

2021

SUSTAINABILITY REPORT



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About This Report

We are pleased to present Xylem's 2021 Sustainability Report, which describes our efforts in the past year to solve global water challenges, create environmental and social value for our customers, build a sustainable company and empower the communities in which we all live and work. This report covers all Xylem entities globally and is available 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, plans, strategies, priorities, commitments, and other statements, including those related to social, environmental and sustainability-related matters, that are not historical facts are forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking and other statements in this document regarding our environmental and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or are required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking social, environmental and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Forward-looking statements are based upon current beliefs, expectations, and assumptions and are subject to significant risks, uncertainties, and changes in circumstances that could cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021. 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**

"Xylem is privileged to work on water and other essential resource challenges around the world. And we feel great responsibility to make a difference. That's our mission. Working with our customers and other partners, we're taking action across multiple fronts to help communities, businesses and other users of water solve many of their water and climate-related problems."



We believe the world has the “Opportunity of a Lifetime” to solve global water challenges. This is more than an aspiration. It’s a real-world aim that is within sight. It’s achievable. And it’s our mission at Xylem.

On average, 17.8 million people worldwide are at risk of being displaced by floods every year, while the number facing water stress rose to 2.3 billion¹.

Major water challenges – like water scarcity, water affordability, severe weather and other impacts from climate change – continue to escalate around the world. We see this every day in the news headlines. And for millions of people, water issues are a daily, constant struggle for their families and communities.

But there are also unprecedented opportunities to solve the biggest challenges: from [new technologies](#), to evolving public and corporate policies, to raising public awareness and beyond.

The world can and must seize this moment.

Xylem is privileged to work on water and other essential resources challenges around the world. And we feel great responsibility to make a difference. That’s our mission. That’s why our sustainability report is more than a set of metrics. It’s a report card on the difference we’re making, and our progress toward achieving our mission.

Working with our customers and other partners, we’re taking action across multiple fronts to help communities, businesses and other users of water solve many of their water and climate-related problems.

In 2021, we continued to progress our [Sustainability strategy](#) and [2025 Signature Sustainability Goals](#), designed to advance the UN Sustainable Development Goals. This includes recycling 100% of process water at 8 of our 22 major facilities, committing to setting Science-Based and Net-Zero targets, and reaching nearly 80% of our colleagues giving back to their communities through volunteering.

However, we recognize the growing urgency in addressing water challenges, and the need to accelerate progress. So last year, we began to intensify our efforts around three areas of focus:



First, we’re helping our customers and the communities they serve become more effective stewards of their water resources. We do this by providing world-leading solutions, technologies and services. For example, our innovative digital offerings are transforming water management and helping a number of large energy utilities – enabling breakthroughs in affordability and efficiency, paired with reduced operational cost and complexity.



Our **second** major area of focus is to address climate mitigation by helping to decarbonize the water sector, reducing greenhouse gas emissions.

- We continue to develop and provide leading-edge products and solutions that help to make water production more energy efficient.
- We’ve committed to achieving Net-Zero by 2050 as part of our broader goal to reduce our company’s carbon footprint.
- And, we are partnering with other industry leaders to accelerate the water sector’s “Race to Zero.”



Third, we continue to advance equity – by providing solutions, expertise, education and support to foster equitable access to clean water and sanitation around the world, and by building a culture that promotes fairness and inclusion and empowers colleagues to perform at their very best.

¹ Internal Displacement Monitoring Centre: [Global Report on Internal Displacement 2019](#)

Emerging from a global pandemic, it's clearer than ever that **people** are our best assets. Our colleagues are the key to ensuring our sustainability. So, we're taking action to strengthen and enhance our culture:

- Building a culture and organization to help ensure that all colleagues are included and have their voices heard, and creating a workplace that is flexible to our people's needs;
- Developing the next generation of talent to enter the water workforce;
- And taking care of the communities where we live and work. This includes supporting our colleagues in and around Ukraine and other communities around the world facing natural disaster, where the support of organizations such as Xylem with unique expertise and resources to assist and ensure their safety and well-being can make a critical difference.

In a period of global conflict, climate change, ongoing impacts from the pandemic, and vast inequity, the role of water in community prosperity and human health is more apparent than ever.

Water is life: fundamental to humankind, our environment and our future.

As we share this year's report, we're taking action, working with our customers and other partners to solve communities' greatest water and climate challenges, constantly striving to create a more sustainable world.



Patrick Decker
President and CEO, Xylem



CHAPTER 2

**Message from
Claudia Toussaint,
Chief People & Sustainability Officer**

“Sustainability really is who we are. In 2021, we took significant steps forward and also turned our attention to – how do we raise the bar even further? And what does Sustainability at Xylem look like after 2025?”



In 2021, we took important steps forward in executing our sustainability strategy and advancing our 2025 Sustainability Goals, built to reinforce the UN Sustainable Development Goals (SDGs). Three years ago, when we introduced our strategy and objectives, it was a significant advancement for us as a company, and the way we consider Sustainability as core to our business strategy and long-term growth.

The past two years were about acting on those commitments and truly operationalizing sustainability efforts into and across the organization. We built more robust internal reporting and controls, established subject matter expertise across functional areas like product development, operations and supply chain, and we integrated Sustainability into all that we do – from factory floor to the boardroom.

This last year, our attention turned to – how do we raise the bar even further? And what does Sustainability at Xylem look like after 2025? In his CEO letter, Patrick outlines three pillars of focus where we believe we have the most powerful opportunity to make an impact, and where we are concentrating our efforts to help our customers and their communities solve their urgent water and climate challenges. These areas of focus include: advancing water stewardship, fostering climate change mitigation through decarbonization, and championing diversity, equity and inclusion within our company, across the water sector and beyond.

Throughout this report we provide highlights and learnings from this past year. As always, our progress reflects the collaborative efforts from our partnerships across our

global organization and across our ecosystem of customers, suppliers, distributors, innovation, educational and non-profit partners.

Some highlights include:

- **Power of Partnership:** With our customers, prevented over 1.9 billion cubic meters of polluted water from entering our waterways
- **Executive Compensation and Accountability:** Expanded accountability for Sustainability progress by integrating a set of 2025 Goals into a special one-time PSU grant for leaders
- **Financing Strategies:** Continued to integrate sustainability into our financing strategies by launching an ESG-linked demand deposit account
- **Climate Action Commitments:** Further advanced our commitment to climate action by announcing our commitment to reach Net-Zero before 2050 and engaging the water utilities sector to commit to setting Net-Zero targets
- **Mission and Purpose:** Reached almost 80% of employee participation in Watermark – a company record by over 20%
- **Youth Engagement:** Engaged over 700 students in our first annual Xylem Ignite Innovation Challenge





2021 was also a year of reinforcing our focus on our people. Like many other companies, we are emerging from the COVID-19 pandemic having learned many lessons about the viability of alternate work styles, the benefits of flexibility, and the importance of transparent communication and need for employee connection. We are also keenly aware that for many, the abrupt transition over the last two years, combined with a host of personal and societal challenges, have been stressful to manage. These insights are informing our “return to work” transition and how we support our employee experience across the employee lifecycle.

Developing people and creating space for them to bring their most authentic self to work and achieving their personal and professional goals has always been extremely rewarding for me. Now, perhaps more than ever, how we take care of our people – ensuring we structure our workplace and resources in a way that best supports their personal growth and Xylem’s growth – is critically important. To better illustrate our approach, we have enhanced the way we communicate our Culture, Talent and

Diversity, Equity and Inclusion (DEI) efforts in this year’s report, to focus on each stage of the employee experience – from how we attract, recruit and onboard, to how we develop, promote and ultimately strive to retain our talent.

Some highlights across those career stages this year include:

- Bolstering talent attraction efforts focused on new, next generation and globally diverse talent
- Setting goals for increasing the diversity of candidate slates and providing resources for inclusive hiring practices
- Providing development opportunities through formal leadership training and special projects
- Creating new opportunities for mentorship with our reverse mentoring program

You’ll notice throughout the report that we’ve added summaries: What we did. What we learned. Where we’re

going. As we’ve said many times before, Sustainability is a journey. It’s about reflection on your actions, partnering with stakeholders and improving with each iteration.

We appreciate your interest in Xylem and our holistic approach to Sustainability. It really is who we are. 2021 was a great year for us and 2022 is shaping up to be a continuation of that progress. Thank you, as always, for your partnership.

Claudia Toussaint
Chief People and Sustainability Officer, Xylem

CHAPTER 3

Sustainability at Xylem

Sustainability is fundamentally core to everything we do at Xylem. From our own operations and solutions to the numerous ways we impact the communities around the world we're a part of, sustainability is at the center of our innovative solutions, our mission and our ethos.



2021 Sustainability Highlights

Sustainability at Xylem is guided by our 2025 Sustainability Goals and our stakeholder’s feedback. Our sustainability journey is also always evolving as we work, learn and improve our programs and processes to have most meaningful impact. As much as this report highlights the progress that we’ve made in our journey, it also allows us to reflect on our key learnings and look forward through a more critical lens.

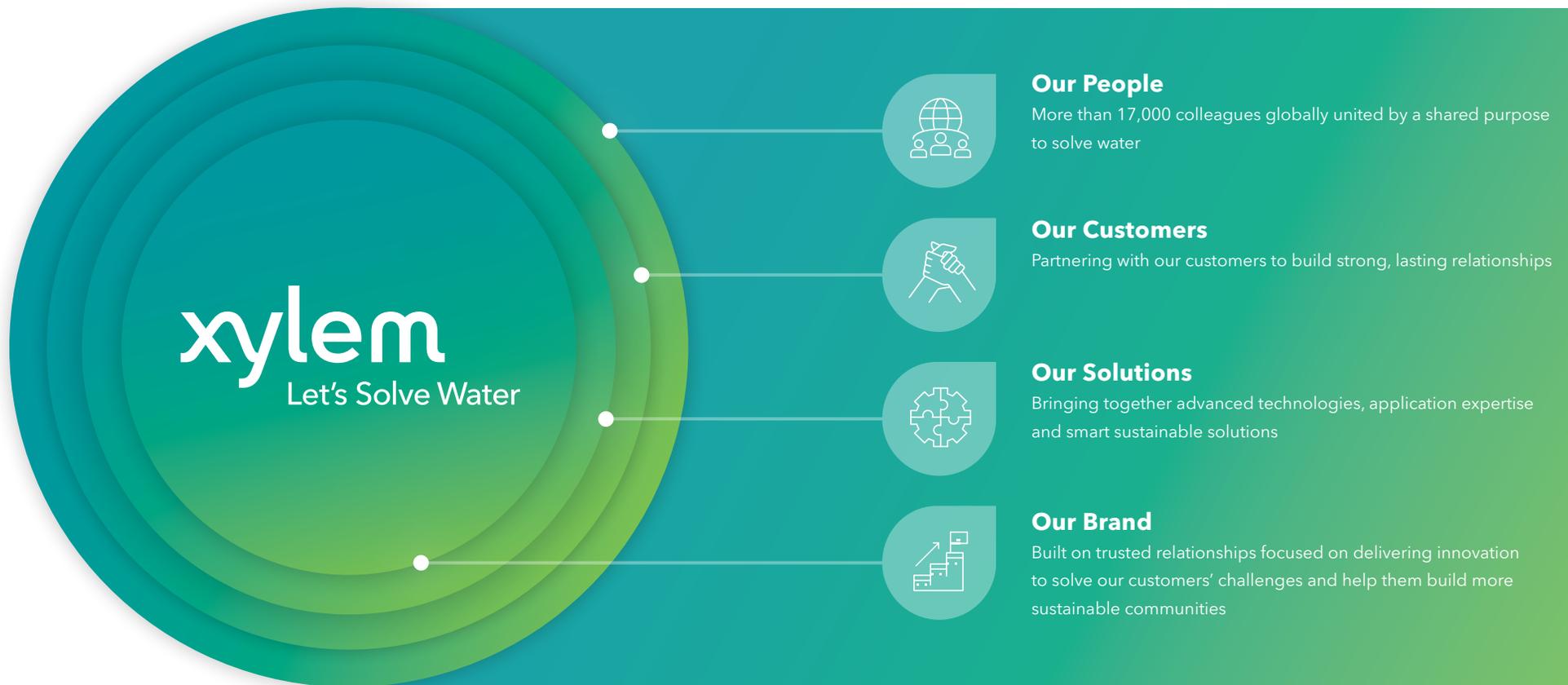
At the beginning of each chapter are tables like the one below that highlight what we’ve accomplished in 2021, our key learnings, and how those learnings will shape our sustainability journey going forward. Highlights include:

What We Did 	What We Learned 	Where We’re Going 
<ul style="list-style-type: none"> • Operations – Reduced Scope 1 and 2 GHG emission intensity by 12% and water use by 22% versus 2019 • Supply Chain – Onboarded more than 420 suppliers representing 35% of global spend to the WASH4Work Pledge • Product Sustainability – Embedded sustainability into commercial efforts, including the product development process • DEI & Talent – Improved training opportunities in virtual, online and hybrid format and through unique on-the-job development opportunities • Community Impact – Reached record employee participation and volunteer hours 	<ul style="list-style-type: none"> • Identified the need to accelerate the procurement of renewable heat and natural gas supply for some large facilities • Developing tailor-made approaches to educate and support our suppliers at different maturity levels of data disclosure, target setting and performance improvement • Increased customer focus on climate change mitigation and adaptation, which will influence product portfolio management • Employees want opportunities to grow and develop their careers including training, leading Employee Network Groups (ENG), innovation projects, etc. • Volunteer programming needs to be remain flexible to accommodate new working styles and remote employees 	<ul style="list-style-type: none"> • Establishing more nuanced and facility-specific GHG and water targets • Continue to expand our Tier 2 Supplier Diversity Program to drive Tier 1 suppliers’ buying behaviors and maximize Xylem’s impact • Include sustainability as a strategic pillar in the product design phase • Launching enterprise digital literacy program to support digital transformation • Greater focus on engaging external stakeholders and inspiring the general public into action by leveraging partnerships with organizations like Manchester City Football Club



Sustainability at Xylem

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



Our Values

Xylem (XYL) is a leading global water technology company committed to solving critical water and infrastructure challenges with innovation. Our more than 17,000 diverse employees delivered revenue of \$5.2 billion in 2021. We are creating a more sustainable world by enabling our customers to optimize water and resource management and helping communities in more than 150 countries become water-secure.

We engage closely with our supply chain partners to promote sustainable practices across our value chain. In our own operations, we reduce our water, greenhouse gas (GHG) emissions and waste footprints. And we work to provide a safe, inclusive and rewarding environment for our colleagues worldwide.

We have the privilege of serving a diverse and global set of customers, all with the same goal in mind – responsible use and management of our most valuable resources, including water. This includes utilities providing clean water, sanitation, environmental protection and energy services. It also includes industrial companies, for which water is a critical input to their operations. Commercial and residential buildings and agricultural operations require the safe and efficient use of water. While each of these customer segments has unique needs, they also have similar challenges: addressing the increasing impacts of climate change, responsibly sourcing from and protecting the watersheds in which they operate and doing so in a manner that is resource efficient.

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

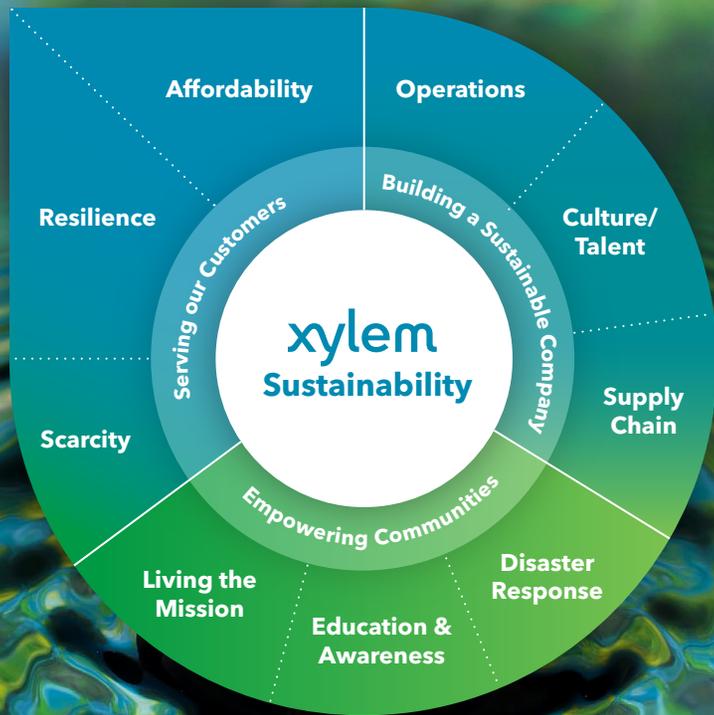
Integrity for acting ethically, for doing what we say we'll do, for having the courage to communicate with candor

4

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

Sustainability Across Xylem





Serving Our Customers

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. By deploying our innovative technologies and solutions, our customers 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 optimize the way they manage water and realize bold water, energy and cost savings for the communities they serve.

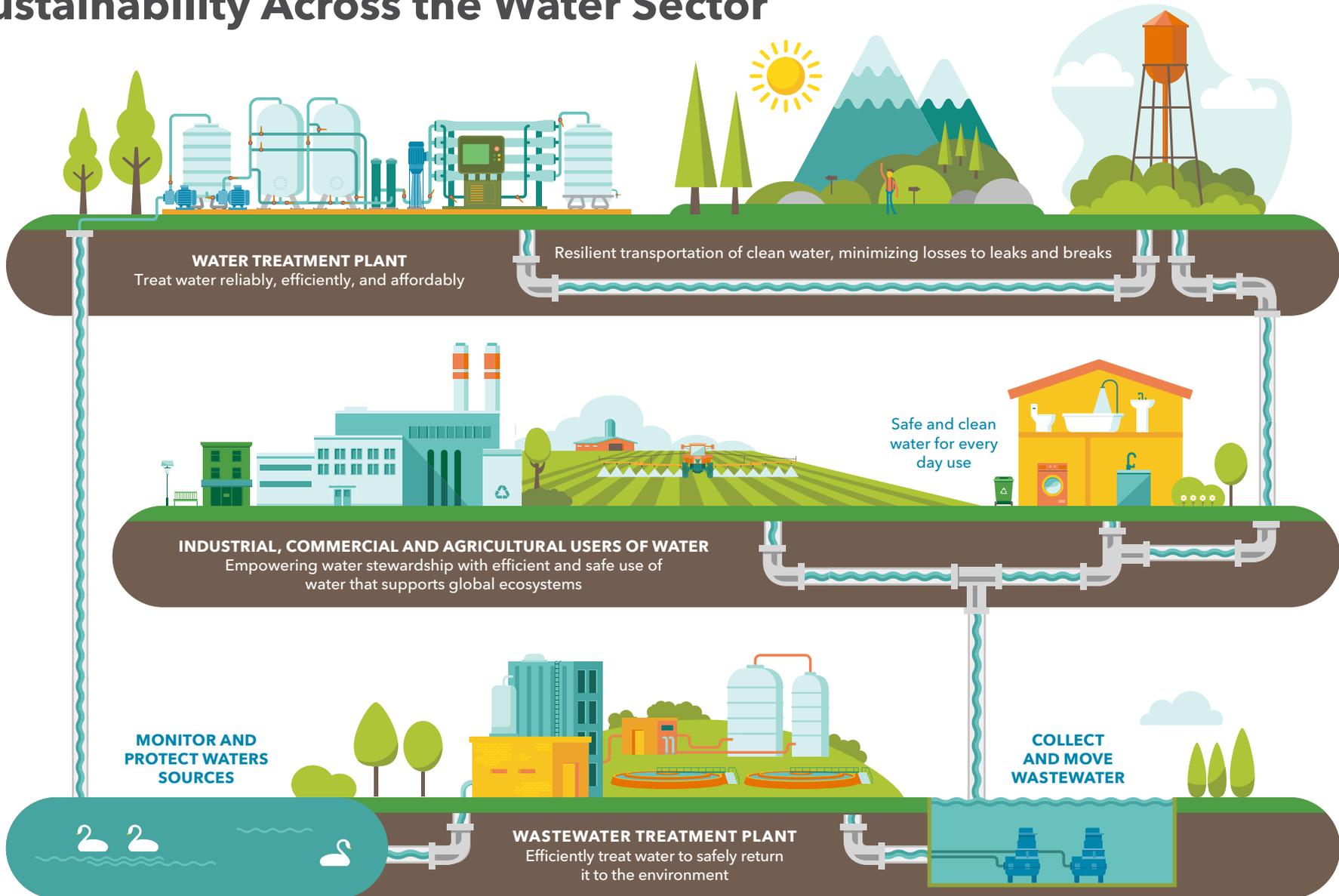
Building a Sustainable Company

To enhance our ability to support our customers' goals, we focus on building resilience across our own company – advancing our dual commitment to sustainability and financial performance. We do our work with discipline today while also focusing 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 that share our values. We work closely with our suppliers to adhere to and champion responsible business practices that strengthen the environment, global economy and society, creating a safer and more equitable world. Our stakeholders want to know that they can rely on Xylem, and we are committed to being their partner of choice, and to helping them protect and serve their communities and customers.

Empowering Communities

We help strengthen communities facing the most severe water challenges, and we raise awareness of water challenges around the world 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 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. This increases social value in the communities we serve around the world. Our approach allows us to advance sustainability and have greater impact for all those we serve.

Sustainability Across the Water Sector

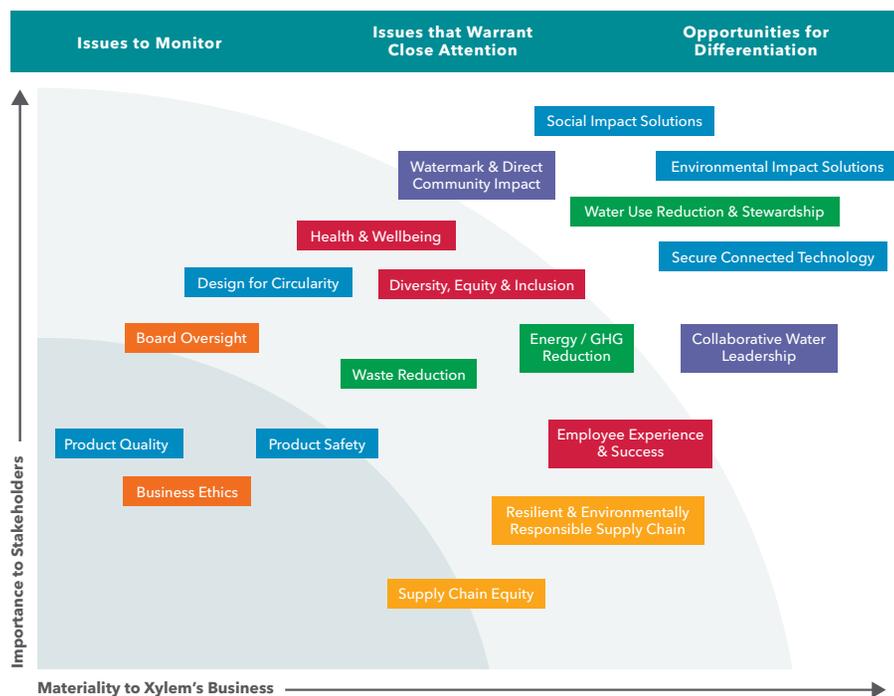


Materiality Matrix

In early 2021, we re-assessed our Sustainability Materiality Matrix with input from a wide range of stakeholders. (More information on this process is detailed on page 17 of our 2020 Sustainability Report.) We regularly monitor sustainability-related issues that may have material impact on the company and amend the matrix accordingly. We apply the sustainability management criteria from *Resource Transformation: Industrial Machinery & Goods* specified

by the Sustainability Accounting Standards Board (SASB) Materiality Map. Xylem does not sit squarely within that industry code and other inputs are considered to reflect the true nature of Xylem’s business operations, including service of municipal utilities.

