Xylem Inc - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Xylem, with 2020 revenue of $4.88 billion and more than 16,000 diverse employees, is a leading global water technology company committed to solving critical water and infrastructure challenges with technological innovation. 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 design, manufacture and service highly engineered products and solutions ranging across a wide variety of critical applications, primarily in the water sector, but also in electric and gas. Our broad portfolio of products, services and solutions addresses customer needs across the water cycle, from the delivery, measurement and use of drinking water to the collection, test and treatment of wastewater to the return of water to the environment. We have differentiated market position 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.

Xylem is headquartered in Rye Brook, New York, and manufactures and assembles products in 22 countries, operates in more than 50 countries and sells services and solutions in more than 150 countries through a balanced distribution network consisting of our direct sales force and independent channel partners. Our product, services and solutions offerings are organized into three reportable segments that are aligned around the critical market applications they provide: Water Infrastructure, Applied Water and Measurement & Control Solutions.

The name Xylem is derived from classical Greek referring to the tissue that transports water in plants, highlighting the engineering efficiency of our water-centric business by linking it with the best water transportation of all – that which occurs in nature.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Algeria
Argentina
Australia
Austria
Belgium
Brazil
Canada
Chile
China
China, Hong Kong Special Administrative Region
Colombia
Denmark
Finland
France
Germany
Hungary
India
Italy
Japan
Malaysia
Mexico
Netherlands
New Zealand
Norway
Peru
Philippines
Poland
Portugal
Republic of Korea
Russian Federation
Singapore
Slovakia
South Africa
Spain
Sweden
Switzerland
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Board has delegated responsibility for oversight of certain risk categories to designated Board Committees based on each Committee's expertise; each Committee regularly receives updates on these matters from management and reports on them to the full Board so that the Board has information necessary to fulfil its risk oversight responsibilities. The Audit & Finance Committee oversees the company's overall risk assessment and risk management processes and policies as well as accounting, controls and financial disclosures. The Board's Nominating & Governance Committee is responsible for overseeing risks related to sustainability, business continuity and disaster recovery, and compliance programs, including environmental, health and safety, along with related activities. Both Committees and the full Board discuss climate- and water-related issues with management in connection with oversight of our strategy and these other areas. One Board meeting per year is dedicated to an intensive review and discussion of Xylem's strategic plans, including our approach to sustainability and ESG matters; the Board receives updates on our strategy at other Board meetings. Our business strategy is also discussed in executive sessions of independent directors and at Committee meetings. We develop our business and sustainability strategy through the lens of resiliency of water systems against climate change, water scarcity and water affordability. Climate and water-related risks are part of our regular strategy discussions with the Board and its Committees. When we review our manufacturing and supply chain strategy, sustainability and footprint management are included in those discussions. Our Innovation & Technology Committee reviews our technology and innovation priorities in the context of overall corporate and innovation strategies, including reducing the climate impact of our pumping and treatment technologies. Our Nominating & Governance Committee reviews our sustainability strategy and performance against our goals at least annually; these goals focus our efforts to enhance water systems resilience to climate change and other water challenges and affordability issues.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	At Xylem, sustainability is at the center of who we are and what we do. As a leading global water technology company, we address some of the world's most urgent sustainability challenges - responsible stewardship of our shared water resources and resiliency of communities to climate change. Technology is playing an increasingly important role in helping the world solve water issues. We have a long history of innovation and we are focusing on the powerful capabilities of smart technology, integrated management and data analytics. Global water needs cannot be met without streamlining the water industry's cost structure with technologies that fundamentally change the provision and management of water. We compete in areas that are pivotal to improving "water affordability" and "resilience", while reducing the impact of "water scarcity". "Water affordability" refers to the more efficient delivery, use and treatment of clean water and wastewater. "Resilience" refers to the management of water-related risks, including climate change mitigation, and the resilience of water infrastructure. "Water scarcity" refers to the management of limited supplies of water due to climate change, overpopulation and pollution. Our customers often face all three of these challenges. The Board provides oversight of our sustainability strategy as well as management's approach to risk management and execution of its risk management responsibilities. The Board has delegated responsibility for oversight of certain risk categories to designated Board Committees based on each Committee's expertise; each Committee regularly receives updates on these matters from management and reports on them to the full Board so that the Board has information necessary to fulfil its risk oversight responsibilities. • Audit & Finance Committee provides oversight of Xylem's overall risk assessment and risk management processes and policies. Climate risks are considered in the enterprise risk management program conducted by management and overseen by this Committee; • Nominating & Governance Committee provides oversight of Xylem's sustainability; business continuity and disaster recovery; and compliance programs, including environmental, health & safety; • Innovation & Technology Committee oversees Xylem's technology and innovation priorities, plans and investments and the Company's commercialization and disruption approach. As noted above, a number of Xylem's products help address risks related to climate change. Both Committees and the full Board discuss climate- and water-related issues with management in connection with oversight of our strategy and these other areas.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Sustainability isn't just an initiative at Xylem; it's our core business strategy, and it drives our employees to come to work each day with a common purpose and passion – to redefine and advance the world's water systems and, in doing so, to improve the lives of people around the globe. As the world's climate changes, water issues are intensifying around the globe – demanding new and bold solutions. For Xylem, the planet's climate-related water challenges provide opportunities for us to address and overcome them.

Our senior leadership team members, under the direction of our President & CEO, lead businesses, sales teams and functional areas with the intent of building an enduring and successful company in service to customers and communities. Increasingly, our businesses are better integrating sustainability – such as climate change mitigation and adaptation solutions – into their strategies to accelerate innovation, sell our products and services, and grow our business. Ultimately, our growth strategies are designed to position Xylem as a leader in the global water technology industry, enabling customers to increase their resiliency against climate change and to optimize their water and resource management for the communities around them. Our CEO has ultimate responsibility for aligning Xylem's long-term business strategy with climate-driven market conditions in the water technology industry.

Our CEO's approach to climate-related issues is informed by Xylem's Climate Change Policy, which covers the management of our operational environmental impact and outlines our enterprise commitment to develop innovative mitigation and adaptation solutions for the water-related challenges associated with climate change. This approach is also applied to our M&A strategy, which is led by our CEO and focused on key growth areas that can further advance our ability to have a positive impact on climate-related issues. For example, since 2016, we have completed a number of acquisitions in the area of systems intelligence, adding leading products and technologies in smart metering, data analytics and software & managed services to our portfolio. We are also focused on increasing our capabilities in the areas of advanced industrial water treatment and industrial water services.

Our CEO leads an intensive review and discussion of Xylem's strategic plans, including our approach to sustainability and ESG matters, with our Board during our annual strategy meeting; the Board receives updates on our strategy from our CEO and other members of our senior leadership team at other Board meetings. Our CEO develops our business and sustainability strategy through the lens of resiliency against climate change, water scarcity and water affordability. Sustainability, including climate- and water-related risks, underlies our strategy discussions with the board. When we review our manufacturing and supply chain strategy, sustainability and footprint management are included in those discussions. Our Innovation & Technology Committee reviews our technology and innovation strategy including innovation to reduce the climate impact of our pumping and treatment technologies. Our Nominating & Governance Committee reviews our sustainability strategy and performance against our goals, many of which consider climate and water risks, at least annually.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Efficiency target	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. Technology is playing an increasingly important role in helping the world solve water issues. We have a long history of innovation, and are focused on the powerful capabilities of smart technology, integrated management and data analytics. A significant portion of our executive pay is performance-based and not guaranteed. In 2020, 75% of our corporate executive team's annual incentive compensation was tied to targets for revenue, operating income and free cash flow conversion, weighted equally. For 2020, core financial metrics were selected to reflect the importance of top line growth, profit, and management of free cash flow as the foundation for building shareholder value. The remaining 25% of the annual incentive compensation was tied to financial and non-financial Individual Objectives ("IOs") for NEOs that were used to align closely with the Company's five top strategic priorities and two core imperatives: Revenue growth means that we are successful in selling more of our green/sustainable products and solutions. Operating income improvements means that we are thoughtful about our costs, including energy costs. Our energy treasure hunts routinely contribute to our operating income performance. A portion of the individual component of the 2020 Annual Incentive Compensation for both our President & CEO and our Senior Vice President, Chief Sustainability Officer was tied to Xylem's sustainability performance as rated by Sustainalytics. In addition, the individual component of the 2020 Annual Incentive Compensation for our segment Presidents included the safety performance of their businesses as measured by injury frequency and risk reduction index. In 2021, the Company is augmenting its sustainability-linked compensation for all of our NEOs, as well as a broader group of executives, with a special, one-time grant of performance share units with goals that are based on 5 of our strategically transformative 2025 sustainability goals.
All employees	Non-monetary reward	Energy reduction target	We're making significant progress, from identifying our highest-emitting activities to engaging employees across our company to adopt a more energy-efficient mindset—all of which will help move us closer to achieving our goal to reduce our GHG emissions. Some of our most successful initiatives to engage employees in energy-reduction efforts have been "Energy Treasure Hunts" at selected facilities. During these events, cross-functional teams of employees identify possible day-to-day energy efficiency improvements. The goal is to find opportunities to reduce energy use, costs and greenhouse gas emissions related to energy. Treasure Hunts were conducted at 28 Xylem sites around the world in 2020, starting with our highest resource-consuming facilities. In 2020, we determined these efforts have led to 67 recommended projects, 22 percent of which are underway. These projects are expected to avert 118 tons of CO2e emissions and save 733,000 kilowatt hours. Non- monetary incentives such as Xylem-logoed shirts and novelty items, pizza parties and cookouts are given to employees in recognition for participation in Sustainability and Health & Safety initiatives like the Energy Treasure Hunts.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	
Medium-term	3	5	
Long-term	5	10	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Xylem defines a substantive financial impact or strategic impact as anything within our direct operations, supply chain, or value chain that stands to impact 4% or more of Xylem's overall annual revenue.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Long-term

Description of process

A disclosure of risk factors is available in our annual 10-K filing and in subsequent 10-Q filings with the Securities and Exchange Commission. Xylem's risks, including climate- and water-related risks, are managed through a comprehensive Enterprise Risk Management ("ERM") Program with a 5 key components: Risk Appetite & Strategy, Governance & Organization, Policies and Procedures, Risk Management Process, and Monitoring & Reporting. The Program establishes practical and sustainable policies, procedures and processes that help the Company monitor, govern, prioritize and manage risk effectively. Xylem's ERM Program includes an annual Enterprise Risk Assessment, in which we identify, measure and categorize strategic, operational, financial and reputational risks to the Company and business segments that could impact our ability to meet our strategic objectives and impede our business resilience. Each risk is then assigned a score for a) severity of impact, b) likelihood of occurring, c) preparedness of controls / vulnerabilities, and d) speed of onset, and placed on a heat map to understand its relative importance. Each risk is assigned a ranking of either primary or secondary. Risks are tracked on a monitoring dashboard that cascades primary and secondary risks and specifies who owns each risk. The dashboard denotes primary risks as high, moderate or minimal. Primary risks are reviewed and updated periodically to determine if and how each primary risk's risk profile and residual risk has changed (increase, decrease or no change). New primary risks may be added during these periodic review.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Our manufacturing operations worldwide are subject to many requirements under environmental laws. In the United States, the Environmental Protection Agency and similar state agencies administer laws and regulations concerning air emissions, water discharges, waste disposal, environmental remediation, and other aspects of environmental protection. Such environmental laws and regulations in the United States include, for example, the federal Clean Air Act (CAA), the Clean Water Act (CWA), the Resource, Conservation and Recovery Act (RCRA), and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). Environmental requirements significantly affect our operations. We have established an internal program to address global compliance with applicable environmental requirements. Compliance risk is considered as part of our semi-annual ERM process, as described in C2.2.

