption 2016		
205-1	Operations assessed for risks related to corruption	See Building a Sustainable Company, page 73 .
205-2	Communication and training about anti-corruption policies and procedures	See Building a Sustainable Company, page 73 .
205-3	Confirmed incidents of corruption and actions taken	A key success metric of our management of ethics and accountability is the number of incidents of corruption or anti-competitive behavior. No material incidents of such activity were confirmed in 2020.

Anti-Competitive Behavior

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 74 .
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GRI 206: Anti-Competitive Behavior 2016

206-1	Legal Actions for Anti-Competitive Behavior, Anti-Trust, And Monopoly Practices	A key success metric of our management of ethics and accountability is the number of incidents of corruption or anti-competitive behavior. No material incidents of such activity were confirmed in 2020.
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Materials

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Serving Our Customers, page 58 .
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GRI 301: Materials 2016

301-3	Reclaimed Products and Their Packaging Materials	See Serving Our Customers, page 58 .
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Energy

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 71 .
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GRI 302: Energy 2016

302-1	Energy Consumption Within the Organization	See Building a Sustainable Company, page 68 .
302-3	Energy Intensity	See Building a Sustainable Company, page 68 .
302-4	Reduction of Energy Consumption	See Building a Sustainable Company, page 67 .
302-5	Reductions in Energy Requirements of Products and Services	See Building a Sustainable Company, page 67 .

Water and Effluents

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 64 .
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GRI 303: Water and Effluents 2018

303-1	Interactions with water as a shared resource	See Building a Sustainable Company, page 64 .
303-2	Management of water discharge-related impacts	See Building a Sustainable Company, page 64 .
303-4	Water Discharge	See Building a Sustainable Company, page 64 .
303-5	Water Consumption	See Building a Sustainable Company, page 64 .

Emissions

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 71 .
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GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG Emissions	See Building a Sustainable Company, page 69 .
305-2	Energy Indirect (Scope 2) GHG Emissions	See Building a Sustainable Company, page 69 .
305-3	Other Indirect (Scope 3) GHG Emissions	See Building a Sustainable Company, page 69 .
305-4	GHG Emissions Intensity	See Building a Sustainable Company, page 70 .
305-5	Reduction of GHG Emissions	See Building a Sustainable Company, page 69 .
305-6	Emissions of Ozone-Depleting Substances (ODS)	We do not use significant amounts of ozone-depleting substances, and for that reason do not track their use. We adhere to the Montreal Protocol, administered by the United Nations Environment Programme (UNEP), which maintains the list of ozone-depleting substances that are targeted for reductions and total phase-outs.
305-7	Nitrogen Oxides (Nox), Sulfur Oxides (Sox), and Other Significant Air Emissions	See Building a Sustainable Company, page 70 .

Waste		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 71 .
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	See Building a Sustainable Company, page 65 .
306-2	Management of significant waste-related impacts	See Building a Sustainable Company, page 65 .
306-3	Waste generated	See Building a Sustainable Company, page 65 .
306-4	Waste diverted from disposal	See Building a Sustainable Company, page 65 .
306-5	Waste directed to disposal	See Building a Sustainable Company, page 65 .
Environmental Compliance		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 71 .
GRI 307: Environmental Compliance 2016		
307-1	Noncompliance with Environmental Laws and Regulations	In 2020, Xylem had one environmental non-compliance that was minor in nature.
Supplier Environmental Assessment		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 79 .

