

Xylem Europe GmbH

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Schaffhausen, August 21, 2019

Xylem Prepares for Brexit

Dear Sir/ Madam:

Xylem continues to closely monitor developments related to the United Kingdom of Great Britain and Northern Ireland's decision to leave the European Union on October 31, 2019. Xylem stands ready to put contingency plans into place in the event of a "hard Brexit" that enables us to continue serving our customers with minimum disruption.

More specifically, Xylem's mitigation plan for a hard Brexit includes: Preparations for the implementation of new customs processes like export and import declarations, increased safety stock levels, and development of contingency plans with our suppliers, freight forwarders, customs brokers and other partners in our supply chain.

While Xylem is taking all precautions to mitigate against the impact of a hard Brexit, there are areas which we cannot influence. Such as the imposition of customs duties levied on products that cross the new customs border, waiting times at the border and costs for customs clearance.

While we hope that the UK and the EU will decide on a transition agreement, Xylem is proceeding in its preparation based on the assumption of a hard Brexit on October 31, 2019. Until the UK finally leaves the EU, Xylem will continue to operate under the current legislation with the existing rules and principles. Rest assured we are well prepared to implement our contingency plans should the need arise on the first day of exit.

If you have further questions, please contact your local salesperson or the Xylem Nottingham Office on 0115 9400111

Yours faithfully,

Xylem Europe GmbH

A handwritten signature in blue ink, appearing to read "Martin Kunz".

Martin Kunz
Vice President Europe Sales