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	Unforeseen environmental issues could impact our financial position or results of operations. Our operations, products and solutions are subject to and affected by many federal, state, local and foreign environmental laws and regulations, including those enacted in response to climate change concerns. In addition, we could be affected by future environmental laws or regulations, including, for example, those imposed in response to climate change concerns. Compliance with current and future environmental laws and regulations currently requires and is expected to continue to require operating and capital expenditures. Increased public and governmental awareness and concern regarding global climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions and will likely result in increasing environmental and climate change laws or regulations. Compliance with these current and future laws and regulations currently requires, and is expected to continue to require, increasing operating and capital expenditures which could impact our business, financial condition and results of operations. Additionally, President Biden's administration may increase the likelihood of potential changes in these laws and regulations and the enforcement of any existing or new legislation or directives by government authorities. Environmental laws and regulations may authorize substantial fines and criminal sanctions as well as facility shutdowns to address violations and may require the installation of costly pollution control equipment or operational changes to limit emissions or discharges. We also incur, and expect to continue to incur, costs to comply with current environmental laws and regulations. Developments such as the adoption of new environmental laws and regulations, stricter enforcement of existing laws and regulations, violations by us of such laws and regulations, discovery of previously unknown or more extensive contamination, litigation involving environmental impacts, our inability to recover costs associated with any such developments, or financial insolvency of other responsible parties could in the future have a material adverse effect on our financial position and results of operations. Due to the nature of these risk, as described here, assessment of risk associated with emerging regulation is included in our ERM process, as described in C2.2.
Technology	Relevant, always included	Our competitive position and future growth rate depend upon a number of factors, including our ability to successfully: (i) innovate, develop and maintain competitive products, services, business models and customer experience to address emerging trends and meet customers' needs, (ii) defend our market share against an ever-expanding number of competitors, (iii) enhance our product and service offerings by adding innovative features or disruptive technologies that differentiate them from those of our competitors and prevent commoditization, (iv) develop, manufacture and bring compelling new products and services to market quickly and cost-effectively, (v) continue to cultivate, develop and maintain our distribution network of channel partners, (vi) attract, develop and retain individuals with the requisite innovation and technical expertise and understanding of customers' needs to develop new technologies, products and services, (vii) continue to invest in manufacturing, research and development, engineering, sales and marketing, customer service and support, and our distribution networks, (viii) win large contracts, and (ix) compete for business subject to applicable governmental procurement laws and policies. We may not be successful in maintaining our competitive position, which could adversely affect our business, financial condition, cash flows or results of operations. The failure of our technologies, products or services to maintain and gain market acceptance due to more attractive offerings, or customers' slower-than-expected adoption of and investment in our new and innovative technologies could significantly reduce our revenues or market share and adversely affect our competitive position. Pricing pressures also could cause us to adjust the prices of certain products to stay competitive, or we may not be able to continue to win large contracts, which could adversely affect our market share and competitive position. Additionally, a significant portion of our products and offerings in our Measurement & Control Solutions segment are affected by the availability and regulation of radio spectrum. Accordingly, if the United States Federal Communications Commission does not renew our existing spectrum licenses, our business could be adversely affected. As these risks have significant and fundamental impact on our profitability and ability to compete, technology risk is included in our ERM process, as described in C2.2.
Legal	Relevant, always included	We are subject to various laws, ordinances, regulations and other requirements of government authorities in foreign countries and in the United States, any violation of which could potentially create substantial liability for us and also damage to our reputation. Changes in laws, ordinances, regulations or other government policies, the nature, timing, and effect of which are uncertain, may significantly increase our expenses and liabilities. If we do not or cannot adequately protect our intellectual property, if third parties infringe or misappropriate our intellectual property rights, or if third parties claim that we are infringing or misappropriating their intellectual property rights, we may suffer competitive injury, expend significant resources enforcing our rights or defending against such claims, or be prevented from selling products or services. We keep abreast of these emerging legal issues, such as significant litigation or claims through our ERM process and by our various legal and regulatory compliance teams. There were no climate-related litigation claims in 2020.
Market	Relevant, always included	We are exposed to market risk, including related to foreign currency exchange rates, trade restrictions and tariffs, and interest rates. These exposures are monitored by management and are included in our ERM process, as described in C2.2. Our exposure to foreign exchange rate risk is due to certain costs, revenue and borrowings being denominated in currencies other than one of our subsidiaries functional currency. Similarly, we are exposed to market risk as the result of changes in interest rates which may affect the cost of our financing. It is our policy and practice to use derivative financial instruments only to the extent necessary to manage exposures. Weather conditions, including the effects of climate change, may cause volatility in several served markets, and may affect our financial results. The unpredictable nature of weather conditions, including heavy flooding, prolonged droughts and fluctuations in temperatures or weather patterns, including as a result of climate change, can positively or negatively impact portions of our business, as well as the operations of certain of our customers and suppliers. For example, heavy flooding and rain events, which may be due to global climate change, may increase demand for some of our solutions that may help customers manage water and storm water overflows. Within the dewatering space, pumps provided through our Godwin and Flygt brands are used to remove excess or unwanted water. On the other hand, prolonged drought conditions drive higher demand for pumps used in agricultural and turf irrigation applications, such as those provided by our Goulds Water Technology and Lowara brands. In addition, fluctuations in temperatures result in varying levels of demand for products used in residential and commercial hydronic applications, where homes and buildings use circulating water to heat and cool living spaces, such as those provided by our Bell & Gosset brand. Significant fluctuations in these weather conditions and climate changes can therefore result in volatility in our financial results.
Reputation	Relevant, always included	We are exposed to various product, technology, regulation and physical risks, which could potentially damage our reputation. Product recalls, removals, safety or security alerts, and product liability and quality claims can result in significant costs, as well as negative publicity and damage to our reputation that could reduce demand for our products and have a material adverse effect on our business, financial condition and results of operations. In addition, Xylem is subject to various laws, ordinances, regulations and other requirements of governmental authorities in foreign countries and in the United States, any violation of which could potentially create substantial liability for us and also damage to our reputation. Xylem also partners with and/or sponsors other entities. If one of these partners gains negative publicity, it could affect our reputation. Disruption to any of the information technology and communications networks on which we rely, or an attack on our products and services, could interfere with our operations or result in theft or compromise of our and our customers' intellectual property and trade secrets, and therefore negatively impact our reputation. Finally, while Xylem is not directly dependent on large quantities of water for our operations, as a water technology company, lack of proactive management of our energy and water footprints and climate risk could damage our reputation and reduce demand for our products.
Acute physical	Relevant, always included	If our facilities or operations, or that of third parties on which we rely in our supply chain and critical business operations, were to be disrupted as a result of a significant equipment failure, natural disaster, power, water or communications outage, fire, explosion, critical supply failure, pandemic, terrorism, cybersecurity attack, political disruption, insurrection, armed conflict or war, labor disputes, work stoppage or slowdown, technology failure, adverse weather conditions or other reason, our financial performance operations and business could be adversely affected. Interruptions could cause an inability to meet customer demand or contractual commitments, increase our costs, reduce our sales and impact our business processes and activities. Any interruption in capability may be lengthy and have lasting effects, require a significant amount of management and other employees' time and focus, and require us to make substantial expenditures to remedy the situation, which could negatively affect our profitability and financial condition. Any recovery under our insurance policies may not offset the lost sales or increased costs that may be experienced during the disruption of operations, or any resultant longer-term loss of suppliers, sales or customers, which could adversely affect our business, financial condition and results of operations. In 2021, Xylem commissioned Trucost to conduct a Taskforce for Climate-Related Financial Disclosure (TCFD) Scenario Analysis assessing our climate-related transition and physical risks. For physical risks we focused on extreme weather impacts and other climate impacts at 2025, 2030 and 2050 timeframes for our most critical global locations. We also analyzed the physical risks for our most critical suppliers. Due to the nature of this risk, acute physical risk is considered in our ERM process, as described in C2.2.
Chronic physical	Relevant, always included	Water and our climate are deeply intertwined. According to research by the Intergovernmental Panel on Climate Change (IPCC), climate change will intensify risks associated with water availability and quality. Climate change will exacerbate the water challenges that lie at the heart of Xylem's work. In 2018, we began using the WRI Aqueduct Tool to conduct water sensitivity analyses and communicate water use and risks relative to water availability. In 2019, 310 (over 90%) Xylem facilities were analyzed using the WRI tool. As a part of this analysis, we mapped our facilities to global water basins, determining 114 of Xylem facilities are located in areas with less than 1700 m3/(person*year) of available water. Inadequate water supply for our operations could result in increased operating costs and reduced production capacity. In 2021, Xylem commissioned Trucost to conduct a Taskforce for Climate-Related Financial Disclosure (TCFD) Scenario Analysis assessing our climate-related transition and physical risks. For physical risks we focused on extreme weather impacts and other climate impacts at 2025, 2030 and 2050 timeframes for our most critical global locations. We also analyzed the physical risks for our most critical suppliers. Due to the nature of this risk, acute physical risk is considered in our ERM process, as described in C2.2.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Carbon prices associated with emissions trading schemes, carbon taxes, fuel taxes and other policies are expected to rise in the future as governments take action to reduce greenhouse gas emissions consistent with the Paris Agreement. The speed and level to which carbon prices may rise is uncertain and likely to vary across countries and regions. Currently, there are over 40 governments that have adopted a carbon pricing policy by either introducing cap-and-trade programs or direct taxes on companies using fossil fuel. As part of our environmental due diligence process, we have identified several “high risk” countries that Xylem has operations in such as Denmark, Finland, Netherlands, Norway, Sweden and the United Kingdom where such regulation have already been adopted. Xylem's operations in the United States have the highest exposure to carbon pricing risk due to the size of our carbon footprint at our U.S. facilities as well as the low level of carbon pricing that currently exists in the United States. There are additional countries where such regulations are in place, but not currently applicable to our facilities. These “medium risk” countries include South Africa, Australia, New Zealand, Ireland, and additional continental European countries. After conducting an assessment of the current market, Xylem believes the risks for carbon taxes are low for its facilities. Although emissions from stationary combustion at Xylem facilities may be subject to cap and trade regulation, we believe the risks from these frameworks are low. In general, our facility-level direct GHG emissions from stationary combustion are minimal and do not meet the thresholds for participation. As such, we believe our facilities are not likely to be subject to cap and trade regulations and carbon taxes in the near future.

Time horizon
Short-term

Likelihood
About as likely as not

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
114000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The analysis performed by Trucost, using carbon pricing risk projections, indicates that our carbon pricing risk exposure for the year 2030 ranges from $48 million to $200 million per annum under low to high carbon price scenarios respectively. $114 million is the amount under the moderate scenario.