Please see the [Appendix](#) for SASB framework reporting.



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 increases the impact of our work
- **Products & Services** – Our solutions uniquely advance environmental and social benefits for our customers
- **Social Operations** – Our people are key to our success
- **Supply Chain** – Our suppliers are important partners

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

Aligning with the UN Sustainable Development Goals (SDGs)

Xylem joined the SDG Ambition program in 2021, a six-month accelerator that aims to challenge and support participating companies of the UN Global Compact in setting ambitious corporate targets and accelerating integration of the Sustainable Development Goals (SDGs) into core business management. SDG Ambition enables companies to move beyond incremental progress and create transformative change – unlocking business value, building business resilience, and enabling long-term growth.

The need for SDG Ambition today is clear. The world is not delivering progress towards the SDGs at the pace and scale needed. While it is still possible to shift the world towards a 1.5°C trajectory and achieve the SDGs by 2030, it will take urgent, scalable and multi-stakeholder action to dramatically

accelerate progress. Companies must take a clear stand and demonstrate bold leadership to transform business models and economies, so they become more equitable and inclusive – leaving no one behind.¹

SDG Ambition empowers and equips participating companies of the UN Global Compact to develop and implement innovative business strategies that significantly increase their positive impact on the SDGs. Xylem focuses on the SDGs most relevant to our business, and we base our sustainability targets on these goals and engage in a broad range of sustainability activities in pursuit of them.

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 SDGs. Xylem has been on the WBA SDG 2000 list since its launch at Davos during the World Economic Forum in 2020. We have been identified as critical to achieving the SDGs in the following two of 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.



Reporting Our Business Impact on the SDGs

Since 2019, when we first identified the SDGs that were highly relevant to our business strategy, we have committed to analyzing our impact on these goals in subsequent sustainability reports. We 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 reduce the negative impact.

SDG 3 Good Health & Well-Being



- Xylem supports human health through reduction of water contamination. The COVID-19 pandemic highlighted the essential need for basic WASH access to combat disease.
- Our portfolio of water 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 program, Watermark, as well as through testing and treatment solutions, Xylem prevents the spread of water-borne and communicable diseases by bringing Water, Sanitation and Hygiene (WASH) and clean water programming interventions and innovation to communities around the world.
- Based on company estimates, approximately 40% of our revenue addresses SDG 3 by supporting access to clean water, safe sanitation and pollution prevention.

SDG 5 Gender Equality



- 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 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 their families and expand community access to water in vulnerable regions of the world through Watermark.

SDG 6 Clean Water & Sanitation



- Xylem's innovative solutions solve critical water issues for communities around the world. By developing and bringing technologies to market such as treatment, water loss prevention 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 program, Watermark, in collaboration with our 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, lowering the proportion of untreated wastewater and substantially increasing recycling and safe water reuse globally.
- We have signed the WASH4Work pledge for Access to Safe Water, Sanitation and Hygiene and expanded it to include clean water and safe sanitation for employees at home and during times of natural disasters.
- Based on company estimates, approximately 90% of Xylem's annual revenue addresses SDG 6.

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 allow for the reuse and recycling of wastewater for agricultural use and other uses.
- We invest in Research and Development and early-stage technology to create cutting-edge solutions to the world's water and infrastructure challenges. As a result, we empower developing regions to achieve sustainable and robust infrastructure development where it is most needed.
- Based on company estimates, approximately 40% of Xylem's annual 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 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 makes a meaningful impact on the health and well-being of millions of people around the world.
- 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 our humanitarian disaster response efforts, Xylem responds to water-related disasters and supports long-term recovery and resiliency efforts.
- Based on company estimates, approximately 95% of Xylem's annual 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 or community flooding 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 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 30% of Xylem's annual revenue addresses SDG 13.

Xylem 2025 Sustainability Goals – Year 3 Update

The launch of our 2025 Sustainability Goals in 2019 was a turning point for sustainability at Xylem – thinking about sustainability across our entire value chain and beyond: Serving our Customers, Building a Sustainable Company, and Empowering Communities. As we close the 3rd year of work towards these goals, we are very proud of what we have achieved and learned along the way. In addition to this summary index of our progress, 2025 Goals are discussed in the relevant functional areas throughout the report.



Serving Our Customer

Goal	2021 Progress	Total Progress to 2025
Reduce over 3.5 billion cubic meters of non-revenue water	0.44B cubic meters	 1.43B cubic meters
Treat over 13 billion cubic meters of water for reuse	1.08B cubic meters	 7.17B cubic meters*
Prevent over 7 billion cubic meters of polluted water from flooding communities or entering local waterways	1.93B cubic meters	 4.55B cubic meters
Reduce water's CO ₂ e footprint by over 2.8 million metric tons	0.73M metric tons	 1.75M metric tons
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 1.8 million people in 2021	 6.5/20



Year	Previously Reported	Updated
2019	0.33 B	1.18 B
2020	4.33 B	4.91 B

For more information on these goals and our Handprint Assessment calculations, please see page 56.

*In 2021, we identified additional reuse projects installed in 2019 and 2020. These have been validated and included in the 2025 Goal calculations as per the table above.



Building a Sustainable Company

Engaging with our **supply chain** partners. For more information, see page [45](#).

Goal	2021 Progress	Total Progress to 2025
Establish a Supplier Diversity Program and increase supplier diversity to 12% of total U.S. supplier spend	1.2% increase from 2020	8.2% of U.S. supplier spend
Require suppliers to take the WASH4Work Pledge for access to safe water, sanitation and hygiene (WASH) at the workplace	15.7% increase versus 2020	34.7% of global spend (+400 suppliers)
Engage suppliers in sustainability initiatives through audit programs and corrective action plans	40% of suppliers identified as critical were evaluated and risk was mitigated.	Risk mitigation actions were completed remotely; due to Covid-19 restrictions on-site audits could not be performed.
Require suppliers to disclose sustainability information via EcoVadis or equivalent	16.2% increase from 2020	31.2% of global spend (+250 suppliers)
Require suppliers to disclose Scope 1 & 2 GHG emissions and water usage via CDP Supply Chain	Program launched in 2021	24.1% of global spend (125 suppliers)



Minimizing environmental footprint across our **operations**. For more information, see page [32](#).

Goal	2021 Progress	Total Progress to 2025
Use 100% renewable energy at our major facilities*	Added 2 new facilities	 12/22
Use 100% process water recycling at our major facilities*	Added 6 new facilities	 8/22
Achieve zero waste to landfill from processes at our major facilities*	Added 3 new facilities	 6/22
Develop 1.5°C science-based targets for GHG reductions across Scope 1, 2 and 3	Committed, targets currently being finalized	See page X for more information
Ensure packaging material consists of 75 % reusable, recyclable or compostable content	37% increase from 2020	82% of packaging consists of 75% reusable, recyclable or compostable content.

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





Creating a safe, inclusive and engaging **workplace**. For more information, see page [63](#).

Goal	2021 Progress	Total Progress to 2025
Ensure 100% of employees have access to clean water and safe sanitation at home and during natural disasters	Expanded assessment to portions of Africa	Continuing to expand survey assessment across geographic regions
Achieve 50% female representation in leadership positions* by 2030, 35% by 2025, through merit-based retention, promotion and recruitment	Female leadership hit 25%	25%
Achieve 25% U.S. minority representation in leadership positions* through merit-based retention, promotion and recruitment	U.S. Minority Leadership hit 19%	19%
Assess and monitor equitable pay practices with a goal to eliminate pay differences based on gender, race or ethnicity	This year we expanded our pay equity assessment based on gender and race across our North American Measurement and Controls Segment. Where gaps existed, corrective measures were taken.	By end of 2022, we will have completed a pay equity assessment globally based on gender and U.S. minority.
Reduce injury frequency to an incident rate of 0.5 or below	Our injury frequency rate was 0.66, a 0.02 increase from 2020 and flat from our baseline in 2019.	0.67 ('19), 0.64 ('20), 0.66 ('21)
Provide all employees with rich learning and developmental opportunities to build Xylem's ability to solve water for decades to come (at least 50 hours per year)	12.61 hours of training per employee	 25% 12.61 hours per employee

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

Empowering Communities

See page [76](#) for more information.



Goal	2021 Progress	Total Progress to 2025
Give 1% of company profits* to water-related causes and education	0.6%, or \$3.3M, donated in 2021.	0.6% of Company Profits*
Provide paid time off for Xylem employees to volunteer 1% of their time	Provided 10 hours of employee paid time off for volunteering. On average, employees volunteered approximately 6 hours in 2021	 10/20
Deploy humanitarian aid to 200 areas affected by water-related natural disasters	Responded to 23 water-related natural disasters in 2021	 51/200
Provide 15 million people with water education to improve quality of life and raise awareness of water issues	Provided water education to 1.4M people in 2021	 5.3/15
Engage at least 95% of Xylem employees in volunteer activities	Highest employee engagement & volunteer hours ever, achieving 78% of Xylem employees in 2021	78% participation
Engage 100,000 stakeholders in volunteer events	Slightly over 2,000 stakeholders engaged in volunteer activities in 2021	 14,994/100,000

*"Company Profits" is defined as GAAP Net Income



Our GHG Transition to Net-Zero

One of our 2025 Sustainability Goals is to “Develop Science-based targets (SBTs) for GHG reductions across Scope 1, 2 and 3.” [As the science further confirms the advancing impacts of climate change](#), we had to act. Reducing our GHG footprint has long been important to us. This has been reflected in our 2019 Sustainability Goal to reduce GHG in our operations, our 2025 Sustainability Goals to move our 22 major facilities to [100% renewable energy](#), to [reduce our customers’ CO₂e footprint by more than 2.8M metric tons](#), and our commitment to transition to an [electric and hybrid fleet](#).

To initiate this process, in 2021 we completed a Taskforce on Climate-related Financial Disclosures (TCFD) assessment. It was important to us to understand our physical and transition risks before setting our SBTs. Our expectation is that in several years, we can refresh our TCFD assessment and see meaningful reduction in transition risk, and effective mitigation against physical risks. You can find a copy of our [TCFD report](#) on our website. Additionally, based on findings from our TCFD analysis and the rapidly evolving stakeholder engagement on climate action, we refreshed our [Climate Action Plan](#), also available on our website. This will be refreshed with our annual sustainability report as appropriate.

We also knew, like many other companies, that we needed to commit to a long-term, complete reduction of our GHG footprint. In addition to our commitment to

reduce emissions in-line with 1.5°C emission scenarios by 2030, we are committed to setting a Net-Zero target to be achieved before 2050. Both commitments are inclusive of our entire value chain, across Scope 1, 2 and 3 emissions. Additionally, for us, the commitment to Net-Zero goes beyond tracking and reducing our own emissions. **It includes leveraging our position as an industry-leading technology partner and committing to advancing the entire water sector’s commitment to setting Net-Zero goals. It is estimated that water and wastewater utilities account for over 2% of the global GHG emissions each year, and we believe existing technology solutions can significantly reduce that footprint.**

As we announced our commitment to set SBT and Net-Zero targets, we worked closely with our partner Agendi, to assess our baseline against which those targets will be set. Given the complexities around 2020 and 2021 emissions due to the COVID-19 pandemic, we decided to use a 2019 emissions baseline, which we believe was most representative of our normal operations. This re-calculation of our 2019 Scope 1, 2 and 3 emissions is more in-depth and broader than our previous assessment and more inclusive of all relevant emission categories than previously reported in our 2019 and 2020 Sustainability Reports. Moving forward, we will report annual emissions across Scope 1, 2 and 3, including 2021. See page [39](#).

WASTEWATER COLLECTION

- SOLUTION:** Intelligent Wastewater Pumping Systems
- CONTRIBUTION:** Maximizes energy potential

WASTEWATER TREATMENT

- SOLUTION:** Real-time Decision Support Systems
- CONTRIBUTION:** Optimized monitoring & modeling of processes

WATER DISTRIBUTION

- SOLUTION:** Advanced Metering Infrastructure (AMI)
- CONTRIBUTION:** Demand & Leak Management

WATER MANAGEMENT & PRODUCTION

- SOLUTION:** UV Disinfection
- CONTRIBUTION:** Maximizes energy & reduces chemicals

SMART CITIES (Left side of diagram)

ENVIRONMENT (Right side of diagram)

Infrastructure decisions have consequences for decades.
By investing today, water utilities will reduce emissions and free up capital to fund essential infrastructure.
The race to zero is a win-win. Let's go!
Learn more at www.xylem.com/racetozero

xylem
Let's Solve Water

Read our recent [whitepaper](#) on Net-Zero



Xylem’s 2021 GHG Inventory

The largest category of emissions resides in Scope 3, Category 11 – Use of Sold Products. Many of our products utilize electricity to treat and transport water and wastewater. In many instances, our equipment can run nearly 24/7 as it supports clean water and sanitation services. To reduce this specific category, we continue to look for ways to make our equipment more energy efficient – either with more efficient motors or the use of digital solutions to reduce run-time – which creates positive outcomes for our customers as well. We are also partnering with customers to set and achieve their own Net-Zero targets, including a transition to renewable energy sources. Category 11 emissions also include lifetime emissions of these products; with most of our sold products lasting for more than 10 years of continuous use, emissions are inevitably significant. We are also partnering with customers to set and achieve their own Net-Zero commitments, including a transition to renewable energy sources, which will lower their footprint from the

use of our products. Given the profile of our emissions, like many large industrial companies, achieving Net-Zero will be accelerated with an overall transition to renewable energy. As part of our long-term Net-Zero strategy, we look to partner with other industrial companies to accelerate the transition to renewable grid.

As we work towards these long-term goals, our focus is real reduction of emissions across all categories. Over the next several years, we anticipate the largest reductions as a result of:

- Continuing to grow % purchase of energy from renewable sources
- Moving towards fully electric and hybrid fleet
- Engaging suppliers in setting and advancing their own GHG reduction goals

In the near-term, we do not anticipate utilizing carbon offsets to reduce our GHG footprint. We believe there are a number of measures we can take to reduce the GHG footprint of our value chain, and we will prioritize those real reductions over offset measures in the immediate future. Over the coming years as carbon offset and sequestration markets mature, we will most likely consider using offsets in our GHG transition roadmap.

Emissions	2021 Totals (metric tons CO ₂ equivalent)
Scope 1	47,707
Scope 2	18,214
Scope 3	61,206,079

See the full chart on page [39](#).

What Happens After 2025?

Throughout this report, we are highlighting the work we did in 2021, what we have learned from that work, and what's next as we continue to refine our approach to sustainability across Xylem's value chain.

In 2019, we re-set our approach to sustainability and established our 2025 goals. These goals embraced the idea that our sustainability outcomes and business outcomes are intertwined. Since then, we have made progress and learned continuously, and our practice has matured as:

- We progressively built a robust model for operationalizing sustainability across our organization – including integrating sustainability goals into our financing frameworks, functional ownership across supply chain, operations and product development, and integration into executive accountability and oversight;
- The world's water challenges have only intensified considering the impacts of climate change
- Both our stakeholders and our customers have increasingly encouraged – and even incentivized – us to deliver on our sustainability commitments;
- Our customers have continued to elevate and advance their own sustainability commitments – which, in turn, presents an opportunity for us;

The Environmental, Social and Governance (ESG) landscape has rapidly evolved and matured – looking to companies like Xylem to continue raising the bar on their sustainability strategies. Now, at the half-way point of delivering our 2025 commitments, we have taken the opportunity to step back and ask ourselves: “After 2025, what's next?”

We have challenged ourselves, assessed what we have learned, examined how the world and water sectors are evolving, and how we might position Xylem to anticipate challenges and opportunities beyond 2025. As part of this process, we asked ourselves two primary questions:

- How could we more tightly align our own business outcomes to meaningful sustainability outcomes?
- What sustainability challenges do our customers face to which we might more tightly align?

To answer both, we reflected on our experience – and our customers' experience – over the past several years:

- We refreshed our [Sustainability Materiality Matrix](#) in 2021 with input from a broad set of stakeholders. Across the board, stakeholders highlighted the potential for Xylem to offer Social and Environmental Impact Solutions as a unique opportunity to differentiate – in essence, more closely tying the impact outcomes of our solutions to economic value creation. We also saw that there is an ample opportunity to support others, such as industrial users of water, in their water stewardship journeys, and to leverage our leading

position to create a collaborative platform for the water sector to tackle these and other challenges.

- We looked to what challenges are driving conversation among our customers. As an example, utilities around the world are seeing mandates to reduce their GHG emissions – and, clearly, now is the time to act.
- And finally, just in the few years since we released our 2025 Goals, technology continues to advance. There are now solutions for some challenges that previously weren't addressable. And we are confident rapid advancements in technology will continue, helping us address challenges that seem formidable today.

This process produced an emerging framework for Xylem's sustainability outlook beyond 2025: the challenges our sector faces, and where our unique capabilities and technologies could have meaningful impact through the end of the decade.

Deriving the framework, we first combined the insights above with our commitment to the principle that Xylem should have positive impact in three areas: Serving our Customers, Building a Sustainable Company and Empowering Communities.

Then we distilled to three challenges we believe will be felt across our value chain: climate change, watershed resiliency and stewardship and equity. We believe we can have meaningful impact on all three of these challenges for our customers, our communities and our company.



Decarbonizing the Water Sector

Water is often discussed in relation to climate adaptation. Until recently, however, there has been less attention paid to the role the water sector can play in climate mitigation. It's estimated that approximately 10% of global GHG emissions can be attributed to four areas directly related to water¹.

- Water and wastewater management
- Organic matter and nutrients in surface water
- Peatlands
- Flooded agriculture (e.g., rice)

As several countries set their own Net-Zero targets, regulatory pressures to act, particularly on publicly managed water and wastewater utilities will increase. We have also seen many water utilities and water-sector leaders set their own Net-Zero targets over the past year.

We believe technology has an important role to play in the GHG transition across the sector, and Xylem is positioned to assist our customers in their journeys.

We also committed to setting our own 2050 Net-Zero target across Scope 1, 2 and 3. This includes partnering with our supply chain, improving our fleet, accelerating our transition to renewable energy, and measuring the CO₂ reduction our products can deliver. Our transition roadmap appears on page [25](#).

Watershed Stewardship and Resiliency

Of course, while we play our part to reduce GHG emissions, the impacts of climate change continue to be a reality. The IPCC has warned that to limit global warming to around 1.5°C, global GHG emissions must peak "before 2025 at the latest and be reduced by 43% by 2030". The most recent IPCC Working

Group III report finds that rapid transformations across all sectors and systems are necessary to avoid the worst climate impacts.

Resiliency and sustainability go hand in hand. Utilities must increase the resilience of their infrastructure in the face of a changing climate and increasingly extreme weather events. Both drought (scarcity) and flood events are increasingly common, and utility and municipal leaders are increasingly required to address both – often with constrained budgets and aging infrastructure.

Other critical users of water – including businesses, commercial buildings, residential users and agriculture – are also under pressure. They increasingly must consider their role in watershed stewardship – as responding to water scarcity and pollution requires whole-of-system action. We believe Xylem has the technology and capabilities to help our customers in these sectors as they address their own water stewardship challenges.

Equity

Finally, addressing climate change and water stewardship should lift all communities and advance SDG 6 – **providing clean water and sanitation for all**. We believe technology has a unique role to play in making water affordable for everyone and can further the equitable distribution of water and sanitation services. In addition, we forge partnerships – like those with our NGO partners – to provide to communities most in need.

Equity is also an essential component of our employees’ experience. Our 2025 goals outline our commitment to equity, which include assessing and addressing pay gaps across gender, racial and ethnic differences, creating a more diverse workforce, creating a rewarding and engaging workplace, and ensuring all employees have access to clean water and sanitation.

Decarbonization

Decarbonize the water sector and mitigate future climate impacts by reducing GHG released across our value chain and that of our customers.

Within Our Company:

Achieve Net-Zero (Scope 1, 2 & 3) before 2050 across our value chain

Serving Our Customers:

Reduce customers’ carbon footprint with Xylem curated solutions and leverage thought leadership to advance water’s Race to Zero

Empowering Communities:

Align philanthropic partnerships to decarbonization, focusing on nature-based climate solutions

Resiliency & Stewardship

Create resiliency against the impacts of climate change already underway by providing innovative technologies and solutions to address the water challenges we face and protect regional watersheds – setting the example as a corporate water steward and community partner.

Within Our Company:

Lead the standard on corporate water stewardship practices and share that methodology with others on the watershed

Serving Our Customers:

Utilize Xylem technology to improve resiliency by:

- Mitigating the impacts of severe storm water events
- Increasing reuse of water within a watershed
- Reducing the impacts of emerging contaminants

Empowering Communities:

Create community impact programming dedicated to Xylem’s highest climate risk facilities and engage water sector talent

Equity

Strive for all people to have equitable access to water and sanitation services and have a voice in design and management of those services. Additionally, lead by example by creating an organization centered on diverse representation and inclusivity.

Within Our Company:

Champion diversity, equity and inclusion across the value chain

Serving Our Customers:

Advance equitable access to water and sanitation through our solution offerings and strategic partnerships

Empowering Communities:

Engage youth and strengthen the participation of underserved and underrepresented communities in water and climate action

As we continue to execute on our 2025 Goals, this framework will guide our future sustainability commitments and the targets we set for ourselves, in areas where we think Xylem can have high – sometimes unique – impact. We view sustainability as a continuing, evolving journey. We have a responsibility to continue refining our approach, finding even deeper alignment between Xylem’s capabilities and the sector’s imperatives.