GRI 308: Supplier Environmental Assessment 2016		
308-1	New Suppliers That Were Screened Using Environmental Criteria	See Building a Sustainable Company, page 76 .
Employment		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 87 .
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Employee Turnover Rate: 12.24%
401-2	Benefits Provided to Full-Time Employees That Are Not Provided to Temporary or Part-Time Employees	U.S. employees who work 30 or more hours per week are eligible for competitive benefits, including comprehensive health and wellness programs, telemedicine, disability and life insurances, paid time off, flexible work arrangements, employee assistance programs, adoption assistance and other offerings. Temporary or less-than-full-time employees are eligible for pro-rated paid time off and our retirement program after completing either 1,000 hours of service in a calendar year or 500 hours during each of three consecutive 12-month periods (only hours worked on or after January 1, 2021 count for eligibility purposes). Outside of the U.S., the definition of full-time, temporary or part-time employees can vary, as well as the differentiated benefits, which may be provided in that given country.
401-3	Parental Leave	<p>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 (updated May 2021) which applies to non-union benefits eligible U.S. employees. Birth mothers are eligible for four weeks of paid parental leave, beginning after paid medical leave, to be taken within the first six months of a newborn’s arrival. Fathers, other same-gender partners and new parents through adoption, surrogacy or fostering are also eligible for four weeks of paid parental leave that can be taken within the first six months of a leave-qualifying event.</p> <ul style="list-style-type: none"> • Total number of employees entitled to parental leave, by gender – There are a total of approximately 4,400 employees currently eligible for paid parental leave. This includes 1,030 females and 3,370 males. • Total number of employees that took parental leave, by gender – 146 Employees have taken paid parental leave. 114 of these employees are male and 32 are female. • Total number of employees that returned to work after parental leave ended, by gender – Currently, 3 (2 males, 1 female) employees are still on leave. • Of the 143 who have completed the leave, 123 (95 males, 28 females) are currently active at work, 2 (1 male, 1 female) terminated without returning from the leave, and 18 (16 males, 2 females) returned from leave but terminated at a later date.

Labor / Management Relations

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 87 .
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GRI 402: Labor/Management Relations 2016

402-1	Minimum Notice Periods Regarding Operational Changes	<p>Exceptional circumstances, including operational change or other planned measures or activities based on unexpected developments and affecting the interests of the employees to a considerable extent are communicated and minimum notice periods given according to our various union, collective bargaining and works council agreements. Topics requiring notice include:</p> <ul style="list-style-type: none"> • Mergers or splitting of companies or production facilities • Relocation of companies, production facilities (or significant parts thereof) , and relocation of production • Cut-back or closure of companies, production facilities (or significant parts thereof), and • Collective redundancies. <p>Under the European Works Council, additional information and consultation applies to the following matters:</p> <ul style="list-style-type: none"> • Structure of the company and its economic and financial situation, • Anticipated development of the business, including its production and sales levels • Employment situation and its anticipated development that are significant, including organizational changes, • Significant EHS, Ethics and Compliance matters, • Investment priorities in the business, • Introduction of new working and production procedures.
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Occupational Health and Safety

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 87 .
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GRI 403: Occupational Health and Safety 2018

403-1	Occupational Health and Safety Management System	<p>Xylem holds itself to the high standards required to meet the International Organization for Standardization (ISO) and Occupational Health and Safety Assessment Series (OHSAS) certification. 11 of our global manufacturing sites, one office and 11 sales company sites are OHSAS 18001 certified for health and safety management. Implementation of the OHSAS certification is a voluntary commitment that we consider a long-term investment in our employees and reputation.</p> <p>Xylem investigates all significant incidents occurring at our sites and completes root cause analyses to identify and prevent recurrence. To make maintaining site compliance easier, a site profile application is part of our online environmental, health and safety (EHS) compliance system, allowing sites to track site-specific information, such as permits, environmental risks and facility information.</p>
403-2	Hazard Identification, Risk Assessment and Incident Investigation	<p>Our facilities track safety performance according to a Risk Reduction Index (RRI), an analysis of select leading indicators such as management inspections, timely correction of identified hazards, completion of Toolbox Talks and employee reports. Risk profiling has been completed at many manufacturing facilities, and expansion across all Xylem facilities will continue in 2020.</p>
403-3	Occupational health services	See Building a Sustainable Company, page 88 .
403-4	Worker participation, consultation, and communication on occupational health and safety	See Building a Sustainable Company, page 88 .
403-5	Worker Training on Occupational Health and Safety	<p>Xylem has a robust health and safety training program which helps our colleagues understand their safety responsibilities and provides specific information to allow them to conduct their job safely. This training is completed in several ways including classroom, on-line and at some facilities using virtual training and includes topics such as ergonomics, electrical safety, confined space entry and driver safety. As of 2020, over 1,551 drivers participated in the Alert Driving training program aimed at improving fleet safety by reinforcing awareness of our responsibility to drive safely.</p>
403-6	Promotion of worker health	See Building a Sustainable Company, page 88 .
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See Building a Sustainable Company, page 88 .
403-9	Work-Related Injuries	See Building a Sustainable Company, page 88 .
419-1	Non-compliance with Laws and Regulations in the Social and Economic Area	In 2020, Xylem had no significant non-compliance in Occupational Health and Safety.