Cost of response to risk
1000000

Description of response and explanation of cost calculation
We reduce our exposure to these risks by actively managing our GHG. Lowering our emissions may reduce the likelihood of cap-and-trade regulations and carbon taxes increasing our tax burden. Electricity consumption is the largest contributor to GHGs associated with our operations which we aim to reduce by reducing energy use and increasing investments in renewable energy. We had identified our highest-emitting activities and rolled out emissions reduction activities, resulting in a more than 7% decrease in GHG emissions intensity from 2019 to 2020. We have also engaged employees on “Energy Treasure Hunts” to find energy and GHG reduction opportunities. Treasure Hunts were conducted at 28 Xylem sites around the world in 2020, starting with our highest resource-consuming facilities. In 2020, we determined that these efforts led to 67 recommended projects, 22% of which are underway. These projects are expected to avert 118 tons of CO2e emissions and save 733,000 kWh. To keep abreast with emerging regulatory requirements, we also include climate change in our semi-annual enterprise risk management process. We are a signatory to the American Business Act on Climate Pledge, We Are Still In Declaration, United Nations Care for Climate and have a climate change policy.

Comment
Many of these energy-saving projects are low- or no-cost improvements and relatively easy to implement, such as the installation of efficient lighting and mechanical systems, refrigeration systems and office equipment. In 2020 we capitalized on the benefits of our investments in at least 15 energy reduction projects involving solar panels installation, replacement of less-efficient lighting units with light- emitting diode (LED) lighting at major facilities and from several other opportunities, including compressed air efficiencies and equipment turn off after hours. The estimated yearly impact/reduction of those projects is around 733,000 kWh per year of electricity and 118 tons per year of CO2e emissions. One of the simplest ways to reduce our overall GHG emissions is through the purchase of renewable energy credits and renewable energy. As of year-end 2020, 74 Xylem manufacturing facilities and sales offices purchased electricity generated from renewable sources. Combined, these sites purchased 24,515 CO2e metric tons in renewable energy, electricity and gas during 2020.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Other, please specify (water availability and quality)

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Water and our climate are deeply intertwined. According to research by the Intergovernmental Panel on Climate Change (IPCC), climate change will intensify risks associated with water availability and quality. Moreover, the transport, treatment, and use of both clean water and wastewater are significant sources of GHG emissions. Climate change will exacerbate the water challenges that lie at the heart of Xylem's work. As a global water technology company, we actively manage our own water footprint and we work with our partners to increase water productivity, quality and resilience, resulting in direct and indirect benefits to climate change. In addition to our comprehensive Enterprise Risk Management (ERM) Program, Xylem uses the WRI Aqueduct Tool to analyze which sites are at risk of a host of environmental factors that would lead to water scarcity, including physical risk quality, physical risk quantity, baseline water stress, regulatory and reputational risk, inter-annual and seasonal availability, flood occurrence, drought severity, upstream storage, groundwater stress, return flow ratio, upstream protected land, media coverage, access to water, and threatened amphibians. Considering all the factors, Xylem's facility in Shenyang, China, is found to be in an area of extreme water scarcity. Even though Xylem is not dependent on large quantities of freshwater for production, should water cease as a source for this site, Xylem's production capacity would reduce, and cause a substantive financial impact on our business.

Time horizon
Long-term

Likelihood
About as likely as not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
195200000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The facility located in Shenyang, China, is considered a "critical" Xylem site as it contributes to 4% or more of Xylem's overall revenue. Xylem's overall revenue in 2020 was 4.88 billion, therefore 4% would be $195.2 million.

Cost of response to risk
1500000

Description of response and explanation of cost calculation
We achieved an approximately 30% reduction in water use intensity in 2020 compared to 2014. To accelerate our efforts, we have committed to employing 100% process water recycling at our major facilities by 2025 using Xylem technologies and equipment. In 2020, two sites − Chihuahua, México and Nanjing, China − achieved that goal. Together with our climate change policy, our 2025 signature water goals helps us manage our water consumption and reduce our exposure to these risks. We also signed the CEO Water Mandate in 2017. We have implemented a variety of projects at our facilities, such as rainwater collection for test tank use and recycled water use for landscaping and sanitation. We also equip sites with our own energy and water saving technologies. These initiatives not only improve our cost efficiencies and insulate from potential future risk, but also build our reputation as a water technology company and provide an internal testing ground for our products and solutions. For example, the upgrade of the existing wastewater treatment system at our Shenyang, China facility continues to contribute to our overall reduction in water use intensity in 2020. This included the installation of Xylem technologies (Flygt, Steady and Lowara pumps, Sanitaire aeration and Wedeco ozone disinfection), allowing the facility to treat its wastewater and reuse it in test tanks, and for a number of other purposes, including: facilities cleaning, toilet flushing, landscaping and sprinkler system refilling.

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

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Other, please specify (Change in revenue mix and sources)

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Weather conditions and climate changes may adversely affect, or cause volatility in, our financial results. Weather conditions, including heavy flooding, droughts and fluctuations in temperatures or weather patterns, including as a result of climate change, can positively or negatively impact portions of our business. Within the dewatering space, pumps provided through our Godwin and Flygt brands are used to remove excess or unwanted water. Heavy flooding due to weather conditions drives increased demand for these applications. On the other hand, drought conditions drive higher demand for pumps used in agricultural and turf irrigation applications, such as those provided by our Goulds Water Technology and Lowara brands. Fluctuations to warmer and cooler temperatures result in varying levels of demand for products used in

residential and commercial applications where homes and buildings are heated and cooled with HVAC units such as those provided by our Bell & Gosset brand. Given the unpredictable nature of weather conditions and climate change, this may result in volatility for certain portions of our business, as well as the operations of certain of our customers and suppliers.

Time horizon
Long-term

Likelihood
About as likely as not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3513000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Our business is impacted by an increasing amount of short cycle, and book-and-bill business, which we have limited insight into, particularly for the business that we transact through our distributors. We are also impacted by large projects, whose timing can change based upon customer requirements due to a number of factors affecting the project, such as funding, readiness of the project and regulatory approvals. As it is difficult to determine the potential financial impact of this risk, we have provided our 2020 revenue for our water infrastructure and applied water segments to provide a magnitude of this impact.

Cost of response to risk
187000000

Description of response and explanation of cost calculation
Our Research and Development (R&D) efforts anticipate customer needs and emerging trends. Our engineers are involved in new product development and improvement of existing products to increase customer value. We have R&D and product development capabilities around the world. R&D activities are initially conducted in our technology centers, located in conjunction with some of our major manufacturing facilities to ensure an efficient and robust development process. We have several global technical centers and local development teams around the world where we are supporting global needs and accelerating the customization of our products and solutions to local needs. For example, AWS e80SC, manufactured in Morton Grove, IL, was localized to India. This allowed Xylem to decrease the supply chain footprint (i.e., less transportation) and provide a locally relevant product at a local competitive price. In some cases, our R&D activities are conducted at our piloting and testing facilities and at strategic customer sites. These piloting and testing facilities enable us to serve our strategic markets globally.

Comment
R&D spending was $187 million, or 3.8% of revenue, in 2020 as compared to $191 million, or 3.6% of revenue, in 2019.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
The effects of climate change present serious water challenges for our planet and Xylem is well-positioned to provide climate adaptation solutions that address global water needs. Increased natural disasters will increase global demand for products and services needed during flood and drought response. Products such as our Godwin dewatering pumps help remove and/or redirect flood water. Our Goulds Water Technology and Lowara brands provide efficient pumps that help our customers weather drought conditions. Our Wedeco brand also provides wastewater recycling solutions that help mitigate drought risk. The threat of extreme weather events also increases the need to upgrade existing infrastructure to ensure reliable access to water in an emergency. As public and private organizations prepare for climate scenarios, the demand for Xylem's water, wastewater, and resiliency services will increase. Through brands including Leopold and Wedeco, we provide efficient delivery and use of clean water and efficient and effective management of wastewater. Through brands such as Flygt, Godwin, and Pure Technologies, we help customers manage water-related risks and the resilience of water infrastructure. As the world transitions to a low-carbon economy, pressures to upgrade energy-intensive wastewater management systems will also increase. Xylem provides energy-saving solutions such as our Wedeco Duron UV disinfectant system that provides an energy-efficient alternative for wastewater treatment and our Flygt 4220 mixer that improves mixing efficiency in wastewater processing. The customer base for Equipment and Services (ES) in the water industry is diverse. We serve a wide range of industries, including utilities supplying water through an infrastructure network; engineering, procurement and construction (EPC) firms working

with utilities to design and build water and wastewater infrastructure networks; and others, such as farms, mines, power plants, industrial facilities and residential and commercial customers. Our customers also look to us for technology and application expertise to address physical impacts of climate change. For example, Xylem's YSI brand provides real-time water quality monitoring for the Mississippi river using a platform that can be replicated around the world.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
195000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Though it is difficult to determine the potential long-term financial impact climate change has on our revenue we estimate the total addressable market size of the global water industry to be approximately $560 billion. In the short-term, we are positioned to capture favorable regulatory, demographic, and infrastructure conditions. Regulations continue movement toward environmental focuses, quality standards and energy efficiency, while demographics trend toward increased population and urbanization along with growth of the middle class in emerging markets. Further, as water scarcity becomes more prevalent and a changing climate leads to more extreme weather patterns, aging infrastructure becomes increasingly problematic. Partially due to these trends, we expect to deliver organic revenue growth of 3 to 5% through 2021. We believe up to half of this growth, or approximately $195 million, could be directly related to the climate change trends discussed above.

Cost to realize opportunity
187000000

Strategy to realize opportunity and explanation of cost calculation
A major driver of our strategy to realize this opportunity is to continue innovating new products that provide distinctive solutions for our customers' most important water productivity, quality and resilience challenges. We anticipate we will continue to develop and invest in our R&D capabilities to promote a steady flow of innovative, high-quality and reliable products and integrated solutions to further strengthen our position in the markets we serve. Based on 5% organic growth by 2021, this may yield an increased R&D spend of approximately 196 million. We incurred $187 million, $191 million, and $189million as a result of R&D investment spending in 2020, 2019, and 2018. Our goal is to continually improve the product energy efficiency of specific Xylem product lines. For example, we have increased the average product efficiency of the e-XC single stage, double suction, centrifugal pump by 2% since 2017 offering a broader hydraulic range and higher efficiency than our previous models. Built on a legacy of pump innovation, the e-XC replaces the AC Series 8100, 8300 and 9100 pump range. With flow rates exceeding 57,000 gpm, it can easily handle medium and large capacity systems and higher head. Manage extra-large applications with Xylem's A-C Custom pump range. With an average energy usage of 53 KW per pump over 8,700 operating hours per year, this is a 2% energy usage improvement over the older model. Resulting in a total energy savings of 230,000 KWh. This resulted in an annual emission reduction of 19,643 tonnes CO2e in 2019 and 81,060 CO2e tonnes in 2020. The 2019 emissions reduction value has been restated due to a change in methodology of the Massachusetts Institute for Technology (MIT) Sustainability and Health Initiative for NetPositive Enterprise (SHINE) handprinting framework. Please see our 2020 Sustainability Report for details.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
Global macro trends, such as strengthening global environmental, climate change and water quality regulations are increasing the need for more efficient solutions. Population growth, urbanization and a growing middle class in emerging markets are boosting demand for clean water while putting strains on aging infrastructure. At the same time, the impacts of climate change are disrupting water supplies with intensifying water scarcity in many parts of the world, as well as flooding from a growing number of extreme weather events. These factors combine to produce a growing need for water and critical energy infrastructure solutions that are modern, efficient and resilient. Xylem is well-positioned to fulfill these long-term needs as our business strategy is built around creating technology-enabled solutions to increase water productivity, water quality and resilience. These factors are also increasing demand for advanced sensing technologies and data analytics. Our 2016 acquisition of Sensus enabled us to broaden our market reach into the broad category of systems intelligence, bringing best-in-class advanced metering infrastructure, advanced data analytics and software development capabilities to our portfolio. These technologies will continue to deliver value to Xylem as companies, cities and countries put in place energy-efficient, IoT-connected, climate resilient infrastructure.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)
12000000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Due to challenges created by climate change, such as increased desire for energy and water efficiency is a factor, we foresee creating opportunities for growth in our measurement and control solutions (which includes advanced data sensing technologies and data analytics). It is difficult to determine the potential long-term financial impact climate change has on our revenue; however we estimate the global metering market to be approximately $12 billion annually. Our 2020 revenue for our measurement and control solutions was $1,363 million. For 2021, we expect organic growth in the low-to-mid single-digit range.