Innovation, Partnership & Sustainability

While the challenges we face are significant, we know meaningful change is possible – with the right partnerships and a shared commitment to advancing technology and solutions. We work with a diverse set of global partners to inspire, innovate and ignite action. When we talk about innovation at Xylem, we mean much more than producing novel technology with real world applications. We apply innovation to the way we work, the way we partner, the application of technology and the way we address existing challenges. For us, innovation, partnership and sustainability go hand in hand.

This past year, we have harnessed innovation, partnership and sustainability to discover and create innovative technology and solutions, further expand water awareness and education around the world, invest in and develop talent for the sector and Xylem and continue to step up the collective sector commitment to address the world's water challenges.



Innovation

Innovative solutions require innovative partnerships and approaches.

- [Launching Xylem Innovation Laboratory](#), working with early-stage technology
- [Partnering with venture capital](#) to invest and pilot early-stage water technology development
- Deepening partnership with Imagine H₂O to support entrepreneurs pioneering sustainable solutions for the water sector
- Further expanding university innovation partnerships to include International Centre for Clean Water (ICCW) at India Institute of Technology Madras

Awareness & Education

Our voices are more powerful together.

- Leveraging Manchester City Football Club partnership, to inspire wide-spread awareness and action on water challenges
- Announced our new Reservoir Water Center, co-located with our new global HQ, to further advance and lead collaboration across water sector partners

Investing in Talent

The future of water relies on future generations of talent.

- Over 25 years supporting the Stockholm Junior Water Prize and continued growth of our [Ignite Youth program](#)
- Partnering with universities and programs like WEF InFlow to bring top talent and ideas into the water sector
- Expanded talent recruitment to include previously untapped sources of diverse talent

Stepping up the Commitment

Significant challenges require significant shared commitments.

- Help lead Water's Race to Zero through technology, advocacy and partnership, including active participation in COP26 inaugural Water Pavilion
- Provide industry-leading thought leadership with partners

CHAPTER 4

Operations

More transparent reporting on performance metrics combined with continuous improvement measures helps translate Xylem's integrated sustainability strategy into sustainable operations. In 2021, we committed to setting Science-Based and Net-Zero targets across our value chain. We conducted a Scope 3 screening and have identified additional areas where we need to focus our GHG, water and waste reduction efforts in the future – continuing to partner with our customers and suppliers in creating a more sustainable world.



Operations

What We Did 	What We Learned 	Where We're Going 
<ul style="list-style-type: none"> Significantly increased the number of major facilities meeting our 2025 water recycling goal Conducted waste to landfill audits at 6 major facilities to accelerate our performance toward that goal during 2022 Reduced Scope 1 and 2 GHG emission intensity by 12% and water use by 22% versus 2019 	<ul style="list-style-type: none"> Recognized the importance of our fleet's direct fuel consumption and the need to expand our efforts in fleet electrification Identified the need to accelerate the procurement of renewable heat and natural gas supply for some large facilities 	<ul style="list-style-type: none"> Providing even more robust facility data Developing better tracking and calculations for energy efficiency improvements Establishing more nuanced and facility-specific GHG and water targets

Xylem has 44 manufacturing facilities in 19 countries which produce over 42 product lines for customers in over 150 countries. Across this diverse set of facilities, we aim for consistent advancement of sustainability targets to reduce our environmental footprint and create a safe and inclusive workplace for our colleagues. Our 22 major facilities are defined as those facilities with manufacturing activities that are **the top contributors to Xylem's water, waste, or GHG metrics or located in areas with extreme high water-stress risk.**

While our 2025 Sustainability Goals target specific facilities and focus areas, our sustainability and safety practices are applied across all our facilities – over 350 facilities – around the world. The COVID-19 pandemic accelerated what we already knew – localized and resilient manufacturing is critical to our ability to withstand potential shocks. Our efforts over the last 10+ years in building a more resilient and sustainable operational footprint have certainly paid off.



Water & Effluents



2025 Goals

100% process water recycling at major facilities



Progress

8/22 facilities

As a company focused on solving water issues, we consider our own water use and its impact on the environment as a critical component of our sustainability strategy. While water use does not play a major role in our operational environmental impacts, we're nonetheless committed to reducing the impact via reduction or reuse, especially in water-stressed regions, and are well positioned to lead with best practices in water stewardship.

When compared against our 2019 baseline year, **Xylem achieved a 22% reduction in water use in 2021, amounting to 26 million gallons and**

4.4% less than in 2020. In 2021, we recycled twice the amount of water that we did in our 2019 baseline year and six times more when compared to five years ago.

The World Resource Institute's Aqeduct™ tool and a [2021 TCFD scenario analysis](#) of Physical Risks identified approximately 25 Xylem facilities are in high water-stressed regions.

- When compared to our 2019 baseline year, 2021 total water use in our facilities in Cape Town, South Africa and Irvine, California **increased about 1.1 million gallons**, mainly due to increased operational activity. During that same time period, **relevant reductions were achieved in 14 of our high water-stressed facilities.**
- Compared to 2020, **2021 water use decreased approximately 5% (0.5 million gallons)**, mainly driven by reductions associated with operations in Santiago, Chile and efficiencies and activity reductions in Vadodara, India, partially related to COVID-19 pandemic impact. Additionally, **11 facilities achieved smaller reductions through strategically targeted water saving initiatives**, such as process water recycling, low flow toilets, urinals and showers, that will continue to be implemented across our remaining facilities.





The table below highlights our efforts to reduce our total water intensity, which decreased from 84.4 m³ per million \$USD of revenue in 2019, to 73.3 m³ in 2020 and 65.8 m³ in 2021 respectively. This reflects an aggregate decrease of 32% reduction in water intensity over the past 5 years.

Water Discharge and Intensity and Water Consumption (in megaliters)

	2019 Baseline Year	2020	2021
Total Water Withdrawal	442.9	357.8	342.1
Total Volume of Water Recycled and Reused	51.8	58.5	121.4
Total Water Treated and Released	56.7	53.6	56.5
Total Sales (MUSD)	5,250	4,880	5,200
Total Water Intensity	0.0844	0.0733	0.0658
Percentage of water recycled and reused	11.7%	16.4%	35.5%

[CDP](#) has recognized our efforts in water sustainability and stewardship at the Leadership level for implementing current best practices with a score of A- for the past two years.

Xylem was a member of the Climate Disclosure Standards Board Technical Working Group on Water-Related Disclosures and provided guidance and feedback on the content of the publication, Application Guidance for Water-Related Disclosures. This technical guidance will form part of the evidence base as the International Sustainability Standards Board develops its IFRS Sustainability Disclosure Standards.

Waste Reduction

While our technology and solutions provide critical tools for our customers to improve their own operational efficiency, we remain equally focused on the impacts of our own facilities. We are keenly aware of the role of sustainable waste management in reducing GHG emissions and we adhere to the waste management hierarchy (i.e., prevention, reduction, reuse, recycling, energy recovery and lastly, treatment and disposal) when addressing wastes at our facilities.

Waste reduction is central part of our sustainability commitments and allow us to lead the water sector by example. From our 2019 baseline year to 2021, the amount of waste generated by our operations decreased slightly (2%). During this same period, the amount of waste sent to landfill decreased by 22% and the waste being recycled or being treated/reused/recovered (referred as waste to non-landfill) increased by more than 4.8%. The difference between 2020 and 2021 included a 4% increase in total waste generated, a 2% reduction in waste sent to landfill and a positive 6.2% increase for waste recycled and sent to non-landfill.

We made notable progress towards our 2025 goal of zero process waste to landfill with six facilities already achieving this goal, including Montecchio Italy, Shenyang, China and Dubai, UAE added in 2021. Our waste reduction strategy centers around working with our suppliers to reduce packaging, segregating waste streams more comprehensively, implementing increased or new recycling practices or on-site reuse of certain materials considered wastes in the past -all which have been crucial in achieving this goal ahead of schedule.

We have continued to also measure and reduce the waste associated with product packaging. See page [60](#) for further information about our sustainable packaging efforts.

Waste by Type and Disposal Method (metric tons)

	2019 Baseline Year	2020	2021
Non-Hazardous Waste Recycled	21,772	21,570	22,421
Non-Hazardous Waste to Non-Landfill	1,557	1,435	1,653
Non-Hazardous Waste to Landfill	9,132	7,295	7,140
Total Non-Hazardous Waste	32,461	30,300	31,214
Hazardous Waste Recycled	399	289	377
Hazardous Waste to Non-Landfill	958	1,090	1,437
Hazardous Waste to Landfill	111	43	23
Total Hazardous Waste	1,467	1,422	1,837
Total Waste Recycled	22,171	21,860	22,798
Total Waste to Non-Landfill	2,514	2,525	3,090
Total Waste to Landfill	9,243	7,338	7,163
Total Waste	33,929	31,723	33,052

Energy & Emissions



2025 Goals

100% Renewable Energy at major facilities

Develop 1.5°C science-based targets for GHG reduction (Scope 1, 2, 3)



Progress

12/22 facilities

Committed, targets currently being finalized

As a sector leader, we are compelled to partner with our customers to use technology and solutions to address the water sector's global emissions. See page [58](#) for more information on these efforts.

We've set ambitious goals around harnessing the power of renewables at our own facilities and have made significant progress in achieving them:

- During 2021, 86% of indirect energy used in our 22 major facilities was from renewable sources
- 12 (55%) of our 22 major facilities are using 100% renewable energy
- The net GHG emissions intensity for 2021 was 5% lower than in 2020, but more importantly, it represents a 12% reduction in net GHG emissions intensity versus our 2019 baseline across Scope 1 and 2 emissions

We've made progress towards these goals primarily by prioritizing and implementing energy reduction strategies and projects like using more efficient methods for key production equipment, installing more LED lighting in our facilities, increasing the use of biofuels, procuring more green energy, and preferring options with low or no GHGs emissions when available.

When comparing 2021 total energy consumption versus our 2019 baseline year, there is an increase of approximately 7% mainly due to the improvement in the reporting of combustibles like natural gas and diesel used in small facilities that had limited reporting in previous years. Due to disruption caused by the COVID-19 pandemic in 2020, the higher difference versus 2021 (11%) was driven by the gradual increase of activity when COVID-19 restrictions started to lift. The tables below provide detailed metrics on our energy consumption and Scope 1, 2, and 3 GHG emissions.



Energy Consumption

	2019 Baseline Year	2020	2021
Direct Energy By Type (MWh)			
Renewable Electricity Generated	1,031	1,036	1,203
Natural Gas Used	100,175	88,545	116,305
Stationary Sources Gaseous Propane	0.4	0.0	10
Stationary Sources Liquid Propane	2,318	3,249	2,206
Stationary Source Fuel Oil	5,419	7,237	8,671
Total Stationary Energy Usage (MWh)	108,943	100,067	128,396
Mobile Source Gasoline	4,612	3,879	8,237
Mobile Source Diesel	76,993	71,652	80,510
Mobile Source Liquid Propane	0.16	0.71	0.71
Total Mobile Energy Usage (MWh)	81,605	75,531	88,748
Total Direct Energy Usage (MWh) = Stationary + Mobile (MWh)	190,548	175,598	217,144
Indirect Energy by Type (MWh)			
Purchased Electricity	167,232	166,988	162,410
Purchased Heat	8,498	8,282	10,939
Total Indirect Energy Usage (MWh)	175,730	175,269	173,350
Total Energy Consumption (MWh)	366,278	350,868	390,493



Scope 1 Emissions

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

	2019	2020	2021
Natural Gas Used	18,158	16,050	21,082
Stationary Sources Gaseous Propane	0.1	0.0	2
Stationary Sources Liquid Propane	485	680	462
Stationary Sources Fuel Oil	1,365	1,823	2,185
Cryogenic CO ₂	1.3	1.3	1.5
Refrigerant Use	532	183	133
Total Stationary GHG Emissions	20,543	18,738	23,866
Mobile Source Gasoline	1,212	1,019	2,165
Mobile Source Diesel	20,713	19,276	21,659
Mobile Source Liquid Propane	4	18	18
Total Mobile GHG Emissions	21,929	20,313	23,842
Total Direct GHG Emissions	42,471	39,051	47,707

Scope 2 Emissions

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

	2019	2020	2021
Purchased Electricity	48,354	48,130	42,093
Purchased Heat	1,773	1,809	2,476
Total Indirect GHG Emissions	50,127	49,939	44,569
Scope 2 Location-Based	50,127	49,939	44,569
Scope 2 Market-Based	28,763	24,766	18,214

Scope 3 Emissions

Scope 3 Indirect Emissions (metric tons CO₂ equivalent)

	2019	2021
Category 1 – Purchased goods and services	1,978,871	2,051,168
Category 3 – Fuel and energy-related activities	20,643	2,563 ¹
Category 4 – Upstream transport	251,410	272,265
Category 5 – Waste generated	6,050	6,776
Category 6 – Business travel	11,653	2,182
Category 7 – Employee commuting	20,400	20,400
Category 9 – Downstream transport	45,026	56,518
Category 11 – Use of sold products ²	69,500,776	58,794,207
Total for Scope 3 Emissions³	71,834,829⁴	61,206,079

¹ Transmission and distribution only.

² Category 11 decrease in 2021 versus 2019 is primarily due to timing of large project installations within Custom Pump portfolio.

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

⁴ Retroactively calculated to establish 2019 SBT baseline. Did not retroactively calculate 2020 metrics.

GHG Calculation Methodology

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

- **Scope 1:** Direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by Xylem (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).
- **Scope 2:** Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Xylem uses the market-based methodology for calculation of our Scope 2 emissions, which considers any contractual instruments that may be used in competitive energy markets, such as green tariffs, renewable certificates, or PPAs.
- **Scope 3:** Indirect GHG emissions occurring from assets not owned or controlled by Xylem but are directly impacted by our value chain. Scope 3 emissions include all sources not within Xylem’s Scope 1 and 2 boundaries, as outlined by the GHG Protocol.

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

Scope 1, 2 and 3 select data in the above table were externally verified by Lloyd's Register, and our verification certificate can be found in the Report Index on page [104](#). We work to continually update our methodology, visibility and accuracy, and update results as appropriate each year.

Total Greenhouse Gas (GHG) Emissions Intensity

(metric tons CO₂ equivalent/annual revenues in millions USD)

	2019	2020	2021
Total GHG Emissions (metric tons CO ₂)	92,598	88,990	92,276
Total Sales	5,250	4,880	5,200
Total GHG Emissions Intensity	17.64	18.2	17.75
Purchased Renewable Energy Credits (mtCO ₂ e)	17,605	24,515	25,987
Renewable Electricity Generated	681	652	605
Renewable Purchased Heat	6	5	1,039
Net GHG Emissions (including renewable electricity)	74,306	63,817	64,645
Total Net GHG Emissions Intensity	14.15	13.08	12.43

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	2021
Volatile Organic Compound (VOC) Emissions (metric tons)	89.4	81.1	81.8

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

Other GHGs Emissions (tonnes)

We estimated the following additional GHG emissions in 2021.

	CO ₂	CH ₄	N ₂ O
2021	69,193	17	85

GHG-Related Sustainability Projects Tracked in 2021

Recommended Projects	Pursued Projects	Diverted Carbon Emissions (tons)	Saved Energy (kWh)
49	14	210	338,000

In 2021, we identified 98 projects with the potential to reduce our water, waste or GHG footprint. 49 of those projects were related to reductions in GHGs, 43 to water and 6 to waste. We invested in 14 energy and GHG reduction projects that resulted in the reduction of approximately 338,000 kWh per year of electricity and 210 tons per year of GHG emissions.

Examples of projects include:

- Installation of solar panels,
- Upgrade to LED lighting,
- Replacement of equipment (e.g., ovens, cleaning equipment) for more efficient models, and
- Improvement of docks seals and other energy saving measures.

Renewable Energy Purchases

As of year-end 2021, 80 Xylem manufacturing facilities and sales offices purchased or generated electricity from renewable sources, which accounts for 75% of our electrical energy use. In addition to purchasing renewable electricity, our Kolding, Denmark facility uses bio natural gas in its operations. Our Herford, Germany facility also uses bio natural gas, and our other facilities in Germany use carbon neutral natural gas. Additionally, the heat purchased by our Emmaboda, Sweden facility is procured from a renewable source.

Business Travel

In 2021, due to the ongoing COVID-19 pandemic, business travel continued to be limited to business-critical activities which could not be accomplished remotely. Business travel reduced 27% from 2020 and 81% when compared against our 2019 baseline year. Widespread use of video meetings and virtual conferencing technology has created new patterns of business behavior. These digital alternatives to analogue encounters have been widely adopted under lockdown-driven duress and their legacy will endure and most likely expand.

Fleet Electrification

In 2021, we set ambitious electrification targets for our current fleet of approximately 2,700 cars, trucks and vans. By 2025, we will have:

- 100% of our passenger vehicles transitioned to electric or hybrid plug-in solutions
- 80% of our global fleet (which includes service vans and trucks) transitioned to electric or hybrid plug-in solutions

The first year of our Fleet Electrification Program exceeded our expectations for reducing fossil fuel consumption while fostering a more sustainable and affordable fleet. The program was first implemented in Europe and is currently rolling out in North America. This program has also provided cost savings benefits, including reduced fuel purchases-- critical since fleet diesel and gas purchases for fleet are becoming a larger percentage of our Scope 1 emissions. We estimate these efforts will reduce our fleet-related emissions by 90% by 2030. Since implementation, we have seen the following fleet emissions reduction:

- Europe: 31% reduction in GHG emissions
- North America: 19% reduction in GHG emissions



Health & Safety



Goal

Reduce injury frequency rate* to an incident rate of 0.5 or below



Progress

Our injury frequency rate was 0.66, a 0.02 increase from 2020 and flat from our baseline in 2019. Our path to achieving this goal in 2025 will require a decrease in this rate to 0.60 in 2022 and 0.54 in 2024, ultimately bringing us to 0.50 in 2025.



*Injury frequency rate defined on page 99.

Safety for all employees is a core value at Xylem. It is reviewed at all levels of the organization, included in management performance assessments and day-to-day operational culture. Proactive activities that reinforce our safety culture include Safety Week, where our CEO Safety Awards are announced and when we engage our teams in personal discussions about being safe both at work and at home.

We have set ambitious goals around improving workplace safety and have taken important steps in achieving those goals. Our motto is “Accept Only Zero”. In 2021, 49 of our facilities recorded zero accidents, while 53 of our facilities reduced their injury and illness rate by 50%. We also met several Health & Safety milestones in 2021 including our Querétaro, Mexico, Bogotá, Colombia and São Paulo, Brazil facilities achieving five years without any recordable incidences.

While our progress towards achieving these goals has been modest, we’re implementing new initiatives to improve our processes and achieve higher levels of safety than ever before. These next steps include:

- **Expanding our digital connected safety (DCS) program:** Providing tools that enable our teams to continuously improve and track our reductions of risk for such items as contractor safety, safety activities, strength of defense matrix, employee on boarding and safety and health alerts.
- **Strengthening of Defense Matrix:** Incorporating a decision matrix approach to help guide facilities on establishing tangible and concrete actions and processes.
- **Developing Supplier Qualification and Safety Program:** Creating a strategic partnership with a global supplier management platform to consolidate our efforts to prequalify, train and certify appropriate suppliers. This will reduce risks, increase safety and protect our reputation, which is consistent with our focus on building resilience and sustainability in our supply chain.
- **Creating Safety Alerts:** Communicating safety alerts and requiring facilities to mitigate risk related to an incident or to act on opportunities identified by global safety. This application allows us to track percent completion of actions and to share results directly with key stakeholders in other facilities so that they can also act upon key learnings.

WASH Access for Employees



Goal

Ensure 100% of employees have access to clean water and safe sanitation at home and during natural disasters



Progress

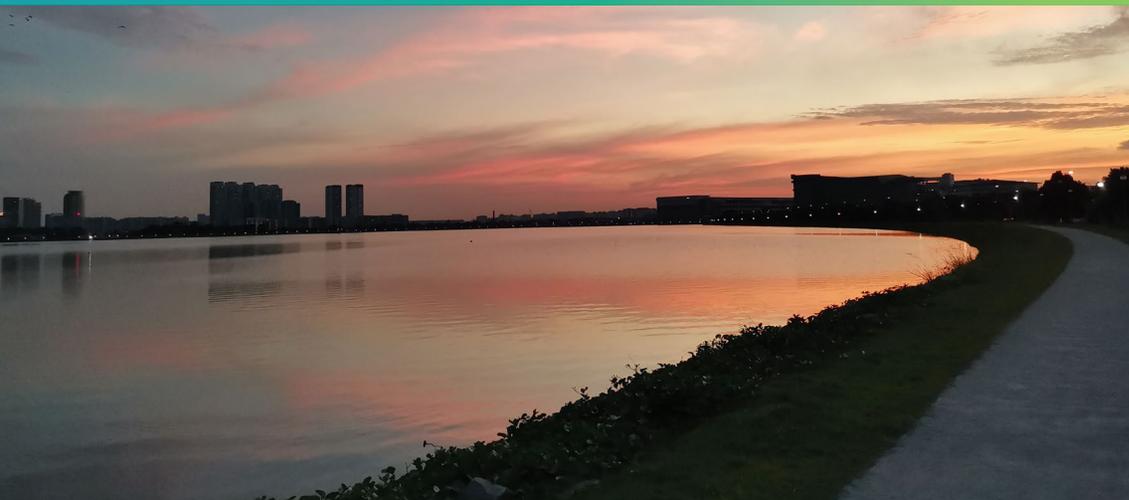
Continuing to expand survey assessment across geographic regions

As a signatory to the WASH4Work program, we ensure that every employee has access to safe water, sanitation and hygiene (WASH) at work. To ensure this, we test the quality of drinking water at our facilities on at least an annual basis and provide clean and adequate washroom facilities for all employees.

As part of our 2025 Sustainability Goals, we took WASH a step further to include access to safe drinking water and sanitation at home and during natural disasters. We are continuing to build capacity to better understand our employees' WASH situation outside of the workplace in a manner that is respectful to employee privacy.

After launching our first pilot program in 2020, surveying a targeted employee population in India, we expanded our work to survey another employee population in South Africa in 2021. In both cases, we found differences in the WASH challenges faced in the communities that our employees live and work, and each required different solutions.

We are in the process of standardizing our approach to this program and will continue to launch into other regions, targeting those regions at highest risk for WASH challenges. 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 assistance.



CHAPTER 5

Supply Chain

Creating and maintaining a sustainable supply chain is good for business and good for the planet. We collaborate with our Supply Chain partners on our sustainability journey to develop our collective impact. Our partners are expected to behave ethically, responsibly and sustainably in ways that ensure that our activities, products and services support the environment and society over the long term. Together, we're striving for a more sustainable world.