Training and Education

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 86 .
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GRI 404: Training and Education 2016

404-1	Average Hours of Training Per Year Per Employee	See Building a Sustainable Company, page 85 .
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	See Building a Sustainable Company, page 82-83 .

Diversity and Equal Opportunity

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 90 .
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GRI 405: Diversity and Equal Opportunity 2016

405-1	Diversity of Governance Bodies and Employees	See Building a Sustainable Company, page 92 .
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Supplier Social Assessment

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 79 .
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GRI 414: Supplier Social Assessment 2016

414-1	New Suppliers That Were Screened Using Social Criteria	See Building a Sustainable Company, page 76 .
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Customer Health and Safety		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Serving Our Customers, page 60 .
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of The Health and Safety Impacts of Product and Service Categories	See Serving Our Customers, page 59 .
416-2	Incidents of Noncompliance Concerning the Health and Safety Impacts of Products and Services	See Serving Our Customers, page 59 .
Company-Specific (Non-GRI) Disclosures		Information / Location in Report
Strategic Partnerships		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Empowering Communities, page 110 .
SASB IF WU 440a.3	Discussion of strategies to manage risks associated with the quality and availability of water	See Empowering Communities, page 107 .
Climate Change		
GRI 103: Management Approach 2016		
103-1, 103-2, 103-3	Management Approach	See Building a Sustainable Company, page 71 .
SASB IF WU 450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change	See Building a Sustainable Company, page 71 .

Business Transformation

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	The SVP, Chief Financial Officer, the SVP, Chief Human Resources Officer, and the SVP, Chief Supply Chain Officer are responsible for overseeing activities related to Business Transformation. The successful implementation and execution of our restructuring and realignment actions are critical to achieving our expected cost savings as well as effectively competing in the marketplace and positioning us for future growth.
N/A	Productivity savings from restructuring and realignment plans	See How We Think About Sustainability, page 62 .

Connected Products (e.g. Data Security, Privacy and Intellectual Property Protection)

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Serving Our Customers, page 53 .
SASB TC0401 15	Number of patent litigation cases, number successful, and number as patent holder	See Serving Our Customers, page 56 .
N/A	# patents and/or trademarks filed/pending/awarded/rejected	See Serving Our Customers, page 56 .

Innovation and Digitization

GRI 103: Management Approach 2016

103-1, 103-2, 103-3	Management Approach	See Serving Our Customers, page 55 .
SASB IF WU 420a.2	Customer water savings from efficiency measures, by market	See Serving Our Customers, page 47 .

SDG Topic Name	Location	GRI Index	WEF_IBC Topic	WEF_IBC Comments	WEF_IBC_Index / GRI
SDG-3 Good Health and Well Being	See How We Make Progress, page 42 .	GRI 203 Indirect Economic Impacts 2016: 203-2	Employment and wealth generation	Significant indirect economic impacts 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).	
		GRI 305 Emissions: 305-1, 305-2, 305-3, 305-6,	Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	GRI 305:1-3, TCFD, GHG Protocol TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050. Recommendations of the TCFD; CDSB R01, R02, R03, R04 and R06; SASB 110; Science Based Targets initiative
		GRI 305 Emissions 305-7	Air pollution	Air pollution Report wherever material along the value chain: nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter and other significant air emissions. Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	Report wherever material along the value chain: the valued impact of air pollution, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter and other significant air emissions. Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
		GRI 306 Waste 2020: 306-1, 306-2, 306-3 306-4, 306-5	Solid waste	Impact of solid waste disposal Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams. Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance	