Cost to realize opportunity
1700000000

Strategy to realize opportunity and explanation of cost calculation
In 2016, we acquired Sensus, a leading provider of smart meters, network technologies and advanced data analytics, with more than 80 million metering devices installed globally for $1.7 billion. In 2017, we implemented an organizational redesign by moving Xylem's Analytics business from our Water Infrastructure segment to combine it with our Sensus and Visenti businesses to form our Measurement and Control Solutions business segment. We believe that the combination of these businesses will enhance our focus on advanced sensing technologies and will lead to operating efficiencies by integrating the supply chain process and moving to a leaner functional structure.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient production and distribution processes

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
Increasing attention to climate change is providing companies with a stronger business case to pursue voluntary energy efficiency, GHG reduction and renewable energy initiatives, such as our goal to use 100 percent renewable energy at our major facilities by 2025and develop science-based targets for GHG reduction (Scope 1,2,3). In 2020, 45 percent of our major sites met our renewable energy goal and in 2021, we have launched a programmatic review of Xylem's Scope 1, 2 and 3 emissions with the intention to confirm our science-based targets by year end. To achieve these goals and reduce costs, we created a cross-functional team of procurement, environment, health and safety (EHS), and operations stakeholders to implement a comprehensive energy management program in 2016. This team worked with leading energy and sustainability management company, Engie to negotiate electricity and gas contracts, lock in low energy rates, optimize tax exemption status, and identify demand reduction opportunities. Engie's continuing work with Xylem will help the company achieve cost improvement, reduce GHG emissions, manage contract coverage in deregulated markets, and gain full transparency into energy spend.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
500000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Engie, formerly ECOVA was selected to help assist our operations achieve our GHG reduction goal and to implement a comprehensive energy management program. By negotiating electricity and gas contracts, locking in low energy rates, optimizing tax exemption status, and identifying demand reduction opportunities in just four months, Engie saved Xylem more than $500,000 of annual expenditures.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
To achieve our sustainability goals and reduce costs, we created a cross-functional team of procurement, environment, health and safety (EHS), and operations stakeholders to implement a comprehensive energy management program in 2016. This team worked with leading energy and sustainability management company, Engie to negotiate electricity and gas contracts, lock in low energy rates, optimize tax exemption status, and identify demand reduction opportunities. Engie's continuing work with Xylem will help the company achieve cost improvement, reduce GHG emissions, manage contract coverage in deregulated markets, and gain full transparency into energy spend. Green energy goals coincide with ENGIE Insight's Energy Supply Management services in Xylem's goal of attaining 100 percent green/renewable energy use at each of our major facilities by 2025. In regulated environments where the goal is not directly achievable, Xylem is purchasing renewable energy credits.

Comment

As a part of Xylem's continuous savings opportunities program, Engie conducts comprehensive supply-side audits of our sites and our data and present us with the findings. Xylem does not incur a cost for this program. Identified savings are distributed between Xylem and Engie in a respective 70/30 split.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative, but we plan to add quantitative in the next two years

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 2.6 RCP 4.5 RCP 8.5	In 2021, we performed a Task Force on Climate-Related Financial Disclosure (TCFD) scenario analysis regarding our exposure to climate-related transition and physical risk. We are currently developing business-relevant metrics for on-going management and reporting of climate-related issues, as required.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Risks and opportunities related to changing customer behaviour and the global demand for products and services (as described in C2.3a Risk 3 and C2.4a Opportunity 1) have influenced Xylem's product portfolio and strategy. As outlined in Xylem's Climate Change Policy, we are committed to developing mitigation and adaptation solutions to the water-related challenges associated with climate change through our products. We provide products that aid customers in reducing their own environmental footprint by reducing their energy and other resource consumption needs. As part of our strategy, we measure our contributions to products and solutions that address a changing climate through improving product energy efficiency of specific Xylem product lines; measured as increase in average product efficiency.
Supply chain and/or value chain	Yes	In 2020, due to COVID-19 travel restrictions, we utilized virtual Supplier Quality Assessment Program audits and EcoVadis desktop audits to assess and mitigate sustainability risks at suppliers. Suppliers must reach a certain score to be considered part of our Preferred Supplier Program. As part of that program, in 2020 we began requiring our suppliers to report on the EcoVadis platform. The EcoVadis questionnaire includes questions about climate change and water performance. In addition, we launched the CDP supplier program for our suppliers to start reporting out on climate change and water performance beginning July 2021. There is also a requirement for our suppliers to sign the WBSCD WASH pledge. Suppliers not engaging in the EcoVadis, WASH or CDP programs by 2025 will not be eligible for Preferred Supplier status at Xylem in the future.
Investment in R&D	Yes	Xylem develops and brings to market innovative solutions that create major water, energy and cost efficiencies, helping to solve critical water-related challenges associated with climate change. As part of our strategy, we invest substantial resources into R&D. We anticipate we will continue to develop and invest in our R&D capabilities to promote a steady flow of innovative, high-quality and reliable products and integrated solutions to further strengthen our position in the markets we serve. R&D expense was $187 million, or 3.8% of revenue, in 2020 as compared to $191 million, or 3.6% of revenue, in 2019. The increase in R&D as a percent of revenue for year was primarily driven by the Company's continued focus on strategic investments during the year, while revenue was negatively impacted by the COVID-19 pandemic. We incurred $187 million, $191 million, and $189 million as a result of R&D investment spending in 2020, 2019, and 2018.
Operations	Yes	Risks related to future environmental laws and regulations, such as those imposed in response to climate change concerns (as described in C2.3a Risk 1) could result in increased operating costs for Xylem. For example, our facilities may become subject to GHG regulations, including carbon taxes. Conversely, we see resource efficiency as an opportunity that could lead to reduced operating costs (as described in C2.4a Opportunity 3). Xylem's Climate Change Policy outlines our climate change strategy on a corporate level, including a our commitment to reduce GHG emissions and increase resource efficiency in our operations. To this end, we have committed to achieving 100 percent renewable energy at major facilities by 2025. By the end of 2020, 45 percent of our major sites met this goal. As part of our strategy to use resources efficiently, we drive continuous improvement to strengthen our Lean Six Sigma and global procurement capabilities and continue to optimize our cost structure through business simplification by eliminating structural, process and product complexity.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Capital allocation	Xylem's Green Finance Framework (a green bond offering of $1 billion in Senior Unsecured Notes) funded projects providing clear environmental benefits. The Green Bond Principles (GBP) and the Green Loan Principles (GLP) recognize eligible green categories for utilization of green proceeds, contributing to five high-level environmental objectives: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation and pollution prevention and control. Project evaluation and selection was carried out by the Xylem Green Finance Committee. Net outstanding proceeds of green financing instruments were managed using a portfolio approach. In June 2021, we published a Green Bond Report that outlined how Xylem allocated the proceeds of the Green Bond to projects that improve water-security and advance sustainability, thus further aligning our sustainability and financing strategies. Through these initiatives, we helped utilities, industrials and other sectors address three of the greatest water challenges of our time: water scarcity, water affordability, and water infrastructure resilience to climate change and other urgent threats. We did this by providing an unparalleled portfolio of water and infrastructure solutions that strengthen and optimize water management by improving water quality, productivity and resiliency. In line with the GBP and GLP, Xylem allocated the net proceeds from any Green Financing to a portfolio of Eligible Projects across Xylem's three business segments: Water Infrastructure, Applied Water, and Measurement & Control. The Eligible Projects identified by Xylem fall into the following GBP/GLP categories: • Eco-efficient and/or circular economy adapted products, production technologies and processes • Sustainable water and wastewater management Xylem activities that were eligible for use of proceeds: •Investments and/or expenditures for the research, development, manufacturing and distribution of products that improve water productivity, including: •Decision Intelligence, Digital and IoT-based technologies to optimize and automate water management and pollution prevention for Smart Cities & Utilities (e.g. Sensus Smart Meters) •Initiatives to improve the energy performance of existing and new products, including R&D •Investments and/or expenditures for the research, development, manufacture and distribution of products that improve water quality, including: •Water recycling and reuse technologies, purification systems and chemical-free disinfection for drinking water •Ultraviolet and ozone technologies to treat wastewater and process water (e.g. Wedeco) •Investments and/or expenditures for the research, development, implementation and maintenance of projects that improve water resilience, including: •Projects that strengthen critical water infrastructure •Flood control systems for storm relief infrastructure •Water leakage detection systems to reduce waste and infrastructure downtime •Investments and/or expenditures for the research, development, implementation and maintenance of projects that improve water resilience, including: •Projects that strengthen critical water infrastructure •Flood control systems for storm relief infrastructure •Water leakage detection systems to reduce waste and infrastructure downtime •Projects that monitor and protect water security for communities in water-stressed regions

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Xylem views sustainability as central to our business strategy. In early 2020, we refreshed our strategic pillar focus and placed Sustainability at the center of everything we do. This includes what we see as our three greatest opportunities for growth: Helping our customers build their resiliency to climate change, address issues of scarcity and access to clean, safe drinking water and affordability of solutions that address climate, environment and social issues related to water.

We have also worked to bring sustainability core to our finance strategy. Our Green Finance Framework follows the Green Bond Principles (GBP) 2018 and the Green Loan Principles (GLP) 2020 and governs which green projects Xylem may use funding for projects that are identified through periodic materiality assessments which prioritizes the issues deemed most important by stakeholders and the business which demonstrate clear environmental benefits.

This included our inaugural green bond offering in 2020 including $1 billion in senior unsecured notes.

This is the second sustainability-driven financing completed by Xylem:

o In March 2019, we executed an $800 million revolving credit facility with a sustainability-linked pricing mechanism

o The deal was one of the first sustainability-improvement loans in the United States and the first in the General Industrial Sector

o Ties our financing rates to our Sustainalytics rating... an important barometer of our continued commitment to sustainability

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Year target was set
2014

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based)

Intensity metric
Metric tons CO2e per unit revenue

Base year
2014

Intensity figure in base year (metric tons CO2e per unit of activity)
19.73

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure
100

Target year
2019

Targeted reduction from base year (%)
20

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]
15.784

% change anticipated in absolute Scope 1+2 emissions
10

% change anticipated in absolute Scope 3 emissions
0

Intensity figure in reporting year (metric tons CO2e per unit of activity)

% of target achieved [auto-calculated]
<Calculated field>

Target status in reporting year
Please select

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

Target ambition
<Not Applicable>

Please explain (including target coverage)
As of 2019, Xylem achieved a 28.3% decrease in GHG intensity, net of renewable energy. This represents 141% of our 5-year goal. The 28.3% reduction was partly achieved by increasing our purchase of renewable energy. As of year-end 2019, 63 Xylem manufacturing facilities and sales offices purchased electricity generated from renewable sources. Combined, these sites purchased 17,605 CO2e metric tons in renewable energy, electricity and gas during 2019. In addition to purchasing renewable electricity, our sales office in the Netherlands offsets its natural gas consumption through certified green natural gas credits. Through the Gold Standard Foundation's Fairtrade Carbon Credit program, companies such as Xylem are able to invest in green energy; increase the resilience of producer groups to the negative impacts of climate change; and help provide a more sustainable future for communities through diversifying community income streams, teaching new skills and creating local employment.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2019

Target coverage
Other, please specify (Major facilities.)