Supply Chain

What We Did 	What We Learned 	Where We're Going 
<ul style="list-style-type: none"> Onboarded more than 420 suppliers representing 35% of global spend to the WASH4Work Pledge Exceeded supply chain disclosure targets with both EcoVadis and CDP Further expanded diverse supplier spend in the U.S. 	<ul style="list-style-type: none"> It remains critical to engage procurement professionals at every level to successfully integrate Sustainability in our Category Strategies and procurement processes Developing tailor-made approaches to educate and support our suppliers at different maturity levels of data disclosure, target setting and performance improvement Considering probabilistic risk, together with spend, as criteria for prioritizing supplier sustainability assessment 	<ul style="list-style-type: none"> Understand and tackle our Scope 3 GHG footprint, finalize emissions baselines and develop near-term Science-Based targets as a step towards a long-term Net-Zero target Continue to expand our Tier 2 Supplier Diversity Program to drive Tier 1 suppliers' buying behaviors and maximize Xylem's impact Continue to integrate sustainability in our Category Strategies, Project Management and Supplier Relationship Management Practices



Transparency & Risk Management



Goals

Engage suppliers in sustainability initiatives through audit programs and corrective action plans

Require suppliers to disclose sustainability information via EcoVadis or equivalent



Progress

40% of suppliers identified as critical were evaluated and sustainability risk was mitigated

31.2% of global spend (+250 suppliers) have completed the EcoVadis assessment;

16.2% increase from 2020

With more than 10,000 suppliers supporting our global procurement and production efforts, we understand that partnering with our suppliers to create transparency and accountability in the supply chain is critical to conducting our business responsibly. Our standard of excellence in ethics applies to all our suppliers, who are required to strictly adhere to our [Supplier Code of Conduct](#). Consistent with our procurement processes, all suppliers are required to act in accordance with our business standards, product quality, process capabilities and commitment to sustainability.

Since 2020, we have partnered with EcoVadis to assess the performance of our supply base on Labor and Human Rights, Environment, Ethics and Sustainable Procurement. With this program, we look to increase our transparency and help our suppliers track and improve their performance year over year. In 2021, we started reviewing scorecards with our suppliers and have requested Corrective Action Plans from our suppliers with scores below expectations. By the end of 2021, 69% of the suppliers who were re-evaluated had improved their score and 15% remained stable; our average supply chain base performance score has improved since 2020.

The COVID-19 pandemic continued to delay the launch of on-site Sustainability audits. However, we continue to use virtual Supplier Quality audits and EcoVadis desktop audits to assess and mitigate sustainability risks at suppliers. Additionally, we invested in a new tool to map sustainability risk, by industry and country, for 80% of our supply base by spend. We will be using, together with spend, sustainability risk as the criteria for prioritizing annual supplier sustainability assessments. We will be further strengthening our Procurement Team's knowledge of sustainability risk and corrective action planning through training this year. This will improve our ability to support our suppliers in assessing their sustainability performance. Whenever necessary, we will conduct on-site sustainability audits to assess suppliers' social and environmental performance and to mitigate risks.



Conflict Minerals Program

As a manufacturer of heavy industrial goods, we use tin, tungsten, tantalum, and gold (3TG) in many of our products. For example, we produce seals that contain tungsten and electronics that contain tin and gold. Over the past five years we have worked diligently to comply with US SEC requirements regarding the sourcing of these materials. In 2021, utilizing a third-party service provider, we surveyed more than 3,300 in-scope suppliers and received a 65% response rate up from 58% in 2020. See our [Conflict Minerals Policy Statement](#) to learn more.

Climate Risks & Opportunities



Goal

Require suppliers to disclose Scope 1 & 2 GHG emissions and water usage via CDP Supply Chain



Progress

24.1% of global spend (125 suppliers)

Program launched in 2021

Xylem launched our CDP Supply Chain program in 2021, inviting more than 120 suppliers to calculate and disclose GHG emissions and water usage. We closed the disclosure cycle achieving an 80% response rate. Almost 25% of our supply base by spend has disclosed their GHG emissions and/or water usage via our CDP Supply Chain program, which is a key driver in tackling our Scope 3 upstream emissions reductions and Net-Zero target.

MIT Upstream Logistics Decarbonization Project

A notable example of our teams dedicating resources and partnering with subject matter experts is the project kicked off in the Summer of 2021 with two MIT students enrolled in the Master of Science Supply Chain Management program. The students mapped Xylem's current inbound transportation activities, calculated our 2019 GHG baseline for inbound transportation and logistics and identified leading indicators for those emissions. As a result, we have been able to develop a strategy and roadmap to minimize our environmental impact in this category.

TCFD – Supply Chain

As part of our 2021 TCFD assessment, we reviewed physical risk related to our top 133 most critical suppliers by spend. Based on this assessment, it is clear that Xylem's Procurement organization and supply chain play a key role in mitigating climate-related risks. Some key findings include:

- The vast majority of Xylem's Transition Risk (e.g., potential carbon pricing) lies in Xylem's supply chain, especially with purchased goods and services.
- The highest Physical Risk suppliers are located in India, Italy, Singapore, Mexico, China, Malaysia, and the United States.
- These highest Physical Risk suppliers are exposed to water stress, wildfire, cold wave and, in some cases, heatwave and hurricane risk. These findings confirm the need to address Physical and Transition Risks with our Supply Partners, and climate risk mitigation efforts are a key part of our supply chain resilience strategies.

Additionally, the students developed an emission estimation tool upon completing the supplier data collection, stakeholder interviews and activities mapping. This tool will be made publicly available to support Xylem and other organizations looking to reduce their environmental impact associated with upstream transportation emissions. The project is scheduled to conclude in the summer of 2022; we look forward to sharing our findings with our preferred logistics providers, including the need for expanding our scope and improving upon the dimensions in which data may be lacking.



Student: Jessica Yao Xiong, SCM 2022
 Student: Nora Lestari, SCM 2022
 Advisor: Dr. Josué C. Velazquez Martinez
 Sponsor: Xylem Inc.

Decarbonizing the Inbound Transportation Network



January 2022 Poster Session

Motivation / Background

Up to 90%
 Of a company's total emissions comes from its **supply chain and operations activities** (GHG Protocol, 2021)

15% - 20%
 Of the world's collective emissions are derived from **transportation and logistics** (National Geographic Society, 2020)

About Xylem Inc. (xylem inc., 2021)



To decarbonize its global operations, Xylem aims to...

- Reduce its CO₂e footprint by 2.8 million metric tons by 2025
- Minimize emissions impact in its logistics operations and in those of its logistics suppliers

40 Countries | 360 Locations | 4 Business Lines

Key Question / Hypothesis



- What is the **environmental impact** of Xylem's upstream supply chain?
- What are the **trade-offs** amongst cost, customer service level, and carbon emissions?
- How can Xylem **minimize these upstream supply chain emissions**?

Relevant Literature



Methodology

Our capstone consists of three stages:

- Establish the Scope 3 emissions baseline:** Calculate emissions based on key processes and map the inbound transportation network.
- Identify hotspots and conduct trade-off analysis:** Identify emissions drivers, develop trade-off scenarios, and determine leading indicators.
- Develop emissions reduction recommendations and a high-level roadmap:** Create optimization model, define future strategies, and prioritize recommendations in a high-level roadmap.

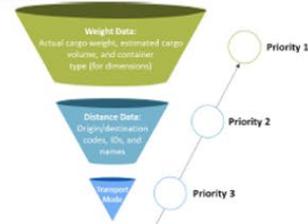
Available data: Unavailable (grey), Insufficient (red), Deficient (orange), Sufficient (green)

Fuel Consumption	Weight / Volume	Distance
Transport Mode	Spend	Processes

Activities-based Approach

NTM $Total Emissions = Emission Factor * Distance + [Fuel Consumption_{emissions} * (Fuel Consumption_{fuel} + Fuel Consumption_{emissions}) * Load Factor]$

Activity	Distance	Fuel Consumption _{emissions}	Fuel Consumption _{fuel}	Fuel Consumption _{emissions}	Load Factor
TL	1,100	0.12	0.12	0.12	0.12
TR	1,100	0.12	0.12	0.12	0.12
TL	1,100	0.12	0.12	0.12	0.12
TR	1,100	0.12	0.12	0.12	0.12
TL	1,100	0.12	0.12	0.12	0.12
TR	1,100	0.12	0.12	0.12	0.12



Initial Results

So far, we uncovered the following insights:

- Unstandardized processes and **decentralization** cannibalize opportunities
- UK, Sweden, China, and South Korea** are high emissions origins due to long-distance hauls and order volumes using >60% air
- Australia, Peru, and Nigeria** are high emissions destinations, relying on >40% air and trucks for intercontinental transport
- US and Germany** are the most emissions-dense origins due to expedited and heavy shipments using ~100% air or road freight
- Pre-carriage and post-carriage favor trucks (~98%) while main haul favors air (~45%)
- Clear **seasonality** in emissions exist during summer months and financial period ends
- A significant spike occurred between 2020 and 2021 due to **additional rush shipments**



Expected Contribution

Our research contributes **thought leadership** to the sustainable supply chain domain through the following actions:

- Develop **replicable network maps** to baseline emissions
- Test and enhance established estimation methods
- Create an **innovative Scope 3 emissions calculation and optimization tool** that identifies hotspots and trade-offs
- Pioneer a comprehensive approach to recommending carbon emissions reduction initiatives
- Cultivate a **proven framework and customizable roadmap** to shape a company's transformation journey

Jessica Yao Xiong



Nora Lestari



Supply Chain Diversity



Goal

Establish a Supplier Diversity Program and increase supplier diversity to 12% of total U.S. supplier spend



Progress

8.2% of U.S. spend, 1.2% increase from 2020

We are committed to making supplier diversity part of our strategic sourcing process by providing opportunities to diverse businesses to participate as partners and suppliers. To build our pipeline of diverse suppliers, Xylem collaborates with organizations across the U.S., including the National Minority Development Council and the Women's Business Enterprise National Council.

Maintaining a diverse supplier base builds business resilience by reducing risk and building the most qualified supplier base. This strategy allows Xylem to generate economic value and jobs in our communities, while also increasing competition and fostering innovation. We are proud to support diverse businesses and proactively seek to reflect the diversity of our communities and customers we serve.

In 2021, 8.2% of spend of goods and services sourced in the U.S. were provided by diverse suppliers. Xylem also wrote a Supplier Diversity Policy and created a Supplier Diversity website that allows for a more inclusive sourcing process and more active engagement from small and diverse businesses. We are now expanding our program to Tier 2 suppliers, which will help to drive Tier 1 suppliers' buying behaviors and maximize Xylem's impact.



Water/Stewardship Engagement, Community Impact Through WASH & Watermark



Goal

Require suppliers to take the WASH4Work Pledge for access to safe water, sanitation and hygiene (WASH) at the workplace



Progress

34.7 % of global spend (+400 suppliers)
15.7% increase versus 2020



Ensuring safe Water, Sanitation and Hygiene (WASH) across our supply chain is not only an integral part of our mission at Xylem, but it is also a key component of business continuity and supply chain resilience.



The [WASH Pledge](#) initiative, which Xylem joined in 2019, has been a great tool to address WASH standards and action on SDG6, within our Supply Chain.



Since January 2020, more than **400 of our suppliers** have committed to the WASH Pledge for the Workplace, **representing almost 35% of our supply base** by spend joining the program.

When the World Business Council for Sustainable Development transitioned the WASH Pledge to WASH4Work, Xylem was invited to join the organization as a member of the Steering Committee where we work together with the WASH4Work Secretariat and other Steering Committee members to continuously improve the Pledge program and its adoption.

“Xylem has set a new standard in mobilizing suppliers to take action on water, sanitation and hygiene (WASH) via the WASH Pledge, which will result in significant impact towards our global goal SDG6: universal access to safely managed water, sanitation and hygiene. We applaud Xylem for their commitment to WASH and for raising the bar on leading practice in corporate WASH stewardship”

Cheryl Hicks

Senior Advisor, WASH4Work
United Nations Global Compact CEO Water Mandate

Our Emerging Markets team led the way in 2021 and taken important steps to ensure safe WASH for all employees in our Supply Chain across the Asia Pacific region: The teams onboarded 200 suppliers to the WASH Pledge in 2021, the majority of which are in India.

At our 2021 Supplier Conference, we further engaged our Key Suppliers with WASH and Water Stewardship, by inviting all to join our [“Watermark Volunteer Challenge”](#). The challenge ran throughout the month of November, leading up to the conference. Partners were invited to donate to Planet Water Foundation, and to volunteer within their local communities. Xylem Watermark matched their efforts with extra funds to Planet Water. The challenge resulted in more than 100 different volunteering activities (tree planting, plogging, home water audits and more) taking place during the month of November, involving more than 470 people across 10 countries and raising \$93K for Planet Water.

We learned that more examples, tools, support and knowledge sharing is necessary going forward to support our supply partners in joining and implementing the WASH pledge program.

As a global Procurement organization at Xylem, we also look forward to further leveraging our Watermark events, partners and expertise on WASH to help our supplies tackle water stewardship across their own businesses, value chains and communities.

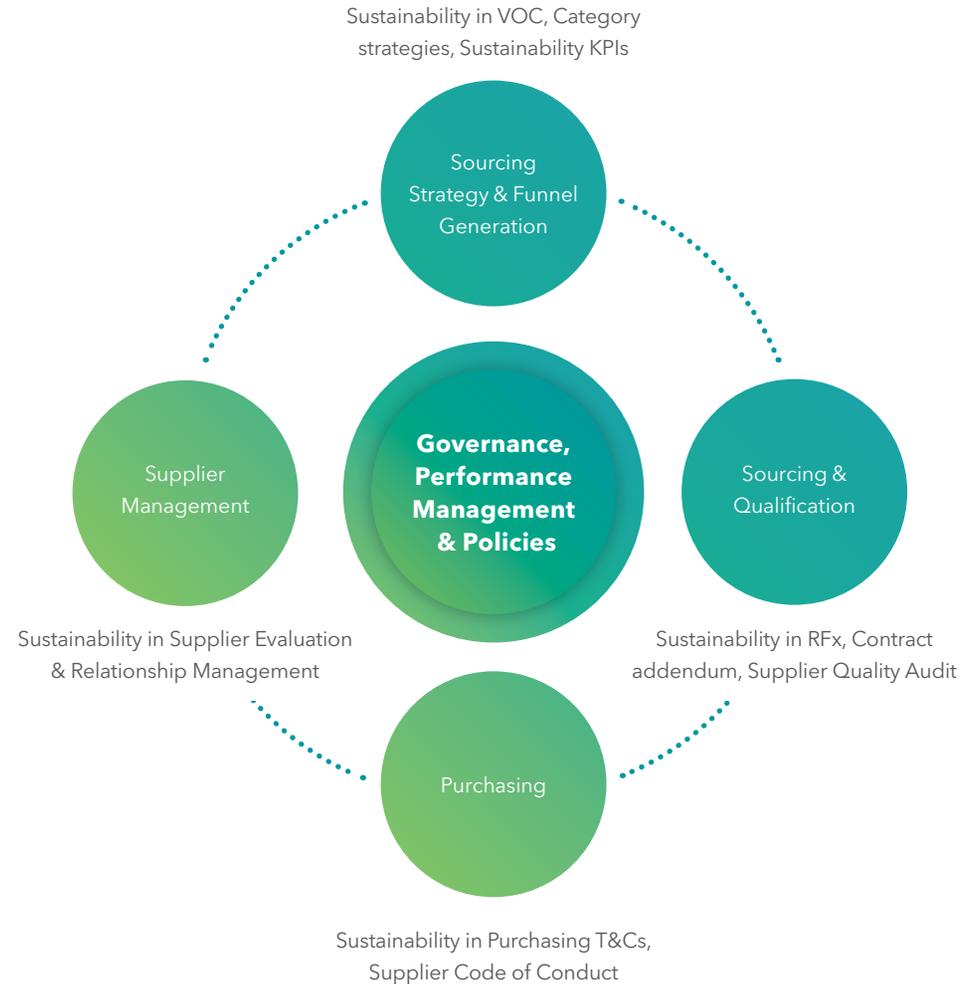


Safe WASH as Part of Supply Chain Resiliency

[Read the full story](#)

2021 Progression to Integrating Sustainability in Our Sourcing Processes

- Each of our Supply Chain Sustainability programs' targets have been cascaded across category and site procurement teams and embedded within our buyer's individual performance goals; progress is reviewed monthly during functional and business reviews. In 2022 we will focus our efforts in ensuring methodical inclusion of Sustainability and Diversity topics in our Category Strategy development and Project Management practices.
- We piloted addressing Sustainability via our e-Sourcing tool; In 2022 we aim to further implement this practice, as well as integrate Sustainability criteria in business and contract awarding.
- We further strengthened the Sustainability criteria of our supplier evaluation scorecard. Suppliers that refuse to participate in our Sustainability strategy by 2025 will no longer be able to be considered "Preferred", and therefore favored for new business opportunities. In 2022, we will keep on further strengthening how sustainability affects Supplier Relationship Management practices.
- We continued screening our Suppliers' Sustainability performance via EcoVadis and via our Supplier Quality Audits. Moreover, we prepared the ground for launching our on-site sustainability audits, dedicated to supporting our supply partners to improve their sustainability performance and mitigate environmental and social risks within their operations and supply chain.



CHAPTER 6

Product Sustainability

We are continuously improving how our products are designed, engineered and used, constantly looking for new ways to expand performance and quality requirements while using fewer resources across all our products' full life cycle. We recognize that decisions made in the product design stage have a large impact on its lifetime emissions by determining how easily a product can be repaired, upgraded, remanufactured or recycled at end of life. By integrating sustainability throughout the product development process and using a lifecycle assessment methodology, we continue to develop our response to our customers' needs while reducing our product footprint.



Product Sustainability

What We Did 	What We Learned 	Where We're Going 
<ul style="list-style-type: none"> Added additional products and projects to Customer Sustainability Goals calculations Built robust methodology for goal calculations and reporting Embedded sustainability into commercial efforts, including the product development process 	<ul style="list-style-type: none"> Increased customer focus on climate change mitigation and adaptation will influence product portfolio management Need for continued innovations to address our customer needs for sustainable solutions 	<ul style="list-style-type: none"> Include sustainability as a strategic pillar in the product design phase Enable availability of environmental data to serve customer needs

Our products, technology and solutions enable customers to contribute towards and perform on their environmental objectives, such as improve and optimize water and resource management and advance sustainability across the water cycle. We achieve this through our expansive heritage products, as well as innovating to create the next breakthrough technologies and solutions.



Handprint Assessment

Our innovative products and solutions help customers achieve sustainable environmental and social outcomes. Together with our customers, we are redefining water management and taking on the toughest water challenges of our time.

By focusing on meeting the needs of a positive handprint through our solutions, customers can reduce the environmental footprint impact of their operations, (e.g., carbon footprint). This is based on calculations of the positive environmental impact of a product or service throughout its life cycle versus “business as usual”.

To drive our progress, we have set ambitious 2025 Sustainability Goals to guide and measure our progress. These goals are based on our customers’ needs to reduce non-revenue water, treat water for reuse, sewage overflow prevention and reduce GHG emissions by optimizing energy consumption



How Do We Calculate Product Handprint – Lessons Learned Over the Last Year

The handprint calculations for use of sold products follow the Sustainability and Health Initiative for NetPositive Enterprise (SHINE) methodology developed by MIT Institute. The handprint methodology includes positive impact from customary use phase throughout products’ lifetime and handprints have the same unit as footprint. The SHINE Handprint framework encourages actors to go beyond “business as usual” to accelerate positive changes for sustainability. Xylem intentionally drives reductions in footprint versus “business as usual”. We drive innovations through development and partnership to further reduce product impact in use and to contribute with positive handprint to support customers to achieve their sustainability targets.

This year we have continued to embed sustainability into our key business processes to further integrate it in the way we operate. We have built robustness and transparency in how we manage reporting of the Customer Sustainability Goals by integration in the business reviews. This will enable us to show the positive handprint and meaningful steps Xylem takes to expand the sustainability impact through innovations. We have also taken an initial step to integrate sustainability into the commercial side of the new product development process. The aim is to capture customers’ needs and requirements in an early phase to continue to improve recyclability, reduce product footprint, while improving the handprint by using the lifecycle assessment methodology.



Leopold Texler™

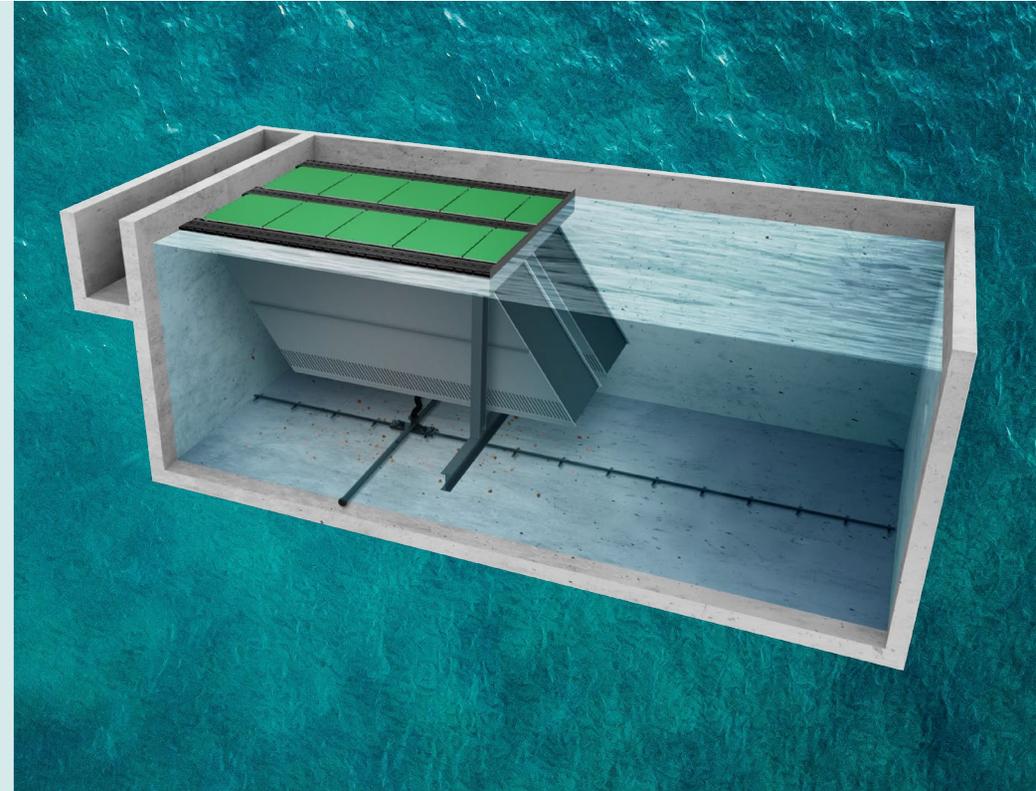
We have taken a holistic view to advance our solutions, including the environmental impact of our products over the entire life cycle through the product design phase. The Leopold Texler lamella clarifier launched in 2021 followed part of Lifecycle Assessment (LCA) process and applied Design for Sustainability tools to develop a more sustainable product to help customers reduce their environmental impact.