SDG-3 (contd.)	See How We Make Progress, page 42 .	GRI 401 Employment 2016: 401-2	Employment and wealth generation	<p>Absolute number and rate of employment</p> <p>1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.</p>	Adapted, to include other indicators of diversity, from GRI 401-1a&b
		GRI 403 Occupational Health and Safety 2018: 403-6, 403-9	Health and well being	<p>Health and safety (%)</p> <p>The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.</p> <p>An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.</p>	GRI:2018 403-9a&b, GRI:2018
SDG-5 Gender Equality	See How We Make Progress, page 42 .	GRI 401 Employment 2016: 401-2, 401-3	Age group	<ul style="list-style-type: none"> – Under 30 years old – 30-50 years old – Over 50 years old 	People, Core: Diversity and inclusion Prosperity, Core: Absolute number and rate of employment
		GRI 405 Diversity and Equal Opportunity 2016: 405-1	Quality of governing body	<p>Governance body composition</p> <p>Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.</p>	GRI 102-22, GRI 405-1a, IR 4B
			Dignity and equality	<p>Diversity and inclusion (%)</p> <p>Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).</p>	GRI 405-1b
GRI 414 Supplier Social Assessment 2016: 414-1	N/A	N/A			

SDG-6 Clean Water and Sanitation	See How We Make Progress, page 43 .	GRI 303 Water and Effluents 2018: 303-1, 303-2, 303-4, 303-5			
		GRI 306 Waste 2020: 306-1, 306-2			
SDG-9 Industry, Innovation, and Infrastructure	See How We Make Progress, page 43 .		Employment and wealth generation	Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment	GRI 201-1
SDG-11 Sustainable Cities	See How We Make Progress, page 44 .	GRI 306 Waste 2020: 306-1, 306-2, 306-3, 306-4, 306-5			
SDG-13 Climate Action	See How We Make Progress, page 44 .	GRI 302 Energy 2016: 302-1, 302-3, 302-4, 302-5			
		GRI 305 Emissions 2016: 305-1, 305-2, 305-3, 305-4, 305-5	Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	GRI 305:1-3, TCFD, GHG Protocol TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050. Recommendations of the TCFD; CDSB R01, R02, R03, R04 and R06; SASB 110; Science Based Targets initiative

SDG-13 (contd.)	See How We Make Progress, page 44 .		Air pollution	<p>Air pollution</p> <p>Report wherever material along the value chain: nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter and other significant air emissions.</p> <p>Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.</p>	<p>Report wherever material along the value chain: the valued impact of air pollution, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter and other significant air emissions.</p> <p>Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance</p>
			Solid waste	<p>Impact of solid waste disposal</p> <p>Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams.</p> <p>Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance</p>	

GRI Indicator	GRI Index	WEF_IBC	WEF_IBC Comment	Assigned WEF_IBC Index / GRI
Role of highest governance body in setting purpose, values, and strategy	GRI 102-26	Governing purpose	Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	The British Academy and Colin Mayer, GRI 102-26, Embankment Project for Inclusive Capitalism (EPIC) and others
Composition of the highest governance body and its committees	GRI 102-22	Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	GRI 102-22, GRI 405-1a, IR 4B
Consulting stakeholders on economic, environmental, and social topics	GRI 102-21	Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	GRI 102-21,
Approach to stakeholder engagement	102-43			GRI 102-43,
List of Material Topics	102-47			GRI 102-47
Communication and training about anti-corruption policies and procedures	205-2	Ethical behavior	Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	205-2
Confirmed incidents of corruption and actions taken	205-3			205-3

Key impacts, risks and opportunities	102-15	Risk and opportunity oversight	<p>Integrating risk and opportunity into business process</p> <p>Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	EPIC, GRI 102-15, World Economic Forum Integrated Corporate Governance, IR 4D
Climate Change and Water Security	pg 14		<p>TCFD implementation</p> <p>Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.</p> <p>Recommendations of the TCFD; CDSB R01, R02, R03, R04 and R06; SASB 110; Science Based Targets initiative</p>	Recommendations of the TCFD; CDSB R01, R02, R03, R04 and R06; SASB 110; Science Based Targets initiative
Average Hours of Training Per Year Per Employee	404-1	Skills for the future	<p>Training provided (#, \$)</p> <p>Average hours of training per person that the organization’s employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</p> <p>Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</p>	GRI 404-1, SASB HC 101-15