Target type: absolute or intensity
Absolute

Target type: energy carrier
All energy carriers

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2019

Figure or percentage in base year
0

Target year
2025

Figure or percentage in target year
100

Figure or percentage in reporting year
45

% of target achieved [auto-calculated]
45

Target status in reporting year
Underway

Is this target part of an emissions target?
This target supported the attainment of Int1.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
Xylem defines its major facilities as those facilities with manufacturing activities that were in the top 10 contributors list for Xylem's water, waste, GHGs in any of the last 3 years, or are located in extremely high water stress risk areas. We currently have 22 major facilities that are included in our 2025 water, waste and GHG reduction goals. We expect to add facilities that are consistent with that definition in the future for our 2030 sustainability goals.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	15	118
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Other, please specify (Solar panels installation, LED lighting, and equipment upgrades)

Estimated annual CO2e savings (metric tonnes CO2e)
118

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)
0

Payback period
<1 year

Estimated lifetime of the initiative
6-10 years

Comment
In 2020 we capitalized on the benefits of our investments in at least 15 energy reduction projects involving solar panels installation, replacement of less-efficient lighting units with light- emitting diode (LED) lighting at major facilities and from several other opportunities, including compressed air efficiencies and equipment turn off after hours. The estimated yearly impact/reduction of those projects is 733,000 kWh per year of electricity and 118 tons per year of CO2e emissions.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Xylem Corporate has established a specific budget for Sustainability initiatives, including energy-efficiency projects.
Employee engagement	Xylem has implemented the Energy Treasure Hunt initiative, engaging employees to identify opportunities to reduce energy use, costs and greenhouse gas emissions related to energy. Xylem uses GenSuite to follow up on each project.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Group of products

Description of product/Group of products
Xylem's Sensus brand has variety of water meters in portfolio. Few water meter series are capable to transmit data remotely. Through this innovation, a new type of sensor helps utility (our customers) to eliminate need of travelling in a vehicle to read meters. This helps third parties to reduce an estimated transportation by 4.3 miles per meter per year. This innovative meters helped third party to avoid GHG emissions of approximately 26,000 tonnes of CO2e in 2019 and 22,000 tonnes of CO2e in 2020 by considering 10 years of product lifetime impact in the same year when product is sold.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Estimated transportation reduction of 4.3 miles per meter per year is converted into Kilograms of CO2e by using auto emission factor. Furthermore, this is applied on entire sales quantity of eligible water meters.)

% revenue from low carbon product(s) in the reporting year
5

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

Currently, we report CO2e footprint reduction on products involved in water related applications. Apart from smart water meters, Xylem's Sensus brand also has few gas meters, electric meters series which are capable to communicate remotely and transmit data. In future, it could be part of our CO2e footprint reduction reporting as well.

Level of aggregation
Group of products

Description of product/Group of products
As early as 2010, our Flygt brand set up a goal based on the average efficiency of sold products to measure progress on this specific priority (about 30% of our revenue, but the product family that consume most energy) and target year over year improvements. In 2019, the average efficiency of these product lines was 61.8 percent, slightly up from 61.6 percent in 2018. Our 2019 performance represents a 3.9 percent improvement since 2012. The total energy consumption of all the pumps produced in 2018, along their lifetime represents 100,000 GWHr (Giga Watt Hour). The 0.2% energy efficiency improvement of the 2019 production represents a total reduction of environmental impact of 61,981 tonnes CO2e. For 2020, we assume a 0.4% energy efficiency improvement. Our Flygt brand essentially comprises submersible pumps. In parallel, other Xylem brands such as Lowara have also put a strong focus on increasing their product efficiency.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Average energy efficiency of selected product lines and set up of a goal to increase this number year by year. The difference in average energy efficiency is used as a basis for an estimation of avoided CO2e emissions)

% revenue from low carbon product(s) in the reporting year
30

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
One of Xylem's priorities is finding ways to make our products more energy efficient. Efficiency breakthroughs will not only help users save energy and decrease costs, but they will also help create a more sustainable planet. Our product development process includes a step in which we evaluate new products from a sustainability perspective — considering recyclability, use of less harmful materials, energy efficiency and other factors. By considering sustainability early in the design phase, we are better positioned to make products in a more energy- and cost-efficient manner — something that is not always possible later in the process.

Level of aggregation
Group of products

Description of product/Group of products
In 2017, we unveiled a new series of dewatering pumps under our Godwin brand. The Godwin S Series Dri-Prime pump reduces emissions by 90 percent and fuel consumption by 10 percent. Furthermore, in an industry first, it can be monitored and controlled from any smartphone, tablet or desktop computer, anywhere in the world. The new Godwin series also features Xylem's unique Flygt N-Technology for more efficient wastewater transport. The pump offers self-cleaning capability and sustained hydraulic efficiency.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Average energy efficiency of selected product lines and set up of a goal to increase this number year by year. The difference in average energy efficiency is used as a basis for an estimation of avoided CO2e emissions)

% revenue from low carbon product(s) in the reporting year
2

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment
Xylem announced the new Godwin NC150S Dri-Prime pump in October 2017. The first pump to be unveiled from Xylem's Godwin S Series of smart dewatering pumps - will offer Isuzu Final Tier 4 (FT4) engines as standard for customers in the U.S. market. The Godwin NC150S is equipped with Isuzu's 4LE2X industrial diesel engine - an advanced, powerful diesel engine that complies with the U.S. Environmental Protection Agency's (EPA) Final Tier 4 (FT4) requirements and has been shown to deliver significantly greater uptime and lower maintenance. As a result, the Godwin NC150S reduces total cost of ownership with emissions cut by 90 percent and fuel consumption by 10 percent on average. In 2019, sales of the Godwin S Series equated to 0.03% of our total revenue.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2014

Base year end
December 31 2014

Base year emissions (metric tons CO2e)
38333

Comment
Our Scope 1 includes stationary emissions (natural gas, LPG, fuel oil, cryogenic CO2, refrigerant leakage) from Xylem facilities and mobile sources from Xylem company cars and service vehicles.

Scope 2 (location-based)

Base year start
January 1 2014

Base year end
December 31 2014

Base year emissions (metric tons CO2e)
40819

Comment

Scope 2 (market-based)

Base year start
January 1 2017

Base year end
December 31 2017

Base year emissions (metric tons CO2e)
38816.17

Comment
We are reporting a Scope 2, market-based figure.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
39051

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
49939

Scope 2, market-based (if applicable)
24766

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1802915

Emissions calculation methodology
Emissions were calculated using the Economic-Input-Output methodology. EIOLCA uses Xylem's total spend in different categories of goods and services to estimate the associated emissions. For any purchase types identified by the user as Standard Good or Service, the sector of purchase chosen by the user is linked to a 2009 world multi-regional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). The reference flow quantity is provided by the user in the form of purchase quantity in basic price USD.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Xylem's business model consists of primarily assembly of subcomponents into finished products. Therefore we do not rely upon capital equipment in any significant way and estimate that the GHG impacts of our capital equipment is several orders of magnitude less than the other Scope 3 categories reported here.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
19751

Emissions calculation methodology
Line losses resulting from transmission and distribution (T&D) of electricity are reported here. Calculated with average well-to-tank emissions and T&D losses of 25% for Scope 1 fuels and 20% for Scope 2 electricity.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
70983

Emissions calculation methodology
Third party transport emissions factors are calculated using a 2009 world multi-regional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). The reference flows are any USD expenditures associated with these categories, as identified by the user.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
6731

Emissions calculation methodology
Based on any waste expenditure identified, an OpenIO emissions dataset for waste management is multiplied with the expenditure quantity (TSC 2011).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2996

Emissions calculation methodology
The business travel calculation consists of a summary of Air Travel (2,663 mT), Hotel Stays (188 mT), and Car Travel (175 mT). This data was supplied directly from the 3rd party travel provider for Xylem and was calculated according to the GHG protocol.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
20400

Emissions calculation methodology
Using US Department of Transportation data (USDOT 2014), in conjunction with ecoinvent 2.2 datasets for various transportation modes in conjunction with GWP impact assessment (SCLCI 2010, IPCC 2007), as well as some assumptions about commuting and work schedules , it is estimated that the average employee emits 1,700 kgCO2-eq/year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category is not relevant to Xylem's business operations or business model.

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
44272

Emissions calculation methodology
Third party transport emissions factors are calculated using a 2009 world multi-regional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). The reference flows are any USD expenditures associated with these categories, as identified by the user.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Xylem's products are delivered complete and operational and do not require significant additional processing by the customer.

Use of sold products

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We are currently calculating the metric for the use of goods sold in order to establish a science-based target for Scope 3. This category will be calculated for future reports.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category is very minor in comparison to other Scope 3 categories and is further diminished by the long life-cycle of the products.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category is not relevant to Xylem's business operations or business model.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category is not relevant to Xylem's business operations or business model.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category is not relevant to Xylem's business operations or business model.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category is not relevant to Xylem's business operations or business model.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category is not relevant to Xylem's business operations or business model.

C-CG6.6

(C-CG6.6) Does your organization assess the life cycle emissions of any of its products or services?

	Assessment of life cycle emissions	Comment
Row 1	Yes	In a partnership with the Massachusetts Institute for Technology (MIT) Sustainability and Health Initiative for NetPositive Enterprise (SHINE), Xylem assessed Scope 3: Category 3 Use of Goods Sold emissions for several of its products in 2020 using handprint methodology.

C-CG6.6a

(C-CG6.6a) Provide details of how your organization assesses the life cycle emissions of its products or services.