The Leopold Texler is a lamella clarifier used in water treatment plants to treat surface water from lakes and rivers. It efficiently removes up to 95% of solids while improving the filterability of the water during the clarification process.

During the design phase, the team focused on reducing the footprint while enabling customers to improve their environmental impact.

Footprint reduction

- 100% recyclable material
- More compact design reduces truckloads up to 70%
- Up to 80% GHG savings in raw material production by using innovative design



How Our Products Support Customers to Achieve Their Sustainability Goals

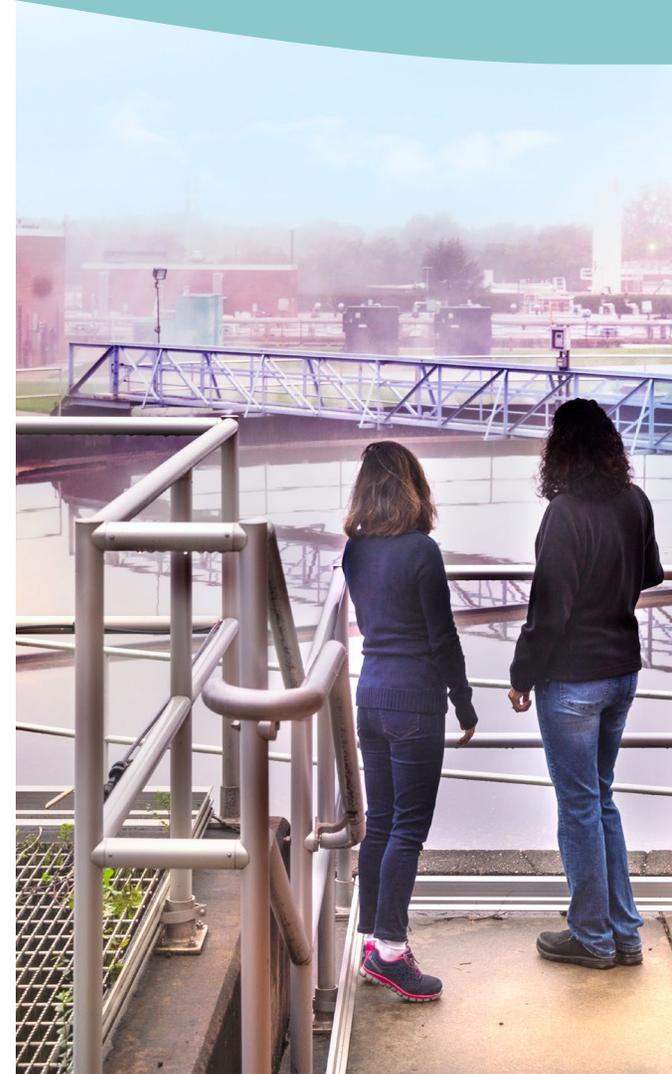
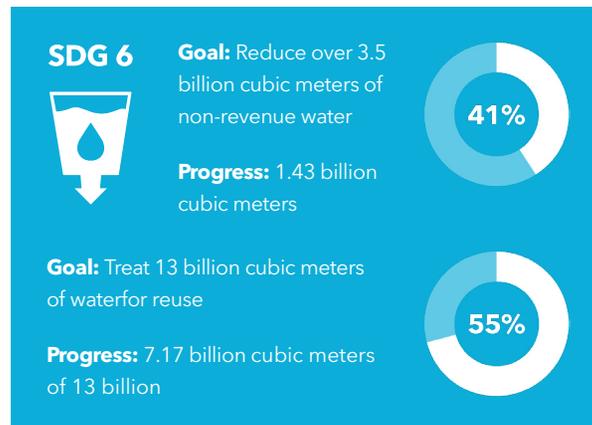
Our 2025 Customer Sustainability Goals are based on our customers' needs to reduce non-revenue water, treat water for reuse, sewage overflow prevention and reduce energy consumption and GHG emissions. The goals are driven by customers who want to meet their environmental challenges while supporting the communities they serve. We partner with customers to achieve their sustainability targets by offering efficient solutions and innovative technologies to reduce their water usage and carbon footprint.

When we initiated these goals in 2019, we had a handful of products contributing to each of the customer goals and aligned with the SDGs. As we are building robustness and transparency in the way we operate, we have matured calculation methodology, successfully added new innovations to the goals, and incorporated them into the quarterly business reviews. While adding new products, representing the breadth of Xylem's product portfolio, in close collaboration with MIT SHINE, we are further developing the methodology to calculate software and digital services positive handprint.

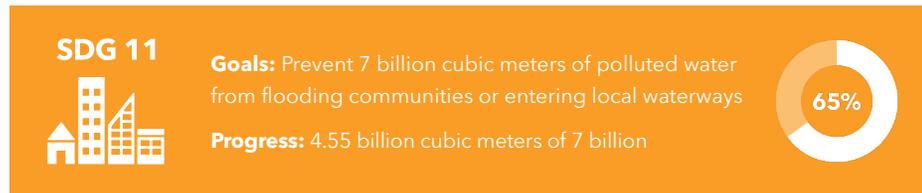
By their nature, our products and solutions deliver positive environmental impact, and support several of the SDGs:

SDG6: Innovative water meters from our metrology portfolio can detect lowest possible flow which otherwise would have been unbilled by utilities when using conventional mechanical meters. Xylem's innovative leak detection solutions aid to support utilities to detect leaks and pipe failures in time to enable systemic prevention and reduction of non-revenue water.

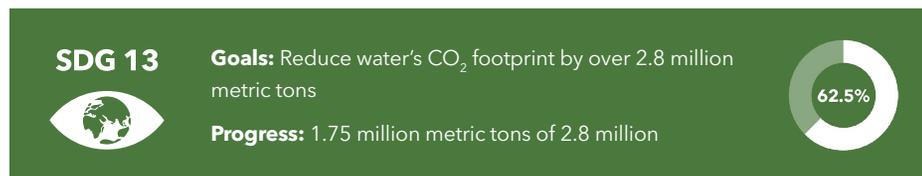
UV and Ozone products from our treatment portfolio are able to treat wastewater for reuse applications. These projects provide reusable water for direct potable, indirect potable and non-potable purposes.



SDG 11: Xylem dewatering pumps are being used for sewage pumping during planned and emergency events. Advanced Wastewater Network Optimization tools help cities from sewage overflow prevention into water bodies and surrounding areas with the help of level sensors, data analysis and intentionally constructed buffer tunnels.



SDG 13: Our highly efficient products help our customers to consume less energy from the grid and contribute to less GHG emissions. Our digital products and solutions further reduce energy consumption by ensuring optimal running hours based on the applications needs and reducing the number of unplanned emergency call responses.



Packaging



Goal

Ensure packaging material consists of 75% reusable, recyclable or compostable content



Progress

82% of packaging reusable, recyclable or compostable; 37% increase from 2020.

Multiple packaging initiatives have allowed us to maintain a high-quality customer experience while reducing waste from the packaging we use for the products we sell. These include adapting our packaging material to use certified renewable content, digitalizing product instruction manuals, using inks free of substances of high concern (e.g., heavy metals), and eliminating the use of foam and reducing plastic use for packaging filler.

We are moving to more sustainable packaging ensuring that at least 75% of the material is reusable, recyclable or has compostable content. In addition, we have moved to digitalized manuals which reduces the quantity of paper. Today, our major facilities around the world are using reusable and recyclable packaging to reduce our environmental footprint.



Future Xylem Product Sustainability

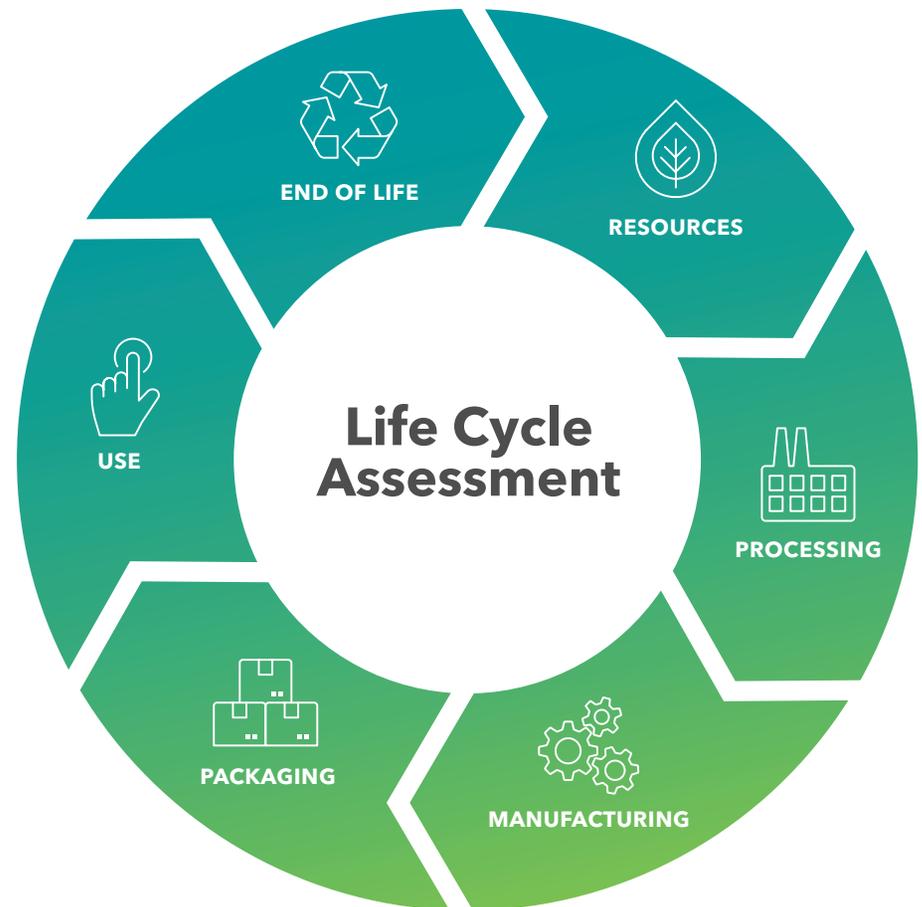
We have started to integrate the life cycle perspective in the overall management of product portfolios to understand and quantify the environmental benefits and impacts. Life Cycle Assessment (LCA) is a methodology designed to measure and quantify the end-to-end environmental impacts of a product.

We have built capabilities to apply LCA and will be able to conduct cradle-to-grave analyses of our products and provide comprehensive evaluations of all upstream and downstream environmental inputs and outputs. We will further implement LCA methodology in the way we operate when evaluating supply chain and design decisions.

LCA considers how raw materials are extracted; the consumption of the resources involved in planning or designing the product; materials and energy used during manufacturing, packaging, and distribution; impacts from using the product; and waste and pollution created throughout the process and at end-of-life. (ISO 14040 and 14044 standards)

We recently conducted a voice of customer campaign to understand how our customers are thinking about climate change, their pain points, and what solutions they are seeking from their vendors. We learned that our customers in all our end markets are increasingly focused on climate change, which we have seen through a rise in Net-Zero commitments and an increasing number of corporate water pledges. But at the same time, cost effectiveness and return of investment continue to take a front row seat in purchasing decisions, particularly for utilities.

We continue to assess how Xylem will be impacted by the Net-Zero transition and what risks and opportunities exist as part of that journey including updated our TCFD scenario review as required. Today, about 30% of our revenue is in countries that have enshrined Net-Zero into law, highlighting how critical it is for us to incorporate climate change as part of our commercial strategy. Sustainability is a key part of our strategic planning and investment decisions which will impact how we manage our portfolios to further support customers to achieve their sustainability objectives and targets in the markets we serve.



Product Safety

Our culture of safety and sustainability don't stop at our doors. Our 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.

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 facilities, 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. Nine product safety inquiries were reviewed and mitigated in 2021.



CHAPTER 7

Diversity, Equity, Inclusion & Talent

With more than 17,000 diverse employees serving customers in more than 150 countries, we know that to innovate, serve our stakeholders, and build a sustainable and resilient company, we must build the best team. One that brings diverse perspectives to make us more competitive and creates value for our customers, company and communities.



Diversity, Equity, Inclusion (DEI) & Talent

What We Did 	What We Learned 	Where We're Going 
<ul style="list-style-type: none"> Completed bi-annual global employee survey with 86% response rate and continued listening Focused on inclusive hiring and on-boarding experience Improved training opportunities in virtual, online and hybrid format and through unique on-the-job development opportunities 	<ul style="list-style-type: none"> Our purpose to solve water inspires employees and attracts new talent Must balance speed to fill positions and ensuring diverse slates are considered in a tight talent market Employees want opportunities to grow and develop their careers including training, leading Employee Network Groups (ENG), innovation projects, etc. 	<ul style="list-style-type: none"> Continued work on Enterprise actions based on survey results Equip people leaders to promote DEI throughout hiring process and provide high touch global on-boarding especially with remote and hybrid working arrangements Launching enterprise digital literacy program to support digital transformation



Goal	2021	Total Progress to 2025
Achieve 50% female representation in leadership positions* by 2030, 35% by 2025, through merit-based retention, promotion and recruitment	Female leadership hit 25%	25%
Achieve 25% U.S. minority representation in leadership positions* through merit-based retention, promotion and recruitment	U.S. Minority Leadership hit 19%	19%
Assess and monitor equitable pay practices with a goal to eliminate pay differences based on gender, race or ethnicity	This year we expanded our pay equity assessment based on gender and race across our North American Measurement and Controls Segment. Where gaps existed, corrective measures were taken.	By end of 2022, we will have completed a pay equity assessment globally based on gender and U.S. minority.
Provide all employees with rich learning and developmental opportunities to build Xylem's ability to solve water for decades to come (at least 50 hours per year)	12.61 hours of training per employee	 25% 12.61 hours per employee

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



At Xylem we recognize the importance of cultivating quality talent and leadership, and we make this a strategic priority. This includes moving towards more diverse representation across all levels of the organization and building a culture where each and every colleague can bring their best selves to work. We are focused on responding to the many diverse experiences across the employee lifecycle to support our employees' professional growth and continuous learning to advance the capabilities of our organization. We have combined our Culture & Talent and Diversity, Equity & Inclusion sections to a single section of the report to better reflect the journey as experienced by our employees – from attraction to Xylem through career development.

Attract

Xylem’s mission and purpose were critical in attracting top talent this past year in an exceptionally competitive talent market. Our strategies to attract top, diverse talent around the world will continue to leverage the purposeful work opportunities we and the water sector can offer.

In 2021, we continued to bolster our commitment to educate, engage and attract new talent to Xylem and the water sector through our Youth Community Impact programing. This includes continued investment and engagement in our Ignite Youth program, sponsorship of Stockholm Junior Water Prize, and partnerships with non-profits and organizations like City Football Group that have extensive youth engagement programming. We have found these programs to not only create meaningful educational and volunteer opportunities, they also drive talent attraction as students move into internship and post-university opportunities. (Please see page [84](#) for more about our Youth programming)

Our ambitious goals for cultivating a vibrantly diverse and inclusive culture also informs our talent attraction efforts. One of our strategies for becoming a more diverse organization – and incorporating broader experiences, skillsets, and perspectives into our work – is expanding sourcing channels for diverse talent through external diversity partnerships like the Society of Women Engineers, National Society of Black Engineers, Disability Solutions, MIT Industrial Advisory Council for Minority Education, WEF InFLOW, and Hire Military. We also have a robust university recruitment program, which often includes partnering with diverse university student organizations and engaging students in water-focused programs. As an example, we continued to expand this past year to include Howard University and engagement with their Water Club. Through these and similar partnerships focused on underrepresented groups in the industry, we hired 62 summer interns from 28 universities around the United States. We are also piloting a micro internship program and continue to focus on diverse candidates for our early in career rotational programs.



Goals*

- Achieve 50% female representation in leadership positions by 2030, 35% by 2025, through merit-based retention, promotion and recruitment
- Achieve 25% U.S. minority representation in leadership positions through merit-based retention, promotion and recruitment

*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.



Progress

- Female leadership 25%
- U.S. Minority Leadership 19%

Focusing on each step of the attraction process, managers, HR and talent acquisition are partnering to increase the reach and inclusion of our hiring process from application to offer. In one example, replacing gendered words and content in a European Service Technician Manager job posting, attracted nearly 20% more female applicants to the role, prompting changes to other commercial team job ads.

Having robust attraction programs that allow for new graduates to experience a broad range of projects, business units and geographies, coupled with our purpose-driven culture continues to be a strong attraction for the next generation of water leaders. The demographic makeup of on-program participants is globally diverse – with 46% identifying as female and 21% as a U.S. racial/ethnic minority.

Engineering Leadership Development Program
Operations Leadership Development Program
Finance Leadership Development Program

Multi-year development programs attract entry-level candidates to develop diverse engineering, operations and finance talent pipelines while providing exciting and meaningful experiences.

Society of Women Engineers	National Society of Black Engineers	Disability Solutions	MIT Industrial Advisory Council for Minority Education	WEF InFLOW	Hire Military
					
Xylem participates in SWE conferences and local events to support women to achieve their potential in careers as engineers, build our brand and attract female STEM talent	Xylem partners with NSBE to support and fund programs and initiatives aimed at strengthening the STEM pipeline, encouraging academic excellence and helping Black engineers succeed professionally	Xylem partners with Disability Solutions as a dedicated, client-focused service which helps attract and retain talented candidates with disabilities	Xylem engages in the educational development of MIT students through advisory council sponsorship that focuses on greater retention and higher academic achievement of MIT's underrepresented minority students	Xylem sponsors WEF scholarship program for historically underrepresented ethnic and racial groups to enhance diversity and inclusion in the water workforce	Xylem partners with Hire Military to connect and hire transitioning service members and military spouses via DoD Skillbridge internships and full-time opportunities

Recruit, Hire & Onboard

Advancing inclusivity and equity in our hiring practices is an essential part of our path to achieving our diverse representation goals. In 2021, all leaders of people were assigned a performance goal to have diverse candidate slates for 100% of open people manager roles. Our Diversity Council created a Hiring Manager Toolkit that supported the collaboration between hiring managers and our talent acquisition teams, helping 81% of people managers meet this goal despite a tight talent market. We continue to believe the best sources of candidates come from our colleagues, which is why we expanded our North America employee referral program to Europe.

We also continued to expand our Global Onboarding Program for our new colleagues to ensure they felt fully supported by the community they were joining and help them make connections across the globe.

We continue to balance internal talent mobility opportunities with hiring new and diverse talents, support people leader and talent acquisition partnerships to have access to broader sourcing channels, as well as making sure we provide a nimble and positive candidate experience from application through onboarding. In today's remote and hybrid work, supporting new hires to connect with our culture and communities is paramount, so we ensure a strong connection by leveraging our global onboarding approach through employee engagement programs like our Employee Network Groups, Watermark and Ignite.



“When I participated in the Global Onboarding Program, I found welcoming voices by the leaders of the program and other newcomers around the world that shared in my excitement in joining Xylem. The Global Onboarding Program gave me a platform to express my experiences, and the awareness that I was not walking the journey alone!”

Vernadine Merrick
Vertical Marketing Manager



Develop/Promote



Goals

Provide all employees with rich learning and developmental opportunities to build Xylem's ability to solve water for decades to come

Assess and monitor equitable pay practices with a goal to eliminate pay differences based on gender, race or ethnicity



Progress

12.61 hours of training per employee

This year we expanded our pay equity assessment based on gender and race across our North American Measurement and Controls Segment.

In 2021, we held our bi-annual all-employee survey, which had an 86% employee response rate. One of the key outcomes we heard is the importance to employees of having more opportunities to learn, grow and innovate. As a result, we've accelerated our focus on supporting all our employees to build digital and data driven skillsets faster. In 2020, we saw a significant increase in online training hours per employee, however, our average hours of training per employee decreased in 2021 due to online learning fatigue. We have therefore committed to conducting more face-to-face learning to complement our live, virtual learning opportunities. We are using our Learning Management System (LMS) catalog to enhance our leadership development opportunities with flexible formats, launch a reverse mentoring program, and further expand leadership development opportunities through our Employee Network Groups (ENGs).

Global Mobility programs allow Xylem to expand its footprint and develop future leaders. International opportunities enable Xylem to provide individuals with both personal and professional developmental experiences, increase diversity and multi-cultural awareness within the organization, as well as help meeting Xylem's resourcing needs. In 2021, Global Mobility policies were updated to provide further flexibility, simplicity and efficiency for colleagues for a positive experience for everyone.

In addition to formal employee development programs, we are continuing to expand informal activities and special projects that allow for growth and skills development. In 2021, this included:

- Internal job-board for special projects that allow them to experiment in different areas and build desired skill sets.
- “Managing Unconscious Bias at Work” training for over 700 senior leaders, specifically designed to help people leaders identify where unconscious bias may unknowingly interfere with how they lead and provided strategies for how to mitigate it.
- Expanded opportunities for mentorship and learning with a Reverse Mentoring program. The six-month long program pairs senior executive level mentees with Employee Network Group mentors to increase awareness and overcome barriers that marginalized groups face in the workplace.

In 2022, we aim to continue connecting, equipping and scaling an inclusive culture of learning deeper into our organization’s core by:

- Continuing to strengthen people leader effectiveness, inclusive leadership, understanding of the ‘new norms’ and remote-hybrid working
- Continuing to develop digital capabilities across the entire enterprise by launching the first phase of the enterprise digital literacy program. This program will define digital competence and tie it to the company’s objectives and core strategy.
- Increasing transparency for all people leaders by providing data on progress towards our DEI goals
- Focusing on new and innovative ways to connect with and increase inclusion of our unwired colleagues
- Empowering ENG’s, Watermark Champions, Ignite Volunteers through senior leadership sponsorship
- Expanding reverse mentorship programs and introducing a DEI sponsorship program to build relationships across career levels, inform perspectives on work and personal experiences and advance underrepresented talent



Retain

To better understand our employees and their experiences we focused our efforts on taking a broader approach to listening. Through targeted group discussions with groups like our Working Parents and People of Color networks we heard stories and sentiments about working at Xylem. This input from our employees helped to shape focus areas in 2021 and beyond.

We heard employee well-being is an important part of the employee experience and our employees expect broad support, including manager training, Employee Assistance Programs, connection through Employee Network Groups, and on-going communications on actions to help colleagues feel heard and supported. During 2021 we supported mental well-being by conducting mental well-being awareness training with over 400 managers and expanded our Employee Assistance Program (EAP) into countries that didn't have any program or to supplement government supported programs.

Our eight Employee Network Groups (ENGs) serve as a connection for over 3200 colleagues to build community and belonging at Xylem. In 2021, events such as the Hispanic Origin and Latin Affinity (HOLA) network's "Aqui entre Amigos" webinar series that featured Latin/Hispanic leader and business success stories and an educational video series produced during Pride Month by the LGBT+ and Allies Network on topics ranging from LGBT+ history, to how to be an ally attracted significant engagement.

As Xylem and the rest of the world adapts to the new ways of working post COVID-19 pandemic, and as the talent market remains dynamic, we've worked on other initiatives to support retaining our talents. We formalized global remote working guidelines to ensure flexibility, autonomy and have asked each country to put in place local appropriate plans to support managers and employees. We have also expanded our long-term incentive program to reach deeper in the organization and recognition our key talents.

In 2022, we will continue to explore ways to support managers and employees in new ways. Some of the initiatives we will introduce or expand upon include:

- Exploring more inclusive and contemporary benefits (e.g., U.S. parental leave)
- Exploring guidelines that support remote work (e.g., Right to Disconnect policy)
- Conducting pay equity analysis to identify gaps
- Evolving creative ways to build listening skills and responsiveness
- Elevating employee story telling
- Leveraging ENGs to build connection and impact community



Women's Network



Emerging Leaders Network



Veterans Network



LGBT+ & Allies Network



Working Parents Network



People of Color & Allies Network



Hispanic Origin & Latin Affinity (HOLA) Network



Non-Native English Speakers & Allies Network

Xylem Workforce Demographics

A key component of our DEI efforts is to continue improving our transparency of diversity data. We believe this drives internal accountability, as well as shows current and future employees progress within the organization. Over the past two years, we have included DEI data in our quarterly executive business reviews and have incorporated our 2025 Sustainability Goal to reach 35% Women in Leadership roles by 2025 in our ESG PSU grant awarded in 2021. In 2022 and beyond, we will continue to find ways to disclose workforce diversity data as one component of building a transparent and inclusive culture across the organization.

Data shared at right is representative of Xylem's workforce as of December 31, 2021, and covers three dimensions of diversity – global gender, U.S. race and ethnic minority and age. This year, we have added the percent change from the prior year to the workforce representation data for gender globally and U.S. race and ethnic minority.

Global Data

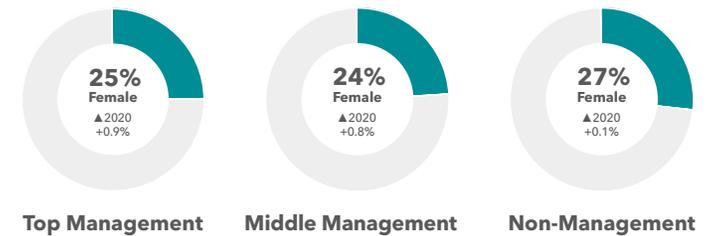
Xylem Employees by Geographical Area (Total end of year headcount as of December 31, 2121)



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

Xylem is a global company.
63% of our employees are based outside of the U.S.

2021 Global Female



U.S. Data

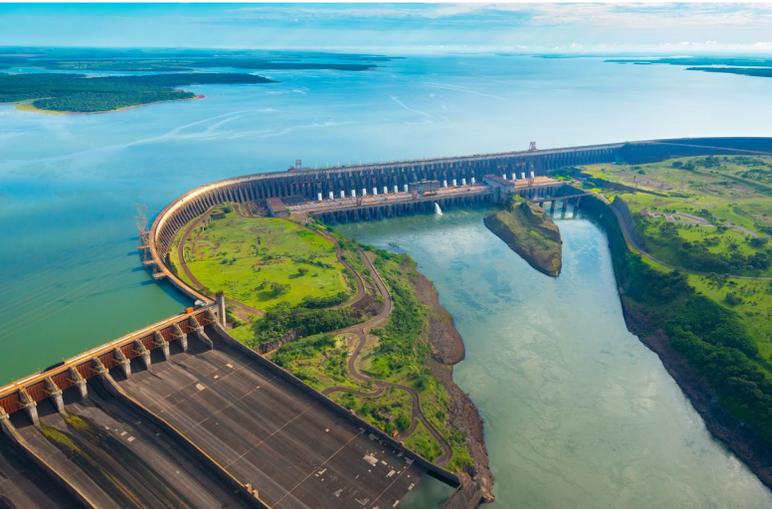
	Race & Ethnic Minority Group % of U.S. Employees (▲2020)				Total
	African-American	Asian-American	Hispanic	Race & Ethnic Minority Other	
Top Management	(+1.2%) 3.7	(+0.3%) 7.2	(+0.2%) 5.2	(+0.4%) 3.2	(+2.1%) 19.3
Middle Management	(+0.1%) 4.5	(+0.1%) 6.9	(+0.4%) 5.7	(0.0%) 1.8	(+0.6%) 19.0
Non-Management	(+0.4%) 12.4	(-0.1%) 4.2	(+1.1%) 13.0	(+0.3%) 2.4	(+1.9%) 32.0

	Age Group % of U.S. Employees (▲2020)		
	<30	30-50	>50
Top Management	(0.0%) 0.0	(+2.0%) 3.4	(+1.6%) 2.8
Middle Management	(0.0%) 0.3	(-1.5%) 6.2	(-1.3%) 4.7
Non-Management	(+1.2%) 12.1	(-0.6%) 37.5	(-1.4%) 33.0

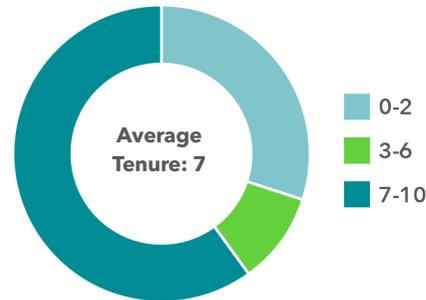


Board Diversity

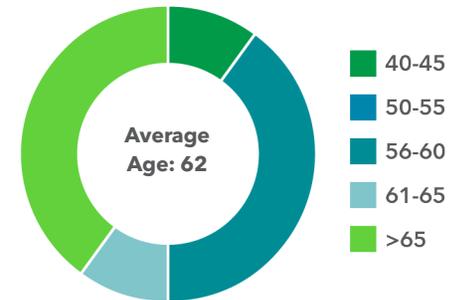
Xylem and its Board of Directors believe diversity in the boardroom is critical to the success of the Company and its ability to create long-term value for our shareholders and other stakeholders. The Board actively seeks to consider a diverse group of candidates for membership on the Board, taking into account diversity in terms of viewpoints, professional experience, education and skills, as well as race, ethnicity, gender and nationality. Our Board is committed to seeking highly qualified global women and individuals from underrepresented racial and ethnic 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.



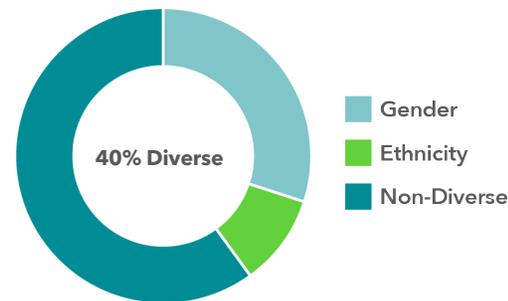
Director Tenure



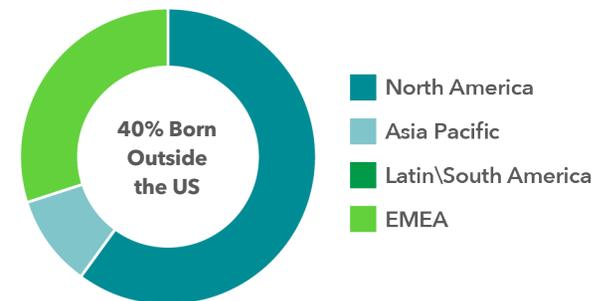
Director Age



Gender & Racial/Ethnic Diversity



Global Origin



*Tenure and age as of the date of the 2022 Annual Meeting; gender, ethnicity and global origin as identified by the director nominees

Green Finance

What We Did 	What We Learned 	Where We're Going 
<ul style="list-style-type: none"> Launched an ESG-linked demand deposit account with Goldman Sachs Expanded our green finance work into social impact opportunities in small, underserved communities in the U.S. 	<ul style="list-style-type: none"> There remains financing opportunities that can be expanded to include environmental and social impact, such as our recently announced work with CNote Green financing options can often more attractive than traditional strategies 	<ul style="list-style-type: none"> Continue to update and refine our Green Finance Framework Expect to utilize green financing options going forward, including those with a social impact component



In 2021, we continued to align our sustainability, operational and financing strategies across our value chain, adding an ESG-linked demand deposit account, which links yield on deposits to achievement of our 2025 Sustainability Goals, to our suite of green financing tools. This follows our completion in 2020 of a \$1 billion Green Bond offering, the proceeds of which were allocated to projects that help improve water accessibility, water affordability and water systems resilience, and our 2019 execution of the first revolving credit facility with a sustainability-linked pricing mechanism in the US General Industrial Sector, which ties the Company's borrowing rates to our Sustainability

rating, an important barometer of Xylem's continued commitment to sustainability. We follow, and will regularly refresh, our [Green Finance Framework](#). This framework is in accordance with the Green Bond Principles (GBP) 2018 and the Green Loan Principles (GLP) 2020 which both provide guidelines in four key areas: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting. In April 2022, we announced our commitment to also utilize green finance strategies for social equity impact, partnering to invest a portion of our cash on hand community banks operating in underserved communities. In connection with these investments,

we are partnering with the organization CNote, a women-led impact investment platform that uses technology to unlock diversified and proven community investments that increase economic mobility and financial inclusion, to establish, execute and measure the impact of this investment. Going forward, we expect to continue to utilize sustainability-based financing strategy, that helps drive meaningful environmental and/or social outcomes. We also intend to refresh our Green Finance Framework to continue to ensure our financing and sustainability strategies maintain most effective outcomes.

Integrating Sustainability with Our Capital Markets Strategy

\$800M

Credit Facility



Pricing Linked to Annual Sustainalytics Rating

\$1B

Green Bond



Sustainable Use of Capital Focused on R&D, Capex, and M&A

~\$350M

Cash Investments*



Enhanced Yield Based on Xylem's 2025 Sustainability Goals Performance

*As of March 31st, 2022

CHAPTER 8

Community Impact

Our people and partners are generating community impact through our work to expand access to clean water and sanitation, respond to disasters, educate and build awareness, and empower the next generation.



Community Impact

What We Did 	What We Learned 	Where We're Going 
<ul style="list-style-type: none"> Reached record employee participation and volunteer hours Made commitments to high impact, multi-year partnerships with NGO partners Operationalized Xylem Ignite for expanded Youth engagement Expanded our skills-based volunteer programming with partners like Engineers Without Borders (EWB) and the establishment of our first Xylem EWB chapter 	<ul style="list-style-type: none"> Volunteer programming needs to remain flexible to accommodate new working styles and remote employees Engaging external stakeholders has become more difficult in today's working world; new creative approaches are needed 	<ul style="list-style-type: none"> Expanding humanitarian disaster response and Ignite youth programming for greater reach and impact Greater focus on engaging external stakeholders and inspiring the general public into action by leveraging partnerships with organizations like Manchester City Football Club



Community Impact Signature Goals

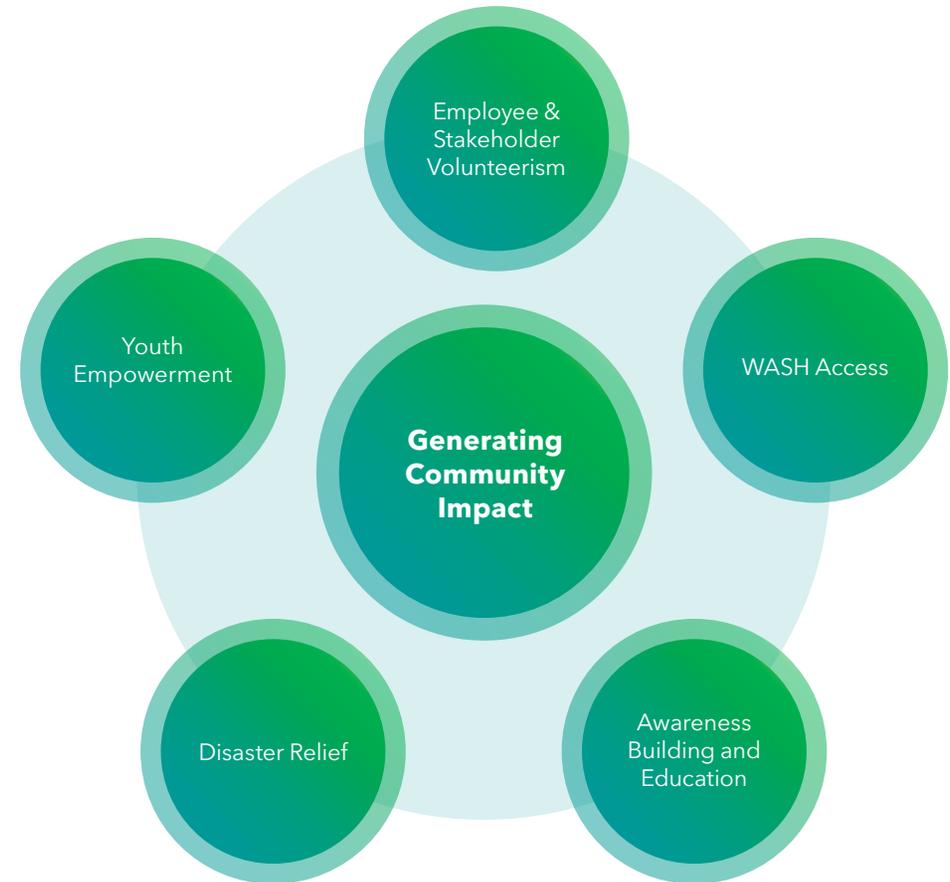
Goal	2021 Progress	Total Progress to 2025
Give 1% of company profits to water-related causes and education	0.6%, or \$3.3M, donated in 2021	0.6% of company profits in 2021
Provide paid time off for Xylem employees to volunteer 1% of their time	Provided 10 hours of employee paid time off for volunteering; on average, employees volunteered approximately 6 hours in 2021	 10/ 20
Deploy humanitarian aid to 200 areas affected by water-related natural disasters	Responded to 23 water-related natural disasters in 2021	 51/ 200
Provide 15 million people with water education to improve quality of life and raise awareness of water issues	Provided water education to 1.4M people in 2021	 5.3/ 15
Engage at least 95% of Xylem employees in volunteer activities	Highest employee engagement and volunteer hours ever, achieving 78% of Xylem employees in 2021	78% participation
Engage 100,000 stakeholders in volunteer events	Almost 15,000 stakeholders engaged in volunteer activities to date	 14,994/100,000



Community Impact Overview

As a company, Xylem creates economic and social value for our customers and their communities through our commercial offerings and humanitarian efforts around the world.

Through our humanitarian and philanthropic work, we provide clean water and sanitation access, and humanitarian disaster relief. We empower young leaders through our youth programming and mobilize communities to act through awareness building and education. We are uniquely positioned to deliver on our community impact goals thanks to dedicated and passionate employees, and best in class partners. At the core of our work to empower communities, our employees and business partners live the mission every day, collaborating with nonprofits, at a global, regional and local level, to make measurable community impact towards water-related challenges.



Employee & Stakeholder Volunteerism



Goals

Volunteer 1% of employee time, or approximately 20 hours

Engage at least 95% of our Xylem volunteer activities

Engage 100,000 stakeholders in volunteer activities



Progress

78% of employees volunteered in 2021, collectively donating 113,000 hours in communities around the world

2,019 external stakeholders engaged in Watermark volunteering in 2021

1,241 colleagues volunteered +20 hours annually, more than double last year

Water challenges around the world are being exacerbated by the climate crisis and disproportionately impact under-resourced communities. Our employees, driven by our mission, are committed to solving global water challenges, starting in their neighborhoods. Engagement with Watermark, our social impact program, reached an all-time high in 2021 with approximately eight of every 10 Xylem employees volunteering throughout the year.

A robust commitment to community impact has become a central part of our culture, not only because of the positive impact we have on underserved communities, but also for the benefits that flow to our colleagues and partners from deep engagement and investment in our communities. Xylem employees are uniquely positioned, given their diverse skills and expertise, to make a positive impact; and they're empowered by Watermark to harness their passions and skills to benefit others.

The growth of our employee and stakeholder engagement programming in 2021 can be credited to:

- Our Watermark Champions and Leads, a cohort of 400+ highly motivated colleagues who consistently provide in-person virtual, individual, and skills-based volunteer opportunities at each facility.
- Our four annual signature events, which engage all of Xylem in accessible activities: 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 October Month of Service – which marked Xylem's 10th Anniversary in 2021.
- A growing skills-based volunteer program, supported by our partnership with Engineers Without Borders – USA (EWB), which allows employees from around the world to apply their expertise to impactful WASH projects in underserved communities, from their own desk.

Despite the COVID-19 pandemic, a diverse team of Xylem employees collaborated with local partners to install the first ever Xylem pump in rural Malawi, which now provides water access to a Health Care Facility serves approximately 40,000 people.



- Engagement of newly appointed internal volunteer Business Partner Leads who partner with our business partners (i.e. channel partners, suppliers, customers, etc.) to generate opportunities to collaborate on impactful work.
- [Our Community Grants Program](#) which encourages local engagement by employees or customers with nonprofit organizations that align with Xylem's mission; empowering them to pursue activities important to them.



ENGINEERS WITHOUT BORDERS USA



CITYZENS Giving



Additional Regional & Community Partners

Awareness & Education



Goals

Provide 15 million people with water education to improve quality of life and raise awareness



Progress

Helped provide water education for 1.4 million people in 2021, bringing our cumulative total to 5+ million people, 33% of cumulative 2025 goal

Water challenges are too big to tackle alone, we need our industry partners, and the general public to join us. In order to mobilize a movement, you must have engaged stakeholders who are aware of, and educated on, key water issues. Additionally, WASH education is critical to any project focused on the expansion of water and sanitation access. In order for the solutions to be sustainable for communities, they must understand the value of clean, safe water and be trained to use and maintain new systems.

In 2021, we reached 1.4 million people with water education, in large part driven by the launch of a new three-year partnership with UNICEF. Aligned with the UN Sustainable Development Goals, the partnership seeks to reach 3.4 million children in India by 2023 by improving awareness of water, sanitation and hygiene (WASH), with a focus on strengthening WASH protocols in schools and pre-schools in India's most vulnerable communities.

We've made significant progress towards our education and awareness goals by:

- Establishing long-term, multi-year partnerships with global organizations like UNICEF to maximize reach and impact
- Leveraging the power of sport to reach and inspire new audiences
- Encouraging employees to volunteer as educators and facilitating opportunities for organically generated content to be scaled. For example, publishing a water education book, written by a Xylem employee in Latin America, with more books in development across other regions.
- To date, through our campaigns with Manchester City Football Club we have reached 1 billion people with campaigns and activations that drive water awareness, education, and volunteerism.

In 2021, Xylem joined forces with PUMA and Manchester City's global charity initiative Cityzens Giving, launching the world's first sports jersey dedicated to raising awareness of water challenges, which leveraged a special dope dye manufacturing process to reduce water consumption. This initiative brought PUMA athletes across Manchester City men's, women's, and academy teams into a first-of-its-kind campaign and supported community projects around the world centered on water access, education and football.



CITYZENS Giving



Additional Regional & Community Partners

*UNICEF does not endorse any brand, company, product or service

WASH Access



Goals

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



Progress

Provided access to 1.8 million people in 2021, bringing our cumulative total to 6.5 million people; representing 32% of 2025 goal

The WHO reports that one in four people globally do not have access to safely managed drinking water, with 47% of people living without safely managed sanitation services. Access to safe and reliable WASH (water, sanitation, and hygiene) at home, at work, in schools, and in health care facilities is vital for communities to be healthy and resilient. When people are not forced to walk long distances to access water, or to drink water contaminated by water-borne illness, they are more likely to access education and obtain economic prosperity, which breaks the cycle of poverty. Now more than ever, it is critical that WASH solutions be available, and sustainable, in the face of the ongoing COVID-19 pandemic and challenges caused by climate change.

Xylem is well equipped to tackle these challenges with our focus on developing innovative, sustainable technology that addresses water challenges, with a concentration on localized solutions. Our relationships with our best-in-class nonprofit organizations position us well to direct resources towards often underserved communities in efficient and sustainable ways.

In 2021, we were able to continue to deliver on our commitment and expand access to WASH solutions to 1.8 million people in communities.

This impact was achieved by:

- Focusing on WASH projects that served health care facilities and schools to support those still on the frontlines of the COVID-19 pandemic.
- Targeting often overlooked, vulnerable communities, including those impacted by water-related disasters or ongoing humanitarian crises, with the help of experienced NGO partners in the field.
- Supporting capacity building efforts to accompany WASH projects in order to make them sustainable, including WASH/IPC trainings for health workers, and resource development for WASH practitioners.
- Leveraging the expertise of our own employees, and our technology to bring clean water to remote communities.



Additional Regional & Community Partners

Humanitarian Disaster Relief & Preparedness



Goals

Deploy humanitarian aid to 200 areas affected by water-related natural disasters



Progress

Provided humanitarian aid to 23 affected areas in 2021, bringing our cumulative total to 51 areas

The frequency and severity of water-related natural disasters is increasing globally, with a growing economic and human cost. Our own colleagues, partners, and their communities are increasingly at risk themselves. Access to WASH resources following a disaster saves lives, as does technology that safely transports water to make affected communities accessible to humanitarian responders. It is also critical that we mitigate risks and damage by directing resources towards making vulnerable communities more resilient to potential disasters.

In 2021, we provided humanitarian aid to 23 areas impacted by disasters across 15 countries, and mounted disaster preparedness efforts among employees, partners, and in support of communities.

Our humanitarian disaster response efforts consist of:

- Community-led volunteer efforts from employees and partners, including the collection and donation of critical supplies, clean-up efforts, and more.
- The deployment of technology to treat contaminated water supplies and pumping solutions that divert water to protect infrastructure, facilitate evacuations and support supply deliveries
- Funding for NGO partner response efforts via grants and matching fundraisers – Sponsoring the distribution of WASH supplies and infrastructure repairs with Mercy Corps, AmeriCares, UNICEF and additional local NGOs.