	Products/services assessed	Life cycle stage(s) most commonly covered	Methodologies/standards/tools applied	Comment
Row 1	Representative selection of products/services	Use stage	ISO 14040 & 14044 Other, please specify (SHINE Handprinting analysis methodology (MIT))	In partnership with the Massachusetts Institute for Technology (MIT) Sustainability and Health Initiative for NetPositive Enterprise (SHINE), Xylem's products and services were analyzed for Carbon Net Positivity. Results are available in our 2020 Sustainability Report. Included in the study were: • Introduction of a "smart" metering system which eliminates the need for utility personnel to travel to customer sites to check meters; • Innovations that improve electric motor efficiency for Applied Water Systems (AWS) pumps • Innovations that improve the energy efficiency of transport pumps • Innovations that improve the energy efficiency of treatment blowers • Innovations that improve the efficiency of dewatering prime pumps • Innovations that reduce non-revenue water through improvements to sensor precision Moving forward all new products will be analyzed for water and carbon impact.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

18.2

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

88990

Metric denominator

unit total revenue

Metric denominator: Unit total

4880

Scope 2 figure used

Location-based

% change from previous year

3

Direction of change

Increased

Reason for change

The gross global combined Scope 1 and 2 (location-based) emissions for 2020 consist of a gross sum of emissions resulting from the following: Fuel from non-renewable energy, Electricity from renewable and non-renewable energy, and self-generating renewable energy. The intensity figure is calculated by dividing the combined Scope 1 and 2 emissions by the total revenue (millions) in USD for 2020. Xylem reported revenue of $4,876 million for 2020, a decrease of $373 million, or 7.1%, from $5,249 million reported in 2019. On a constant currency basis, revenue decreased by $366 million, or 7.0%, driven by an organic decline across all end markets and across all segments during the year. Organic revenue decline during the year was anticipated as our business was negatively impacted by the COVID-19 pandemic. As of year-end 2020, 74 Xylem manufacturing facilities and sales offices purchased electricity generated from renewable sources. Combined, these sites purchased 24,515CO2-equivalent metric tons in renewable energy, electricity and gas during 2020. As described in question C4.3b, during 2020 we also capitalized on the benefits of our investments in five energy reduction projects involving replacement of less-efficient lighting units with light-emitting diode (LED) lighting at major facilities and from several other opportunities like compressed air efficiencies, equipment turn off after hours and other LED replacements in smaller facilities. The estimated yearly impact/reduction of those projects is around 733,000 kWh per year of electricity and 118 tons per year of CO2 emissions.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Argentina	13.31
Australia	873.38
Austria	666.9
Belgium	101.96
Brazil	15.17
Canada	89.46
Chile	218.27
China	16.48
Colombia	3.61
Denmark	542.82
Finland	0
France	791.64
Germany	3266.56
Hungary	321.9
India	4.6
Italy	1806.04
Japan	7.46
Mexico	165.54
Netherlands	378.88
New Zealand	81.99
Norway	552.14
Peru	12.85
Philippines	5.77
Poland	443.29
Algeria	13.24
China, Hong Kong Special Administrative Region	10.29
Malaysia	25.03
Portugal	62.23
Russian Federation	0
Singapore	38.99
Slovakia	77.09
South Africa	0.22
Republic of Korea	28.5
Spain	145.55
Sweden	1027.96
Switzerland	0
United Arab Emirates	0
United Kingdom of Great Britain and Northern Ireland	2900.23
Uruguay	3.82
United States of America	24336.55

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Commercial Team Americas	14454.88
Commercial Team Emerging Markets	1092.69
Commercial Team Europe	8031.89
Applied Water Systems	7624.4
Dewatering	295.46
Measurement and Control Solutions	6152
Transport	605.57
Treatment	792.79
Xylem USA and Switzerland Headquarters	0

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Algeria	400.12	400.12	784.55	0
Argentina	112.18	112.18	297.63	0
Australia	1014.03	1012.08	1330.92	0
Austria	54.27	54.27	386.23	0
Belgium	18.46	18.46	106.65	0
Brazil	32.19	32.19	267.6	0
Canada	319.89	319.89	2126.96	0
Chile	104.45	104.45	234.88	0
China	5105.62	5098.36	7761.06	0
Colombia	2.2	2.2	9.94	0
Denmark	207.21	174.67	685.85	156.66
Finland	8.62	8.62	73.39	0
France	58.45	2.24	1111.19	1068.69
Germany	4895.19	296.52	10893.91	10242.01
China, Hong Kong Special Administrative Region	33.13	33.13	44.9	0
Hungary	245.35	245.35	894.44	0
India	533.63	533.63	730.41	0
Italy	2729.31	0	8220.81	8220.81
Japan	24.67	24.67	45.2	0
Malaysia	187.61	187.61	285.33	0
Mexico	808.61	808.61	1735.95	0
Netherlands	129.43	0	277.62	277.62
New Zealand	7.35	7.35	70.18	0
Norway	11.27	0	1409.3	1409.3
Peru	27.32	27.32	103.24	0
Philippines	261.41	261.41	428.82	0
Poland	2277.65	0	3149.41	3149.41
Portugal	8.97	8.97	31.11	0
Russian Federation	16.95	16.95	47.23	0
Singapore	74.91	74.91	189.55	0
Slovakia	403.95	403.95	2073.55	0
South Africa	596.23	596.23	627.61	0
Republic of Korea	54.05	54.05	57.06	0
Spain	48.21	48.21	195.11	0
Sweden	684.73	3.76	59599.36	57867.02
Switzerland	1.73	0	60.9	60.9
United Arab Emirates	479.52	0	724.89	0
United Kingdom of Great Britain and Northern Ireland	719.1	117.98	2552.84	2146.07
Uruguay	0.58	0.58	21.38	0
United States of America	27240.75	13823.28	65622.29	31423.02

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Commercial Team Americas	3088.81	2637.53
Commercial Team Emerging Markets	8364.64	7728.01
Commercial Team Europe	1152.91	405.15
Applied Water Systems	16958.9	6759.58
Dewatering	142.17	0
Measurement and Control Solutions	17812.84	6264.65
Transport	1162.02	474.15
Treatment	1153.55	395.49
Xylem USA and Switzerland Headquarters	103.45	101.72

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	6881	Decreased	9.3	Decrease due to a 15% increase in renewable energy purchases in 2020. In 2020, 6,881 tons of CO2e were reduced by additional RECs and green gas purchased. Our total net Scope 1 and Scope 2 emissions in the previous year was 74,306 t CO2e, therefore we arrived at -9.3%. through (-6,881 /74,306) * 100= -9.3% (i.e. a 9.3% decrease in emissions).
Other emissions reduction activities	118	Decreased	0.2	Decrease due to energy efficiency measures in 2020. Last year 118 tons of CO2e were reduced by solar panels installation, LED lighting, and equipment upgrades. Our total net Scope 1 and Scope 2 emissions in the previous year was 74,306 tCO2 e, therefore we arrived at -0.2%. through (-118/74,306) * 100= -0.2% (i.e. a 0.2% decrease in emissions).
Divestment	0	No change		
Acquisitions	0	No change		
Mergers	0	No change		
Change in output	0	No change		
Change in methodology	0	No change		
Change in boundary	0	No change		
Change in physical operating conditions	0	No change		
Unidentified	0	No change		
Other	0	No change		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C-CG7.10

(C-CG7.10) How do your total Scope 3 emissions for the reporting year compare to those of the previous reporting year?

Increased

C-CG7.10a

(C-CG7.10a) For each Scope 3 category calculated in C6.5, specify how your emissions compare to the previous year and identify the reason for any change.

Purchased goods and services

Direction of change
Decreased

Primary reason for change
Other, please specify (business transformation)

Change in emissions in this category (metric tons CO2e)
175956

% change in emissions in this category
9

Please explain
In 2020, we delivered nearly $150 million in full-year productivity savings from procurement, restructuring savings from business simplification and continuous improvement (CI) efforts.

Fuel and energy-related activities (not included in Scopes 1 or 2)

Direction of change
Decreased

Primary reason for change
Other emissions reduction activities

Change in emissions in this category (metric tons CO2e)
892

% change in emissions in this category
4

Please explain
Line losses resulting from transmission and distribution (T&D) of electricity are reported here. Calculated with average well-to-tank emissions and T&D losses of 25% for Scope 1 fuels and 20% for Scope 2 electricity. Xylem's total Scope 1 and Scope 2 location-based emissions decreased 8% and 0.4%, respectively in 2020.

Upstream transportation and distribution

Direction of change
Decreased

Primary reason for change
Other emissions reduction activities

Change in emissions in this category (metric tons CO2e)
1209

% change in emissions in this category
2

Please explain
We are in the third year of implementing a global initiative to optimize logistics and transportation. For instance, we reduced our carbon footprint and optimized logistics by consolidating shipments from two suppliers from Mexico to the same Xylem facility. This optimization alone enabled us to reduce transportation costs by about $110,000 annually.

Waste generated in operations

Direction of change
Increased

Primary reason for change
Other, please specify (Increase in waste expenditure)

Change in emissions in this category (metric tons CO2e)
681

% change in emissions in this category
11

Please explain
There was an increase in waste spend due to increases in waste disposal costs. Xylem has a goal to achieve zero waste to landfill from processes at our major facilities by 2025.

Business travel

Direction of change
Decreased

Primary reason for change
Other emissions reduction activities

Change in emissions in this category (metric tons CO2e)
8657

% change in emissions in this category
74

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

Employee commuting

Direction of change
No change

Primary reason for change
<Not Applicable>

Change in emissions in this category (metric tons CO2e)
<Not Applicable>

% change in emissions in this category
<Not Applicable>

Please explain
The size of Xylem's workforce did not change significantly in 2020.

Downstream transportation and distribution

Direction of change
Decreased

Primary reason for change
Other, please specify (Consolidation of shipments)

Change in emissions in this category (metric tons CO2e)
754

% change in emissions in this category
2

Please explain
We are in the third year of implementing a global initiative to optimize logistics and transportation.

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?
More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	1321	173241	174562
Consumption of purchased or acquired electricity	<Not Applicable>	113089	53899	166988
Consumption of purchased or acquired heat	<Not Applicable>	2933	5349	8282
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1036	<Not Applicable>	1036
Total energy consumption	<Not Applicable>	118379	232489	350868

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	Please select
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
71652

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.00269

Unit
metric tons CO2e per liter

Emissions factor source
www.ghgprotocol.org

Comment

Fuels (excluding feedstocks)
Fuel Oil Number 1

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
7237

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.0027

Unit
metric tons CO2e per liter

Emissions factor source
www.ghgprotocol.org

Comment

Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
0.71

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.00152

Unit
metric tons CO2e per liter

Emissions factor source
www.ghgprotocol.org

Comment

Fuels (excluding feedstocks)
Propane Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.00546

Unit
metric tons CO2e per m3

Emissions factor source
www.ghgprotocol.org

Comment

Fuels (excluding feedstocks)
Propane Liquid

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization
3249

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.00148

Unit
metric tons CO2e per liter

Emissions factor source
www.ghgprotocol.org

Comment

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
88545

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.00192

Unit
metric tons CO2e per m3

Emissions factor source
www.ghgprotocol.org

Comment

Fuels (excluding feedstocks)
Petrol

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
3879

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor

0.00231

Unit
metric tons CO2e per liter

Emissions factor source
www.ghgprotocol.org

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1036	1036	1036	1036
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

C-CG8.5

(C-CG8.5) Does your organization measure the efficiency of any of its products or services?

	Measurement of product/service efficiency	Comment
Row 1	Yes	

C-CG8.5a

(C-CG8.5a) Provide details of the metrics used to measure the efficiency of your organization's products or services.

Category of product or service
Other, please specify (Water Infrastructure)

Product or service (optional)
Flygt Water and Wastewater Products

% of revenue from this product or service in the reporting year

Efficiency figure in the reporting year
0.4

Metric numerator
Other, please specify (Average Power gained by flow (Unit weight x flow rate x head rise))

Metric denominator
Other, please specify (Average Power supplied to pump)

Comment
In 2020, we continued to increase product energy efficiency, achieving a 0.4 percent increase in average product energy efficiency across the entire Flygt product line since 2018. In 2020, we continued to increase the energy efficiency of our new to market products. These products are designed using state-of-the-art design system and are meant to reduce the energy required for operations, versus older models. We currently offer our customer speed regulated machines which improve the efficiency of older models, however, we have yet to integrate these innovations into our average sold efficiency metric.