Our increased preparedness and resilience efforts took the form of:

- Equipping employees with knowledge and resources to prepare for disasters, via webinars and a campaign to encourage the assembly of disaster preparedness kits.
- Support of global virtual efforts to map remote, disaster susceptible areas so that humanitarian aid can efficiently be delivered.
- Funding of long-term recovery and resilience efforts with NGO partners like Mercy Corps, in places like Guatemala that experienced severe hurricanes and are preparing to face that risk again in 2022.
- Building a response process and internal team to lead disaster response across all regions where we operate.





for every child







Additional Regional & Community Partners

Youth Empowerment

Engaged 5,700 students in Xylem Ignite in-person and virtual programming



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 partnerships with youth-focused organizations such as Stockholm Junior Water Prize and EarthEcho International, and in recent years through the launch of the global Xylem Ignite program.

In 2021, we equipped the students who participated in Xylem Ignite events with new skills and experience in water, with the support of more than 300 Xylem colleagues serving as volunteer and mentors.

We've been able to empower and develop young water leaders by:

- Hosting the first annual Xylem Ignite Innovation Challenge, engaging 700 students in an 8-week competition in which they propose solutions real world water challenges.
- Partnering with Manchester City Football Club, reaching 9,000+ students through peer-to-peer water education led by inspiring teams of young leaders across 5 cities, who were guided by Xylem mentors.
- Partnering with NGOs like EarthEcho that have deep relationships with engaged networks of young people, who can take steps to mobilize around water issues with our support.



CITYZENS Giving



SIWI Stockholm Junior Water Prize



Additional Regional & Community Partners

CHAPTER 9

Sustainability 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.



Sustainability Governance

One of our Board's key responsibilities is overseeing the company's strategy. Our strategic plan firmly embeds sustainability at the heart of our competitive advantage and our unique business model. Our Board of Directors, primarily through its Nominating & Governance Committee, provides oversight of the company's approach to sustainability and corporate social responsibility. In addition, the Leadership Development & Compensation Committee oversees the company's approach to continuously improving diversity, equity and inclusion, as well as talent development. Our Board and its committees regularly discuss with management our approach to sustainability, including risks and opportunities, and implications for the company's strategy. Our Chief Executive Officer, Chief People and Sustainability Officer and members of the senior leadership team execute our sustainability strategy and drive progress towards our strategically aligned 2025 Sustainability Goals and other Sustainability commitments, as set forth in the chart at right:

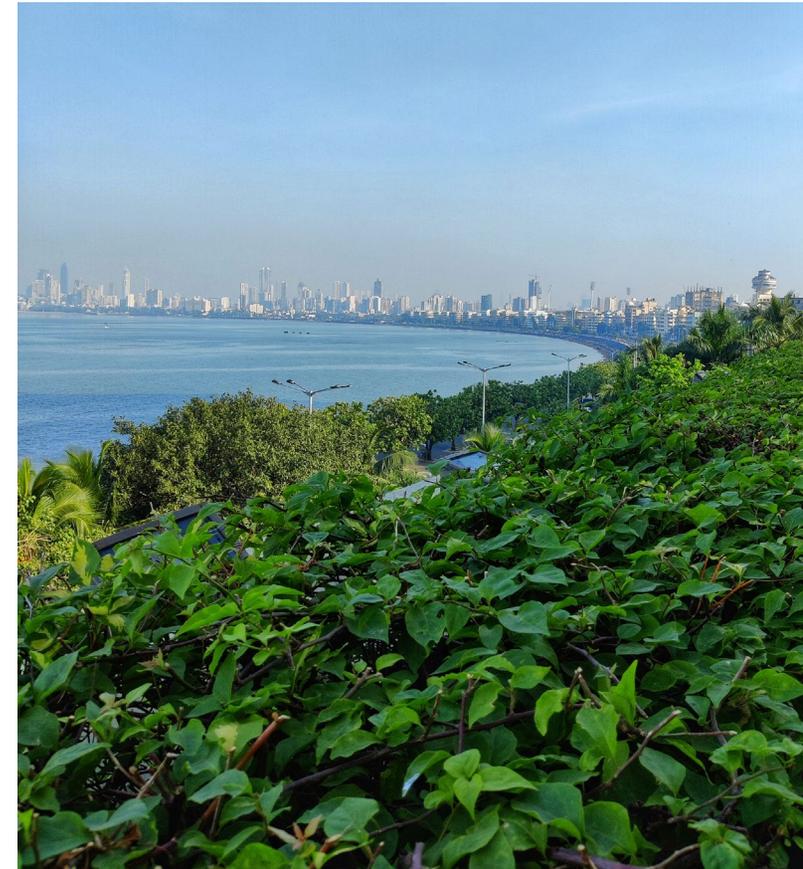


Xylem Board of Directors

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 this leadership structure strengthens the Board's role in risk oversight of the company. As of the end of 2021, our Board consisted of 10 members, all of whom were independent except for our Chief Executive Officer.

Our Board is elected annually by our shareholders to oversee how Xylem's employees and management conduct business under the direction of our 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 the 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](#), which provide the framework of governance for the company. The Board discusses strategy throughout the year and conducts a deep strategic review at least annually, and regularly hears from customers, investors, financial advisors, relevant third-party advisors and external thought leaders in the water sector. In addition, Board members connect during the year with employees at various levels through facility visits, as well as engagement during Board meetings and other events. In 2021, due to the ongoing pandemic and related safety concerns, our Board was unable to visit production or R&D facilities. However, our board visited the company's Washington, D.C. office twice during the year. Our Board is committed to resuming visits as travel restrictions ease.





2025 Goal Deployment Committee

Executive Sponsors:

Senior Vice President, Chief People and Sustainability Officer

SVP, Chief Supply Chain Officer

SVP, Chief Innovation, Technology and Product Management Officer

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

ESG Reporting Working Group

Executive Sponsors:

SVP, Chief People and Sustainability Officer and SVP, General Counsel

The ESG Reporting Working Group is a cross-functional team, including finance, legal and sustainability, that reviews, advises on, and guides the evolution of Xylem's approach to ESG disclosure and reporting given the increasing importance of ESG to our stakeholders, including the investment community, and the proliferation of ESG ratings, frameworks and data requests. Our approach to reporting is intended to provide transparent and reliable ESG data to our stakeholders and appropriate context to our sustainability performance.

Green Finance Committee

Executive Sponsors:

SVP, Chief Financial Officer and SVP, Chief People and Sustainability Officer

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 efforts related to climate change mitigation and climate change adaptation, based on compliance with the criteria determined by the committee. The committee also prepares reports required under the company's green finance framework. The committee reports to, and is overseen by, Xylem's Disclosure Committee, which has oversight responsibility for public disclosures made by Xylem.

Executive Oversight

Under the direction of our CEO, our senior leadership team (SLT), including our Chief People and Sustainability Officer, leads businesses, sales teams and functional areas – all of which integrate sustainable processes into their strategies. Our Chief People and Sustainability Officer is responsible for the execution of our Sustainability goals commitments and reporting. To further drive executive oversight of Sustainability performance, review of a set of 2025 Sustainability Goals was added to Quarterly Business Reviews, alongside financial and operational reviews. A larger set of executives were also granted special ESG PSUs aligned to 5 key 2025 Sustainability Goals to further enhance accountability.

Risk Management Oversight

We seek to identify and mitigate risks and enable improved decision-making and prioritization of time and resources. Management is responsible for day-to-day management of the company's risks, including the creation of appropriate risk management programs, policies and practices. As part of this responsibility, management conducts an enterprise risk management ("ERM") program, which is an evergreen process using a widely accepted framework to identify, assess, monitor and communicate the company's strategic, operational, financial, compliance and reputational risks. The Board and its committees work with management, our internal and independent auditors, as well as other external advisors, to incorporate ERM into corporate strategy and business operations.

As an integral and ongoing part of its work, the Board oversees management's approach to risk management and execution of its risk management responsibilities. This oversight includes the following:

- Throughout the year, the Board discusses risk in both general terms and in relation to our strategy, our businesses and specific proposed actions.
- The Board receives regular 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, as set forth on page 22 of our [2022 Proxy Statement](#). Each committee regularly receives updates on these matters from management and reports on them to the full Board so that the Board has the information necessary to fulfill its risk oversight responsibilities.

Our Audit Committee oversees overall enterprise risk assessment and risk management processes and policies. For more information on governance at Xylem, see pages [105-107](#) of the GRI Content Index.



Stakeholders

As described throughout this report, our sustainability strategy is built around thoughtful engagement with our broad set of stakeholders. We foster dialogue through regular engagement with 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 parties interested 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.

Stakeholders also engage with us by giving back to their communities through our Watermark programming, engaging in thoughtful conversations about water's future and working together to develop the next generation of diverse workforce. Addressing global water challenges and climate change requires all of us working together.



Ethics & Compliance

Our Approach to Ethics & Compliance

Xylem is committed to doing business with integrity and has zero tolerance for any form of bribery or corruption. We are vigilant and strive to maintain these high standards globally. Our robust anti-corruption program is designed to help promote and maintain our values as well as compliance with anti-corruption laws. To remain current, 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. Our Chief Ethics and Compliance Officer (CECO) provides updates on our program to the relevant committees of our Board of Directors and regularly updates senior business leaders from Human Resources, Finance, Sales, Legal, and Internal Audit.

Upholding High Ethical Standards & Accountability

Our Global Ethics and Compliance Program is designed to foster a culture where our colleagues and other stakeholders act responsibly, with integrity and feel empowered to speak up when they suspect that our Code of Conduct or policies are not being followed. Our program is built on best practices and is designed to prevent, detect and respond to misconduct and ensure business is conducted ethically and compliantly.

Our Code of Conduct, the pillar of our Global Ethics and Compliance Program, unites us as one company under the same ethical principles. These principles guide us to make decisions that are consistent with our core values, help create an inclusive, equitable workplace, demonstrate our commitment to sustainability and strengthen our trusted reputation and a sense of purpose. All employees, directors, and officers are accountable to adhere to the Code of Conduct and we expect our business partners to adhere to the same high standards. If local laws and regulations are more stringent than our Code of Conduct, then local laws are to be followed.

In 2021, we introduced a revised, interactive [Code of Conduct](#) featuring:

- Refreshed content with easy-to-understand examples and references;
- Quick links to our global policies and tools; and
- Direct access to the Xylem Integrity Line reporting portal



Education & Training Programs

Employees receive Code of Conduct and harassment prevention training when joining the company and annually thereafter, along with other compliance and ethics topics.

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

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



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

The training is conducted both online and with live instructors. In 2021, the legal department delivered more than 7,750 hours of live training, a 47% increase in live training as compared to 2020. These trainings covered our updated Code of Conduct, harassment prevention, antitrust and competition law, anti-corruption (including our due diligence guidelines and our gifts, hospitality travel and charitable contributions policy) data privacy and cybersecurity. We also gave in-person training for our global Legal department employees on conducting workplace investigations and in-person anti-corruption compliance training to our key commercial partners.

Reporting Mechanisms

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

Options for employees and other stakeholders to report concern include:

- **Xylem Integrity Line.** This 24-hour confidential reporting portal is available to all employees, suppliers and customers. Language support is provided in all of Xylem's key languages. Reports can be made through the website or by phone, and can be anonymous, where legally permitted, through the same mechanisms.
- **Ombudsperson Network.** Globally, over 100 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 resources.
- **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

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

We have adopted an anti-corruption due diligence framework to identify third parties that are higher risk. As part of our screening process, third parties meeting the framework must certify alignment with our Code of Conduct and agree to comply with all applicable anti-corruption and anti-bribery laws. Third parties are required to complete online anti-corruption training through our due diligence platform. Our due diligence review process is repeated periodically, depending on a risk ranking algorithm. In 2021, in-person anti-corruption compliance training was delivered to our key commercial partners.

2021 Ethics and Compliance Issues



Intellectual Property

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

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

The Intellectual Property Policy also includes a patent award program. Xylem employee-inventors are eligible for patent filing and 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 covered in a patent application, employee inventors are still eligible to receive the equivalent of the patent filing bonus.

Consistent with our Intellectual Property Policy, Xylem's Product Development (XPD) process facilitates respecting the valid intellectual property rights of third parties. As part of our XPD process, patent searches are conducted to identify third-party patents that may present obstacles to the commercial launch of products or services being developed. To the extent that any third-party patent is identified as a potential obstacle, we will either design around the third-party patent, initiate a validity review with the relevant government authority if applicable, or seek out a licensing arrangement with the third-party patent owner. If none of these options to clear a potential obstacle are commercially feasible, the development effort will be terminated by the XPD. Public trademark registers are searched to help avoid any conflicts between proposed branding for new products and services 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, 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 2021, Xylem had approximately 3,300 patents, 1,000 patent applications, 2,200 trademark registrations and 175 trademark applications in more than 100 countries.

Recognitions

2022 World Benchmarking Alliance's SDG 2000 Most Influential Companies

2022 Barron's Most Sustainable Companies

2022 Newsweek's Most Responsible Companies

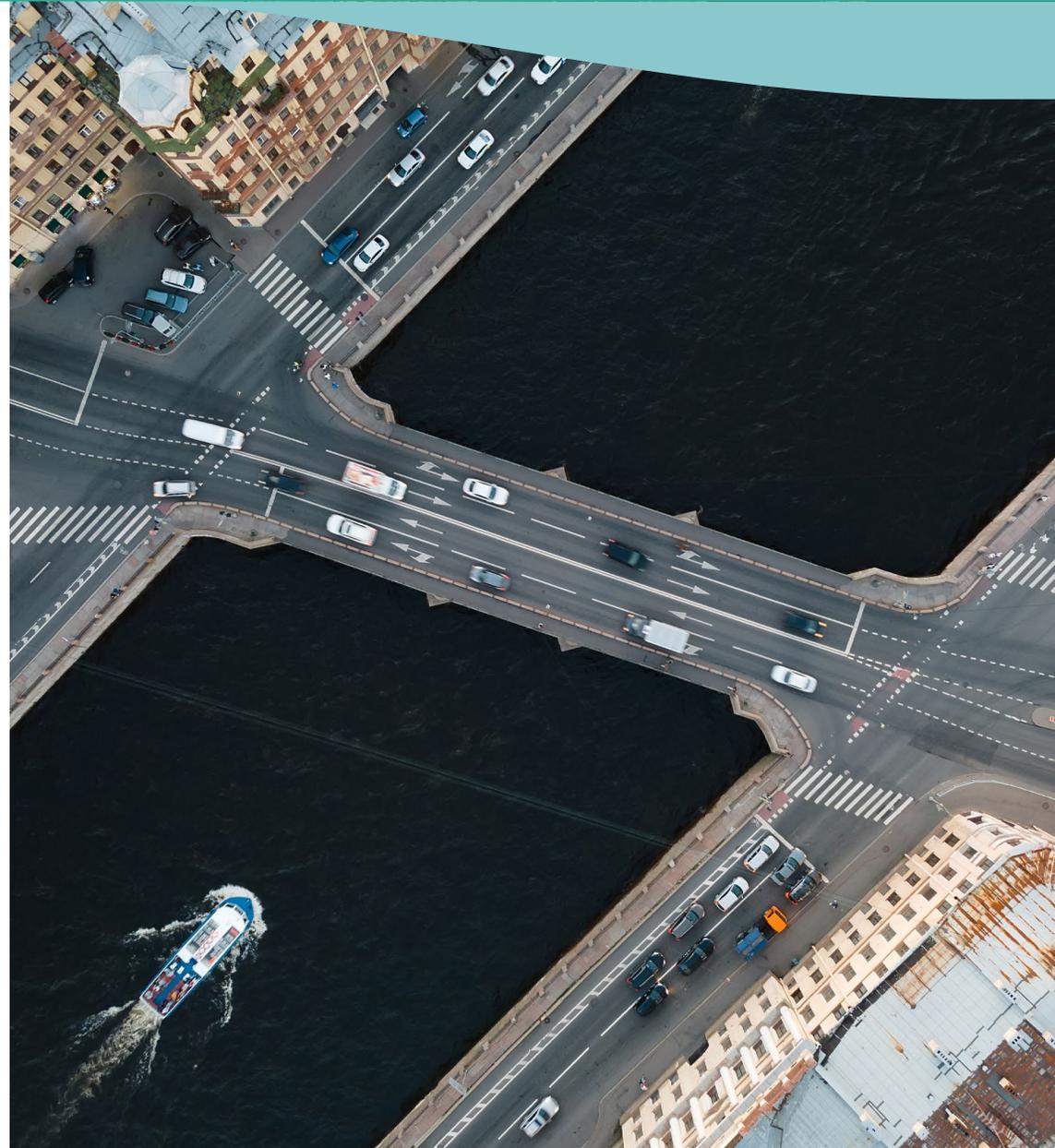
2022 HRC Foundation's Best Places to Work for LGBTQ+ Equality

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

2022 JUST Capital's Most JUST Companies

2022 3BL Media's 100 Best Corporate Citizens

2022 Global Water Award Net Zero Champion



Management Approaches

Management Approach for Watermark and Direct Community Impact

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

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

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

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

Xylem’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 three years by tracking against our 2025 goals.

At Xylem we understand that “Responsible Sourcing” is not an add-on to how our Procurement teams do business, but it is how we do sourcing – from strategy to execution; we are proud of the steps taken so far to integrate sustainability with our sourcing processes and are committed to [continuously improving](#).

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 & Safety Program		X

Management Approach for Business Ethics

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

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

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

Management Approach for Design for Circularity

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

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

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

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

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

Management Approach for Water Use Reduction and Stewardship

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

We manage this effort with the following tools:

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

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

Management Approach for Employee Experience and Success

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

Xylem respects the work of labor organizations, work councils and trade unions to better the lives of working people. In accordance with this, Xylem respects the legal rights of its



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

Management Approach for Health and Wellbeing

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

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

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

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

Management Approach for Employee Experience and Success

“Connect. Perform. Grow.” (CPG), provides a framework for integrated talent management through a performance management approach. Our SVP, Chief People and Sustainability Officer and our VP, Leadership and Talent Development oversee the approach to performance management. The CPG process includes ongoing and relevant conversations between managers and team members focused on performance feedback, coaching and career development. These conversations are scheduled on a regular basis and at least quarterly throughout the year. A quarterly survey run through our global human resources technology platform ensures that these conversations are occurring. In 2021, 63% of our employees, on average, participated in the survey and nearly 90% 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 2021, we continued our communication efforts 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.

Management Approach for Diversity, Equity and Inclusion

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

Xylem’s Global Diversity and Inclusion Council advises, supports and promotes the advancement of practices aligned to business strategy to achieve diversity, equity and inclusion objectives. The council helps create strategic accountability for results, provides governance and oversight on diversity efforts, promotes company-wide communication on progress and serves as the primary body responsible for advising the Senior Leadership Team on advancing DEI at Xylem. The Leadership Development and Compensation Committee of the Board regularly reviews our diversity and inclusion

program. To enable consistent messaging and approach for how we address harassment and discrimination, we intentionally align our harassment prevention program (described in “How We Think About Sustainability” page 10) with our diversity and inclusion program. The Xylem Code of Conduct supports diversity and inclusion and the prevention of discriminatory practices by directly addressing these issues and provides guidance for our employees on how to behave as industry leaders and ethical corporate citizens. We also expect suppliers to employ diversity and inclusive practices, as outlined in our Supplier Code of Conduct. This Code of Conduct mandates that suppliers consider diversity and inclusion in their selection decisions for their own suppliers and subcontractors.

Management Approach for Product Safety

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

The Xylem Product Safety Management System consists of:

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

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

Our approach integrates:

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

In 2021, a corporate cross-audit has been run across all product safety teams and will feed continuous improvement actions for 2022. Product Safety dashboards are 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.

Management Approach for Collaborative Water Leadership

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

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

Management Approach for Secure Connected Technology and Product Quality

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

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

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



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

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

CHAPTER 10

GRI Content Index



GRI Content Index

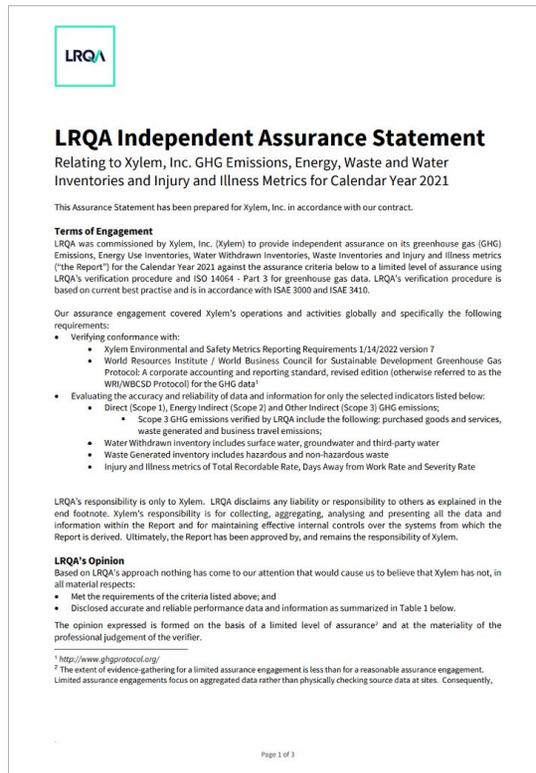
 CONTENT INDEX ESSENTIALS SERVICE	2022	Statement of use	Xylem, Inc. has reported in accordance with the GRI Standards for the period 1 January 2021 to 31 December 2021.
		GRI 1 used	GRI 1: Foundation 2021
		Applicable GRI Sector Standard(s)	None

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

GRI Standard/Other Source	Response/Location
General Disclosures	
GRI 2: General Disclosures 2021	<p>2-1 Organizational details</p> <p>Xylem Inc.: 1 International Drive, Rye Brook, NY 10573, USA</p> <p>Xylem Facilities Worldwide: See our website for the full list of facilities worldwide.</p> <p>Publicly traded company listed on the New York Stock Exchange (XYL).</p>
	<p>2-2 Entities included in the organization’s sustainability reporting</p> <p>This report covers Xylem Inc and its subsidiaries.</p>
	<p>2-3 Reporting period, frequency and contact point</p> <p>Reporting period: January 1, 2021 – December 31, 2021</p> <p>Frequency: Annual</p> <p>Contact Point: xylem.sustainability@xylem.com</p>
	<p>2-4 Restatements of information</p> <p>There were no restatements of information during the reporting period.</p>

GRI 2: General Disclosures 2021 (continued)

2-5 External assurance



2-6 Activities, value chain, and other business relationships

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.

GRI 2: General Disclosures 2021 (continued)	2-6 Activities, value chain, and other business relationships (continued)	<p>Revenue by End Market: Utilities: 55% Industrial: 30% Commercial: 10% Residential: 5%</p> <p>Revenues by Geography: United States: 44% Western Europe: 27% Emerging Markets: 21% Rest of World: 8%</p> <p>Revenue: \$5.2 billion</p> <p>Capital Expenditures: \$208 million</p> <p>Capitalization: Shareholders Equity: \$3,218 million</p> <p>Net Debt: \$1,209 million</p> <p>Net Debt to Capital: 29%</p> <p>There were no major acquisitions or structural changes during the reporting period.</p>
	2-7 Employees	See Employees, page 72 .
	2-8 Workers who are not employees	See Employees, page 72 .
	2-9 Governance structure and composition	<p>See Governance, page 86.</p> <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, considering the Company's short and long-term strategies and evolving global operations. The Nominating & Governance Committee then compares those attributes to those of the current directors and potential director candidates. The Nominating & Governance Committee conducts targeted efforts to identify and recruit individuals that have the requisite experience, skills and qualifications, keeping in mind our commitment to actively seek qualified women and individuals from minority groups to include in the pool of candidates from which directors are selected. Directors and candidates should be persons of the highest personal and professional ethics, integrity and values, with significant accomplishments and recognized stature, and who bring a diversity of backgrounds and perspectives to the Board and are committed to representing the long-term interests of the shareholders. Our Board believes that the director nominees have the appropriate mix of experience, skills, qualifications and attributes needed to lead the Company at the Board level. For more information, please see pages 8-15 of Xylem's 2022 Proxy Statement.</p>

GRI 2: General Disclosures 2021 (continued)	2-10 Nomination and selection of the highest governance body	Our Nominating and Governance Committee regularly reviews Board size and composition. The Committee is responsible for identifying and recommending qualified director candidates to the Board of Directors. In fulfilling this responsibility, the Nominating and Governance Committee seeks to identify candidates who possess the experience, skills, qualifications and attributes necessary to provide a broad range of personal characteristics to the Board, including diversity of thought and background, experience in technology and innovation, and global business experience. Our Board is committed to seeking highly qualified women and individuals from minority groups to include in our pool of candidates from which Board nominees are selected as part of each Board search. While this has been our practice for several years, our Board amended our Corporate Governance Principles in December 2019 to highlight this for our investors and other stakeholders.
	2-11 Chair of the highest governance body	Our Board is led by our independent Chair. The Board believes that our current leadership structure strengthens the Board's role in oversight of the Company. Mr. Friel currently serves as our independent Chair and was re-elected to the role at the 2022 Annual Meeting. The Board will consider the continued appropriateness of this structure as necessary to meet the best interests of the Company and whether alternatives, such as an appropriately empowered lead independent director, would be sufficient.
	2-12 Role of the highest governance body in overseeing the management of impacts	<p>See How We Think About Sustainability, page 86.</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.</p> <p>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.

GRI 2: General Disclosures 2021 (continued)	2-12 Role of the highest governance body in overseeing the management of impacts (continued)	<ul style="list-style-type: none"> • 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 is informed by external perspectives invited to engage with the Board directly. • The independent directors hold regularly scheduled executive sessions without management present. • The Board's engagement on oversight of strategy continues in between meetings in a variety of ways. In addition, our directors may from time-to-time visit our business facilities, including research and development facilities around the world. Due to pandemic-related safety concerns and travel restrictions in 2021, our Board was unable to visit production or R&D facilities; however, our Board visited our Washington, D.C. office twice during the year and is committed to resuming visits once safety concerns abate. <p>Our directors also can understand and assess how we are communicating our strategy to our investors through updates during shareholder engagement, regular earnings releases and periodic Investor and Analyst Days.</p>
	2-13 Delegation of responsibility for managing impacts	<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. 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>
	2-14 Role of the highest governance body in sustainability reporting	<p>The Board, primarily through its Nominating and Governance Committee, provides oversight of our approach to sustainability, corporate citizenship and social value creation, including our approach to sustainability reporting.</p>

<p>GRI 2: General Disclosures 2021 (continued)</p>	<p>2-15 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. In reviewing related party transactions, the Nominating & Governance Committee will consider the relevant facts and circumstances, including:</p> <ul style="list-style-type: none"> • whether terms or conditions of the transaction are generally similar to those available to third parties; • the level of interest or benefit to the related party; • the availability of alternative suppliers or customers; and • the benefit to the Company. <p>Any Nominating & Governance Committee member who is a related party with respect to a transaction under review may not participate in the deliberations about the transaction or vote for its approval or ratification. The policy provides pre-approval for certain types of transactions that the Nominating & Governance Committee has determined do not pose a significant risk of conflict of interest, either because a related party would not have a material interest in a transaction of that type or due to the nature, size or degree of significance to the Company.</p>
	<p>2-16 Communication of critical concerns</p>	<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. See More About the Xylem Integrity Line on page 92.</p>

GRI 2: General Disclosures 2021 (continued)	2-17 Collective knowledge of the 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, considering the Company’s short and long-term strategies and evolving global operations. The Nominating & Governance Committee then compares those attributes to those of the current directors and potential director candidates. The Nominating & Governance Committee conducts targeted efforts to identify and recruit individuals that have the requisite experience, skills and qualifications, keeping in mind our commitment to actively seek qualified women and individuals from minority groups to include in the pool of candidates from which directors are selected. Directors and candidates should be persons of the highest personal and professional ethics, integrity and values, with significant accomplishments and recognized stature, and who bring a diversity of backgrounds and perspectives to the Board and are committed to representing the long-term interests of the shareholders. Our Board believes that the director nominees have the appropriate mix of experience, skills, qualifications and attributes needed to lead the Company at the Board level. A discussion of each director’s experience and skills is provided on pages 10-15 of our 2022 Proxy Statement.</p>
	2-18 Evaluation of the performance of the highest governance body	<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

GRI 2: General Disclosures 2021 (continued)	2-19 Remuneration policies	A comprehensive discussion of director and executive compensation can be found in our 2022 Proxy Statement on pages 42-67.
	2-20 Process to determine remuneration	<p>A comprehensive discussion of non-employee director compensation and executive compensation can be found in our 2022 Proxy Statement on pages 42-67.</p> <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 January 2022, we reached out to shareholders representing approximately 70% of our outstanding shares and engaged in direct dialogue with shareholders holding approximately 27% 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 2022, as in prior years, we received strong support in our say-on pay advisory vote, with approximately 86% of the shares voting at the annual meeting supporting our executive compensation. Our equity compensation programs are designed to attract and retain the most creative and talented industry leaders and high potential talent and to align employee and shareholder interests. As such, participation in our equity compensation program is not limited to our non-employee directors and executive officers.</p> <p>An important barometer of Xylem's continued commitment to sustainability, the individual component of the 2021 Annual Incentive Compensation for both our President & CEO and SVP, Chief People and Sustainability Officer was tied to Xylem's sustainability performance as rated by Sustainalytics. In addition, the individual component of the 2021 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, Xylem augmented 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>

GRI 2: General Disclosures 2021 (continued)	2-21 Annual total compensation ratio	In 2021, the ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 190:1. For more information see our 2022 Proxy Statement , page 67.
	2-22 Statement on sustainable development strategy	See Message from Patrick Decker, President & CEO pages 3-5 and Message from Claudia Toussaint, Chief People and Sustainability Officer, pages 6-8 .
	2-23 Policy commitments	See Xylem Policies .
	2-24 Embedding policy commitments	Xylem’s Board of Directors, primarily through its Nominating & Governance Committee, provides oversight of Xylem’s approach to sustainability and corporate social responsibility. The integration of specific ESG policy commitments into Xylem’s strategies and operational procedures is overseen by various cross-functional teams. For more information, please see our Management Approaches .
	2-25 Processes to remediate negative impacts	To ensure compliance with our principles, we’ve adopted straightforward processes for colleagues and other stakeholders to report their concerns and instances of observed misconduct. See page 91 for more detail.
	2-26 Mechanisms for seeking advice and raising concerns	We provide multiple reporting tools so that concerned individuals can report in a way most comfortable to them. See page 91 for more detail.
	2-27 Compliance with laws and regulations	In 2021, Xylem had no significant non-compliance with laws and regulations.
	2-28 Membership associations	<p>Xylem holds positions in, participates with or provides funding beyond routine membership dues to the following industry associations and advocacy organizations: Water Advocacy, NGOs, Research and Academic See Innovation partners, page 30 and Community Impact, page 76.</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

GRI 2: General Disclosures 2021 (continued)	2-28 Membership associations (continued)	<ul style="list-style-type: none"> • 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 • 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 • Human Rights Campaign Foundation • World Economic Forum
	2-29 Approach to stakeholder engagement	See How We Think About Sustainability, page 90 .
	2-30 Collective bargaining agreements	As of December 31, 2021, Xylem employed more than 17,000 employees worldwide, of which approximately 1,200 were temporary or fixed-term employees or interns. We have approximately 5,700 employees in the U.S., of which approximately 18% 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.

Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	See Materiality page 16 .
	3-2 List of material topics	See Materiality page 16 .
Indirect Economic Impacts (Xylem Material Topic: Watermark & Direct Community Impact)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 96 .
GRI 203: Indirect Economic Impacts 2016	203-2 Significant Indirect Economic Impacts	See Community Impact page 77 .
Procurement Practices (Xylem Material Topic: Supply Chain Equity)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 96 .
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	See Supply Chain page 46 .
Anti-Corruption (Xylem Material Topic: Business Ethics)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 97 .
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	See Ethics and Compliance page 91 .
	205-2 Communication and training about anti-corruption policies and procedures	See Ethics and Compliance page 91 .
	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 2021.

Anti-Competitive Behavior (Xylem Material Topic: Business Ethics)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 97 .
GRI 206: Anti-competitive Behavior 2016	206-1 Legal Actions for Anti-Competitive Behavior, Antitrust, And Monopoly Practices	A key success metric of our management of ethics and accountability is the number of incidents of corruption or anti-competitive behavior. Our Sensus Italy business was named, among other third parties, in an Italian Competition Authority investigation. Along with other defendants, we have appealed the ruling, which is under review as of this report's publish date.
Materials (Xylem Material Topic: Design for Circularity)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 97 .
GRI 301: Materials 2016	301-3 Reclaimed Products and Their Packaging Materials	See Sustainable Packaging page 36 .
Energy (Xylem Material Topic: Energy/GHG Reduction)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 97 .
GRI 302: Energy 2016	302-1 Energy Consumption Within the Organization	See Operations pages 37-38 .
	302-3 Energy Intensity	See Operations pages 37-38 .
	302-4 Reduction of Energy Consumption	See Operations pages 41-42 .
	302-5 Reductions in Energy Requirements of Products and Services	See Operations pages 41-42 .
Water & Effluents (Xylem Material Topic: Water Use Reduction & Stewardship)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 98 .

GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	See Operations pages 34-35 .
	303-2 Management of water discharge-related impacts	See Operations pages 34-35 .
	303-4 Water Discharge	See Operations pages 34-35 .
	303-5 Water Consumption	See Operations pages 34-35 .
Emissions (Xylem Material Topic: Energy/GHG Reduction)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 97 .
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	See Operations pages 39-40 .
	305-2 Energy Indirect (Scope 2) GHG Emission	See Operations pages 39-40 .
	305-3 Other Indirect (Scope 3) GHG Emissions	See Operations pages 39-40 .
	305-4 GHG Emissions Intensity	See Operations pages 39-40 .
	305-5 Reduction of GHG Emissions	See Operations pages 39-40 .
	305-6 Emissions of Ozone-Depleting Substances (ODS)	We do not use significant amounts of ozone-depleting substances, and for that reason do not track their use. We adhere to the Montreal Protocol, administered by the United Nations Environment Programme (UNEP), which maintains the list of ozone-depleting substances that are targeted for reductions and total phase-outs.
	305-7 Nitrogen Oxides (Nox), Sulfur Oxides (Sox), and Other Significant Air Emissions	See Operations pages 39-40 .
Waste (Xylem Material Topic: Waste Reduction)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 97 .

GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	See Waste page 36 . As a result of this diligence and our commitment to responsibly managing waste and our operations, no significant spills were reported at any of our facilities in 2021.
	306-2 Management of significant waste-related impacts	See Waste page 36 .
	306-3 Waste generated	See Waste page 36 .
	306-4 Waste diverted from disposal	See Waste page 36 .
	306-5 Waste directed to disposal	See Waste page 36 .
Supplier Environmental Assessment (Xylem Material Topic: Resilient & Environmentally Responsible Supply Chain)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 96 .
GRI 308: Supplier Environmental Assessment 2016	308-1 New Suppliers That Were Screened Using Environmental Criteria	See Supply Chain page 46 .
Employment (Xylem Material Topic: Employee Experience & Success)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 98 .
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Turnover Rate: 13.6%
	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.

<p>GRI 401: Employment 2016 (continued)</p>	<p>401-3 Parental Leave</p>	<p>Parental leave is typically determined based on local practices and regulations at facilities around the world. In them 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 4,600 employees currently eligible for paid parental leave. This includes approximately 1,100 females and 3,500 males. • Total number of employees that took parental leave in 2021, by gender – 98 total employees, 80 of these employees are male and 18 are female. All employees that took parental leave in 2021 returned to work after their leave ended.
<p>Labor/Management Solutions (Xylem Material Topic: Employee Experience & Success)</p>		
<p>GRI 3: Material Topics 2021</p>	<p>3-3 Management of Material Topics</p>	<p>See Management Approaches page 98.</p>
<p>GRI 402: Labor/Management Relations 2016</p>	<p>402-1 Minimum Notice Periods Regarding Operational Changes</p>	<p>Exceptional circumstances, including operational change or other planned measures or activities based on unexpected developments and affecting the interests of the employees to a considerable extent are communicated and minimum notice periods given according to our various union, collective bargaining and works council agreements.</p> <p>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.

GRI 402: Labor/ Management Relations 2016 (continued)	402-1 Minimum Notice Periods Regarding Operational Changes (continued)	<p>Under the European Works Council, additional information and consultation applies to the following matters:</p> <ul style="list-style-type: none"> • Structure of Xylem and its economic and financial situation, • Anticipated development of the business, including its production and sales levels • Employment situation and its anticipated development that are significant, including organizational changes, • Significant EHS, Ethics and Compliance matters, • Investment priorities in the business, • Introduction of new working and production procedures
Occupational Health and Safety (Xylem Material Topic: Health & Wellbeing)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 99 .
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	Xylem holds itself to the high standards required to meet the International Organization for Standardization (ISO) and Occupational Health and Safety Assessment Series (OHSAS) certification. 11 of our global manufacturing facilities and one office and 11 sales facilities are OHSAS 18001 certified for health and safety management. Implementation of the OHSAS certification is a voluntary commitment that we consider a long-term investment in our employees and reputation. Xylem investigates all significant incidents occurring at our facilities and completes root cause analyses to identify and prevent recurrence. To make maintaining facility compliance easier, a facility profile application is part of our online environmental, health and safety (EHS) compliance system, allowing facilities to track facility- specific information, such as permits, environmental risks and facility information.
	403-2 Hazard Identification, Risk Assessment and Incident Investigation	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 2022.
	403-3 Occupational health services	See Health and Safety page 43 .
	403-4 Worker participation, consultation, and communication on occupational health and safety	See Health and Safety page 43 .

GRI 403: Occupational Health and Safety 2018 (continued)	403-5 Worker Training on Occupational Health and Safety	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 2021, over 1,806 drivers have participated in the Alert Driving training program aimed at improving fleet safety by reinforcing awareness of our responsibility to drive safely.
	403-6 Promotion of worker health	See Health and Safety page 43 .
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See Health and Safety page 43 .
	403-9 Work-Related Injuries	See Health and Safety page 43 .
Training & Education (Xylem Material Topic: Employee Experience & Success)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 99 .
GRI 404: Training and Education 2016	404-1 Average Hours of Training Per Year Per Employee	See DEI and Talent page 69 .
	404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs	See DEI and Talent page 68 .
Diversity & Equal Opportunity (Xylem Material Topic: Diversity, Equity & Inclusion)		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 99 .
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees	See DEI and Talent page 73 .

Supplier Social Assessment (Xylem Material Topic: Social Impact Solutions)

GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 96 .
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	See Supply Chain page 46 .

Customer Health & Safety (Xylem Material Topic: Product Safety)

GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 100 .
GRI 416: Customer Health and Safety 2016	416-1 Assessment of The Health and Safety Impacts of Product and Service Categories	See Product Sustainability page 62 .
	416-2 Incidents of Noncompliance Concerning the Health and Safety Impacts of Products and Services	See Product Sustainability page 62 .

SASB

Company-Specific (Non-GRI) Disclosures

Strategic Partnerships (Xylem Material Topic: Collaborative Water Leadership)

GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 100 .
SASB IF WU	440a.3 Discussion of strategies to manage risks associated with the quality and availability of water	See Community Impact page 76 .

Climate Change (Xylem Material Topic: Environmental Impact Solutions)

GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 97 .
SASB IF WU	450a.4 Description of efforts to identify and manage risks and opportunities related to the impact of climate change	See Operations page 32 .

Business Transformation (Xylem Material Topic: Board oversight)

GRI 3: Material Topics 2021	3-3 Management of Material Topics	The SVP, Chief Financial Officer, the SVP, Chief People and Sustainability 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.
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Connected Products (Xylem Material Topics: Product Quality, Secure Connected Technology)

GRI 3: Material Topics 2021	3-3 Management of Material Topics	See Management Approaches page 101 .
SASB IF WU	TC0401 15 Number of patent litigation cases, number successful, and number as patent holder	See Innovation page 30 .
N/A	Number of patents and/or trademarks filed/ pending/ awarded/rejected	See Innovation page 30 .

Additional SASB Metrics

SASB Index

Industrial Machinery & Goods- Accounting Metrics

Topic	SASB Code	Accounting Metric	Category	Unit Of Measure	2021 Response
Energy Management	RT-IG-130a.1	<ol style="list-style-type: none"> Total energy consumption Percentage grid electricity Percentage renewable energy 	Quantitative	Gigajoules (GJ) Percentage (%)	<ol style="list-style-type: none"> 1,405,772 42% 32%
Employee Health & Safety	RT-IG-320a.1	<ol style="list-style-type: none"> Total recordable incident rate (TRIR) Fatality rate Near miss frequency rate 	Quantitative	Rate	<ol style="list-style-type: none"> 0.66 0.00 5.30* <p>*2021 is the first year this metric has been calculated and published</p>
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and analysis	N/A	<p>2021 Sustainability Report, page 47.</p> <p>Please see our Conflict Mineral Policy Statement located on our Sustainability website.</p>

World Economic Forum Sustainable Value Creation Core Metrics and Disclosures

Theme	Governance: Core Metrics & Disclosure	Location In Report
Principles of Governance		
Governing purpose	<p>Setting purpose</p> <p>The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.</p>	GRI 2-12
Quality of governing body	<p>Governance body composition</p> <p>Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.</p>	GRI 2-9 GRI 405-1a 2022 Proxy Statement
Stakeholder engagement	<p>Material issues impacting stakeholders</p> <p>A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	GRI 2-12 GRI 2-29 GRI 3-2
Ethical behavior	<p>Anti-corruption</p> <ol style="list-style-type: none"> Total percentage of employees who have received training on the organization's anti-corruption policies and procedures Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption 	GRI 205-2 GRI 205-3 Code of Conduct
	<p>Protected ethics advice and reporting mechanisms</p> <p>A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> Seeking advice about ethical and lawful behavior and organizational integrity; and Reporting concerns about unethical or unlawful behavior and lack of organizational integrity. 	GRI 2-26 Code of Conduct

Risk and opportunity	<p>Integrating risk and opportunity into business process</p> <p>Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	N/A
Planet		
Climate change	<p>Greenhouse gas (GHG) emissions</p> <p>For all relevant greenhouse gases (e.g., carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions.</p> <p>Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p>	GRI 305:1-3
	<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>	GRI 305-3 TCFD Report
Freshwater availability	<p>Water consumption and withdrawal in water-stressed areas</p> <p>Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.</p>	GRI 303-5

People		
Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g., ethnicity).	GRI 405-1b
	Wage level (%) Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	GRI 202-1 2021 Xylem 10K, p. 63
	Risks for incidents of child, forced or compulsory labor An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor.	GRI 408-1b GRI 409-1 Efforts to Combat Modern Slavery
Health and well being	Health & safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.	GRI 403-9a&b GRI 403-6a
Skills for the future	Training provided (#) Average hours of training per person that the organization's employees have undertaken during the reporting period (total number of hours of training provided to employees divided by the number of employees).	GRI 404-1

Prosperity		
Employment and wealth generation	Absolute number and rate of employment 1. Total number and rate of new employee hires during the reporting period. 2. Total number and rate of employee turnover during the reporting period.	GRI 401-1a&a
	Economic contribution Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization’s global operations, ideally split out by: <ul style="list-style-type: none"> • Revenues • Operating costs 	U.S. GAAP 2021 Xylem 10-K, p. 59
	Financial investment contribution 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company’s investment strategy. 1. Share buybacks plus dividend payments, supported by narrative to describe the company’s strategy for returns of capital to shareholders.	2021 Xylem 10-K, pp. 37, 46
Innovation of better products and services	Total R&D expenses (\$) Total costs related to research and development.	2021 Xylem 10K, p. 10

United Nations Global Compact Principles

Principle	Links to Supporting Documentation in Report
Human rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Modern Slavery Statement Human Rights Policy Code of Conduct Supplier Code of Conduct
Principle 2: make sure that they are not complicit in human rights abuses.	Modern Slavery Statement Human Rights Policy Code of Conduct Supplier Code of Conduct
Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	GRI 2: General Disclosures 2021: 2-30 Collective Bargaining Agreements Proxy Statement, page 14
Principle 4: the elimination of all forms of forced and compulsory labor;	Modern Slavery Statement Human Rights Policy Code of Conduct Supplier Code of Conduct
Principle 5: the effective abolition of child labor; and	Modern Slavery Statement Human Rights Policy
Principle 6: the elimination of discrimination in respect to employment and occupation.	DEI and Talent Code of Conduct
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Management Approaches
Principle 8: undertake initiatives to promote greater environmental responsibility;	Sustainability at Xylem Product Sustainability Innovation, Partnership and Sustainability Climate Action Plan
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Sustainability at Xylem Product Sustainability Innovation, Partnership and Sustainability
Anti-corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Ethics and Compliance Code of Conduct Supplier Code of Conduct