Category of product or service
Other, please specify (Applied Water Systems)

Product or service (optional)
e-XC single stage, double suction centrifugal pumps

% of revenue from this product or service in the reporting year

Efficiency figure in the reporting year
2

Metric numerator
Other, please specify (Average power gained by flow)

Metric denominator
Other, please specify (Average power supplied to pump)

Comment
In 2020, we continued to increase product energy efficiency, achieving a 2 percent increase in efficiency for new products launched for our Applied Water Systems business since 2018, representing cumulative savings of 1,095,089 metric tons of CO2e between 2019 and 2025.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Other, please specify

Metric value

Metric numerator

Metric denominator (intensity metric only)

% change from previous year

Direction of change
<Not Applicable>

Please explain
In 2019, Xylem announced that through partnerships with our customers, by 2025 we will: • Reduce over 3.5 billion m3 of nonrevenue water, equivalent to the domestic water use needs of over 55 million people annually • Treat 13 billion m3 of water for reuse, equivalent to the domestic water use needs of over 197 million people annually • Prevent over 7 billion m3 of polluted water from flooding communities or entering local waterways • Reduce water's CO2 footprint by over 2.8 million metric tons, equivalent to 46 million tree seedlings growing for 10 years In 2019, Xylem announced that by 2025 we will: • Ensure 100% of Xylem employees have access to clean water and safe sanitation at work, at home and during natural disasters • Use 100% renewable energy and process water recycling at our major facilities • Achieve Zero Waste to Landfill from processes at our major facilities • Require preferred suppliers to take the WBCSD WASH Pledge • Ensure packaging material consists of 75% reusable, recyclable or compostable content • Develop science-based targets for GHG reduction (Scope 1,2,3) • Give 1% of our company profits to water-related causes and education • Deploy humanitarian aid to 200 areas affected by water-related natural disasters • Provide 15 million people with water education to improve quality of life and raise awareness

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C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

C-CG9.6a

(C-CG9.6a) Provide details of your organization's investments in low-carbon R&D for capital goods products and services over the last three years.

Technology area
Other energy efficient products or efficiency drivers

Stage of development in the reporting year
Large scale commercial deployment

Average % of total R&D investment over the last 3 years
41 - 60%

R&D investment figure in the reporting year (optional)
187000000

Comment
Xylem develops and brings to market innovative solutions that create major water, energy and cost efficiencies, helping utilities solve critical water challenges for their communities making them more sustainable with increased resource-use efficiency and greater adoption of cleaner and environmentally sound technologies and industrial processes. Xylem invests substantial resources into Research and Development and our leading-edge technologies facilitate sustainable and resilient infrastructure development in developing countries. In 2020, total R&D investments were 187 USD million.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Xylem Sustainability Report 2020.pdf

Page/ section reference
2020 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 125 https://www.xylem.com/en-us/sustainability/

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Xylem Sustainability Report 2020.pdf

Page/ section reference
2020 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 125 https://www.xylem.com/en-us/sustainability/

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Xylem Sustainability Report 2020.pdf

Page/section reference
2020 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 125 https://www.xylem.com/en-us/sustainability/

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Waste generated in operations

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Xylem Sustainability Report 2020.pdf

Page/section reference
2020 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 125 https://www.xylem.com/en-us/sustainability/

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Xylem Sustainability Report 2020.pdf

Page/section reference
2020 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 125 https://www.xylem.com/en-us/sustainability/

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We expect 100 percent of our suppliers to adhere to our global sustainability standards. As part of our procurement process, any new Xylem supplier is required to align with our business standards in terms of product quality, process capabilities and sustainable actions. During our supplier capability assessment, we ask, “What actions are in place regarding the reduction of energy consumption and the emissions of greenhouse gases (GHGs)?” and rate their actions as “acceptable” or “not acceptable.” We then summarize key areas for supplier improvement. Additionally, we began implementing a sustainability audit process that prioritizes suppliers located in countries where human and labor rights issues could be a concern, and those located in water-stressed areas.

Impact of engagement, including measures of success

Through these engagements, we ensure that all of the suppliers we work with conduct business in compliance with all applicable environmental laws and regulations. This minimizes environmental pollution, promotes an efficient use of natural resources and protects the environment. The supplier must ensure compliance with product-related requirements and may be required to declare the material content and origin of products delivered to Xylem. Suppliers shall have environmental procedures in accordance with applicable elements in ISO14001 or equivalent standard.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Other, please specify (Actively work with customers to reduce their carbon footprint utilizing more energy efficient products and improved management of existing assets)

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement
The treatment, transport and monitoring of water and wastewater can typically be a significant use of energy for water and wastewater utilities and industrial users of water. By providing more energy efficient products and by optimizing systems to more efficiently use infrastructure already in place, we help our customers make large reductions in overall energy use of their networks. Additionally, many of our utility customers face increasing risks from the impacts of climate change. We work with them to create effective stormwater management in areas that can experience increasing risk of flooding. In areas of increasing extreme drought, we provide solutions to treat wastewater for reuse as drinking water or other in direct use.

Impact of engagement, including measures of success
Our success in engaging customers is measured directly to our revenue. Additionally, we track several customer-related 2025 Sustainability goals towards increasing water reuse applications, reducing non-revenue water loss and stormwater overflow, and reducing the water sector's carbon footprint. These are tracked and published in our annual Sustainability report.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Direct engagement with policy makers
Trade associations
Funding research organizations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Water Infrastructure)	Support	In 2019, Key members of the Xylem Senior Management team participated in panels in Washington D.C. during Infrastructure Week advocating for innovative solutions to Water Infrastructure issues. Al Cho served on the panel for The Value of Water Congressional Briefing: The Future of Water – Artificial Intelligence and "Smart" Water Infrastructure and Joe Vesey participated in the Bipartisan Policy Center: EPA's Role in Building Critical Infrastructure.	Elected officials and key individuals from government agencies attended both events to learn about innovative ways to address U.S. water infrastructure challenges.
Energy efficiency	Support	Xylem is a member of the trade association Europump. Markus Holmberg, from the Xylem Sundbyberg R&D Centre in Sweden, is currently chairing the Europump working group in charge of supporting the EU Commission to develop an energy efficiency regulation for wastewater pumps. Fabio Reffo, from the Xylem Montecchio R&D Centre in Italy is the chair of the Europump working group in charge of revising the current energy efficiency regulation on circulator pumps.	Europump promotes the improvement of the energy performance of all pump types by adequate measures at the different pump system levels: namely the product, extended product and system levels. Europump aims to provide policymakers with technological know-how to facilitate effective new legislation. A major example and case in point is the European Commission's review of Commission Regulation (EU) 547/2012 (lot 11 – water pumps), Ecodesign lots 28 (wastewater pumps), and 29 (other clean water pumps), taking place in 2016. For this Europump recommends adopting the 'Extended Product Approach'.
Energy efficiency	Support	Xylem is a member of the North American pump trade association Hydraulic Institute (HI). Mark Handzel and Chris Johnson from the Xylem R&D Center in Morton Grove and Paul Ruzicka from the Xylem R&D Center in Seneca Falls, NY are members of the Hydraulic Institute U.S. Dept of Energy Pump Energy Conservation Committee that has been working to insure all HI members are selling compliant products by the January 27, 2020 deadline. Pump products from Xylem's Morton Grove facility were in DOE compliance three years before the effective date. Xylem has also agreed to voluntarily apply a Hydraulic Institute Energy Rating label on circulator pump products in the absence of DOE energy conservation rules that were put on hold in 2016.	Xylem has taken a leadership position in implementing U.S. and Canada Pump Energy Conservation Standards which has positioned us as a leading supplier of DOE regulated products.
Other, please specify (Water Infrastructure)	Support	In 2016, Xylem was selected to participate in the U.S. Department of Commerce's Smart Cities Infrastructure Business Development Mission to India. Representatives from Xylem and 18 other companies took part in this Smart Cities Infrastructure Business Development Mission, which included visits to New Delhi, Mumbai, Chennai and Vizag to explore opportunities for introducing or expanding the use of sustainable products and services in India.	India is the third largest economy in the world. With approximately 1.28 billion people, which is more than a sixth of the world's population, India has the second most populous country in the world and is estimated to add another 500 million people to its urban population over the next 40 years. India's government has almost overwhelmingly focused on economic development and, as a result, has proposed a nationwide program to build 100 smart cities. A smart city is a city equipped with basic infrastructure to provide a decent quality of life, and a clean and sustainable environment through the application of some smart solutions. Monitoring water quality, treatment of wastewater, smart meters, renewable sources of energy, efficient green building and intelligent traffic management systems are some of the solutions of a smart city. For India, this means a wide variety of major infrastructure projects across the country will be funded by the central and state governments, as well as private sector capital, over the next few years. India's infrastructure needs are estimated to be in the $1.5 to $2 trillion range.
Other, please specify (Water Infrastructure)	Support	As global demand for water increases, the business as usual approach to European water resources will not meet the needs of citizens. Xylem, with the support of Kreab, have worked to create and support EU directives related to the water industry. In 2016, we engaged with providing content and feedback on drafts of legislative documents, participating and driving some work groups, speaking the voice of Xylem at the EWA conference, establishing relationships with key Member States and Commission officials.	Xylem has proposed a Circular Economy model be integrated into the EU water industry to preserve Europe's vital water resources. This model will promote water efficiency in the entire supply chain to create a holistic solution in the water sector. It will also promote water reuse as well as product innovation and cross-border markets.
Other, please specify	Support	Our CEO, Patrick Decker has participated in the CEO Forum Singapore International Water Week for several years discussing issues facing the global water sector, including the impact of globalization and the digital revolution, and share perspectives on the role of advanced technologies in advancing the water sector's migration to smart infrastructure.	Government officials, world organizations and industry leaders convened with the common goal of addressing global water challenges through policymaking and thought leadership.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Sump and Sewage Pump Manufacturers Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Sump and Sewage Pump Manufacturers Association's mission is to represent the industry in a manner consistent with the highest standards of business practice and its obligations under law and regulation, by educating the industry, general public, and legislative and regulatory groups, in the proper application, use, installation, and maintenance of the products and services offered by its members. Although we are not aware of a SSPMA Climate Change Policy, the Association's focus on proper application, use, installation and maintenance of pumps would result in fewer GHG emissions from our customers in the use phase of our products. Therefore, this statement aligns with our desire to reduce GHG emissions for our customers by providing the most energy efficient equipment to our customers.

How have you influenced, or are you attempting to influence their position?

William Gell, of Xylem, is on the board of directors.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Xylem is a member of the Hydraulic Institute (HI) – the largest association of pump industry manufacturers in North America. The Institute offers a wide variety of programs and services, each tailored to member needs: standards development, networking opportunities, access to specific statistical data and economic reports, electronic services, educational materials, breaking industry news, participation in industry initiatives, and more.

Xylem has long-standing partnerships with many non-governmental organizations and government agencies, including the International Water Association, National Association of Environmental Management (NAEM), Ceres, Stockholm International Water Institute, UN Global Compact, Water Environment Federation and Singapore's Public Utilities Board, to name a few.

Xylem has also been a member of the UN Global Compact since 2002 and has committed to the UN Global Compact's 10 universally accepted principles which include a set of core values in the environmental area which encompass our approach to addressing climate change. In 2015, we finalized our Climate Change Policy, which outlines our commitment to develop mitigation and adaptation solutions to the water-related challenges associated with climate change through our products, operations, corporate citizenship and social investment, and stakeholder engagement. We joined the CEO Water Mandate program in 2017.

On World Water Day 2014, Xylem joined the US Water Partnership, which seeks to mobilize U.S.-based knowledge, expertise and resources to improve water security around the world, particularly in those countries most in need. The US Water Partnership views water as the catalyst for development – from global health to climate change, and food security to economic development. Like Xylem, the US Water Partnership is committed to solving water-related climate change challenges.

For more than eight years, in more than 22 countries across five continents, we have worked successfully with six global non-profit partners through our corporate citizenship and social investment program, Xylem Watermark. In 2018, more than 7,500 of Xylem's employee base volunteered in 39 countries, participated in over 730 events, and logged 1,875 employee disaster response hours, working with local non-profit organizations committed to water-related issues in their communities.

Xylem Watermark solutions are sustainable and collaborative, combining community-based efforts with regular monitoring to ensure projects meet local water needs for years to come.

In 2016, Xylem co-convened the "Disruptive Resilience: Chief Technology Officers (CTOs) Map America2030 Water Future" conference along with other national leaders in the water sector. This gathering facilitated a discussion of how to best leverage breakthrough technologies advances to transform how the nation's water resources are managed in order to create a secure water future for the next century.

Xylem was also invited to participate in the White House Water Summit, which focused on the role of breakthrough, creative solutions to current water challenges, as well as the innovative strategies that will catalyze change in how we use, conserve, protect, and think about water in the future.

Albert Cho, Xylem's Vice President of Strategy and Business Development, spoke on a panel at the 2016 American Water Summit. Cho, along with other business and water leaders, discussed the future of the digital utility. Collaborating with other industry leaders at forums like the American Water Summit helps us ensure that the water sector can maximize the benefits of the digital future.

At the IWA World Water Congress & Exhibition in Brisbane, Australia, Xylem explored the importance of understanding life-cycle costs when evaluating water infrastructure investments.

Xylem co-sponsored the U.S. Bureau of Reclamation Arsenic Sensor Challenge, which is seeking to identify new or improved sensors, devices or test kits to measure arsenic in water in natural and engineered systems.

For the 20th consecutive year, Xylem served as the Founding Sponsor of the Stockholm Junior Water Prize international competition.

Xylem was featured in the Business Roundtable 2016 Sustainability Report as one of 150 companies committed to addressing environmental and energy challenges while driving increased economic growth and job creation.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

People around the globe depend on us to create extraordinary solutions to meet life's most critical water needs. Xylem optimizes water access and quality, and we promote responsible consumption so that communities across the globe can thrive.

Our Environmental, Social and Governance (ESG) Committee is composed of representatives from multiple geographies, businesses and functions and is under the executive sponsorship of the SVP, General Counsel and Corporate Secretary, the SVP, Chief Marketing Officer, the SVP, Chief Innovation, Technology and Product Management Officer and the SVP, Chief Supply Chain Officer. The committee meets on a monthly basis. The objectives of the ESG Committee include but are not limited to:

• Identifying and evaluating emerging strategic sustainability issues, considering: regulatory and legislative developments, NGO stakeholder input, market opportunities, brand/reputation, customers and others, as appropriate

• Coordinating company responses to strategic public policy and regulatory issues

• Establishing Xylem's sustainability goals and objectives

• Developing action plans and associated programs

• Reviewing enterprise-wide sustainability programs and performance, and providing input to the Senior Leadership Team for establishing/modifying the company's goals and objectives

We have established targets related to climate change that impact our products, operations, employees and stakeholder engagement. We will continue to track our progress against these goals and publicly report our success. We continue to look for energy efficiency improvements in our products, set ambitious goals to reduce GHG emissions and increase our resource efficiency. Our corporate citizenship program, Xylem Watermark, informs our employee's perspectives on sustainability through first-hand experiences bringing clean water, sanitation and hygiene education to communities in need, drawing the connection between climate change and water issues. In addition, we work closely with partners to drive collective action. Xylem is focused on our commitment to sustainability and to the United Nations Sustainable Development Goals, a framework of global commitments to create a fairer and more sustainable world by 2030.

These goals provide an opportunity for Xylem to strengthen our collaboration with stakeholders from a cross-section of industries, communities, governments and the social sector. While we are uniquely poised to help achieve the 17 SDGs through the responsible and mindful management of our internal operations and supply chain, corporate social responsibility programs, diversity and inclusion practices, and most importantly, the products, solutions and services that we offer to customers, we consider the following six goals our focus SDGs1. For an overview of Xylem's connection to the 17 SDGs, see our Xylem Sustainability website.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
Xylem Sustainability Report 2020.pdf

Page/Section reference
2020 Sustainability Report (page 13) 10-K (page 11)

Content elements
Strategy
Risks & opportunities
Other, please specify (Xylem, customer and supplier operations)

Comment
10-K – Financials

Publication
In voluntary sustainability report

Status
Complete

Attach the document
Xylem Sustainability Report 2020.pdf

Page/Section reference
13

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Xylem Overview and ESG Highlights - 2020.pdf

Page/Section reference
18

Content elements
Strategy
Risks & opportunities
Other metrics
Other, please specify (Financials)

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	CEO	Chief Executive Officer (CEO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

Xylem's mission is to solve water. Xylem's vision and values provide its foundation for growth and inspire Xylem to behave as a responsible industry leader and corporate citizen:

- Respect for internationally proclaimed human rights and working conditions, and for the environment
- Responsibility for how our activities, products and services affect people and the environment
- Integrity for acting ethically and living up to our Code of Conduct
- Creativity to develop innovative energy and water efficient solutions

Xylem was named the Water Technology Company of the Year at the 2018 Global Water Awards. The accolade was presented to the company that made the most significant contribution to the field of water technology in 2017.

Xylem was recognized for "its unparalleled vision to offer end-to-end solutions for the digital utility of the 21st century." Through strategic acquisitions and cutting-edge innovations centered on energy management and process optimization, Xylem has established itself as a leading provider of intelligent solutions that address the water industry's most persistent challenges. Xylem was identified as the company that "moved the needle in the water technology sector in 2017…to become an outright leader in the rapidly growing market for smart water solutions."

"We are honored to be recognized as Water Technology Company of the Year," said Patrick Decker, Xylem President and Chief Executive Officer. "This award is an important acknowledgement of the efforts of our nearly 17,000 Xylem colleagues who are committed to tackling the most complex water management challenges facing communities today. We remain focused on collaborating with our customers and partners to bring the right technology solutions to the market to increase the productivity of water and wastewater operations, and to help utilities address the issue of water affordability."

Xylem's recent acquisitions of Pure Technologies, EmNet and Valor Water Analytics were each noted for strengthening the Company's suite of solutions to address non-revenue water, as well as smart water and wastewater network assessment and management. Other achievements highlighted include the installation of Xylem's Concertor intelligent wastewater pumping system in Washington, D.C., and the launch of Xylem's latest smart dewatering pump. Also acknowledged were Xylem's continued efforts to develop potable reuse solutions with the installation of the world's first large-scale ultraviolet /chlorine process to treat wastewater to drinking water standards at the Terminal Island Water Reclamation Plant in Los Angeles in 2017.

Please see the Xylem Website for more information about our company.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	4876000000

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Yes

SC0.2a

(SC0.2a) Please use the table below to share your ISIN.

	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	US	98419M1009

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member
National Grid PLC

Scope of emissions
Scope 1

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
46

Uncertainty (±%)
20

Major sources of emissions
Fuels burned and electricity generated.

Verified
Yes

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2021 CDP Investor Response, 2020 Scope 1 and 2 emissions for Xylem amount to 39,051 (Scope1) and 49,939 (Scope 2) metric tons CO2e. Our 2020 Annual Report states total (global) 2020 revenues for Xylem as$4,876,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2019 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2020 $US / Xylem 2020 Revenues $US] x Xylem 2020 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2020 Revenues = $4,876,000,000 Xylem 2020 Emissions (Scope 1 and 2) = 88,990 metric tons CO2e Market Value of Services Purchased in 2020 =$[varies by customer].The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

Requesting member
National Grid PLC

Scope of emissions
Scope 2

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
59

Uncertainty (±%)
20

Major sources of emissions
Fuels burned and electricity generated.

Verified
Yes

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2021 CDP Investor Response, 2020 Scope 1 and 2 emissions for Xylem amount to 39,051 (Scope1) and 49,939 (Scope 2) metric tons CO2e. Our 2020 Annual Report states total (global) 2020 revenues for Xylem as$4,876,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2019 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2020 $US / Xylem 2020 Revenues $US] x Xylem 2020 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2020 Revenues = $4,876,000,000 Xylem 2020 Emissions (Scope 1 and 2) = 88,990 metric tons CO2e Market Value of Services Purchased in 2020 =$[varies by customer].The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

Requesting member
Aguas Andinas SA

Scope of emissions

Scope 1

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
30

Uncertainty (±%)
20

Major sources of emissions
Fuels burned and electricity generated.

Verified
Yes

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2021 CDP Investor Response, 2020 Scope 1 and 2 emissions for Xylem amount to 39,051 (Scope1) and 49,939 (Scope 2) metric tons CO2e. Our 2020 Annual Report states total (global) 2020 revenues for Xylem as$4,876,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2019 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2020 $US / Xylem 2020 Revenues $US] x Xylem 2020 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2020 Revenues = $4,876,000,000 Xylem 2020 Emissions (Scope 1 and 2) = 88,990 metric tons CO2e Market Value of Services Purchased in 2020 =$[varies by customer].The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

Requesting member
Aguas Andinas SA

Scope of emissions
Scope 2

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
38

Uncertainty (±%)
20

Major sources of emissions
Fuels burned and electricity generated.

Verified
Yes

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2021 CDP Investor Response, 2020 Scope 1 and 2 emissions for Xylem amount to 39,051 (Scope1) and 49,939 (Scope 2) metric tons CO2e. Our 2020 Annual Report states total (global) 2020 revenues for Xylem as$4,876,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2019 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2020 $US / Xylem 2020 Revenues $US] x Xylem 2020 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2020 Revenues = $4,876,000,000 Xylem 2020 Emissions (Scope 1 and 2) = 88,990 metric tons CO2e Market Value of Services Purchased in 2020 =$[varies by customer].The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

Requesting member
Vale SA

Scope of emissions
Scope 1

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
17

Uncertainty (±%)
20

Major sources of emissions
Fuels burned and electricity generated.

Verified
Yes

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2021 CDP Investor Response, 2020 Scope 1 and 2 emissions for Xylem amount to 39,051 (Scope1) and 49,939 (Scope 2) metric tons CO2e. Our 2020 Annual Report states total (global) 2020 revenues for Xylem as$4,876,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2019 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2020 $US / Xylem 2020 Revenues $US] x Xylem 2020 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2020 Revenues = $4,876,000,000 Xylem 2020 Emissions (Scope 1 and 2) = 88,990 metric tons CO2e Market Value of Services Purchased in 2020 =$[varies by customer].The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

Requesting member
Vale SA

Scope of emissions
Scope 2

Allocation level
Company wide

Allocation level detail
<Not Applicable>

Emissions in metric tonnes of CO2e
22

Uncertainty (±%)
20

Major sources of emissions
Fuels burned and electricity generated.

Verified
Yes

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2021 CDP Investor Response, 2020 Scope 1 and 2 emissions for Xylem amount to 39,051 (Scope1) and 49,939 (Scope 2) metric tons CO2e. Our 2020 Annual Report states total (global) 2020 revenues for Xylem as$4,876,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2019 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2020 $US / Xylem 2020 Revenues $US] x Xylem 2020 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2020 Revenues = $4,876,000,000 Xylem 2020 Emissions (Scope 1 and 2) = 88,990 metric tons CO2e Market Value of Services Purchased in 2020 =$[varies by customer].The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

https://xyleminc.gcs-web.com/static-files/2f35303f-10bb-4d3b-b0fa-1e49b94939be

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	The ability to identify emissions by businesses (Water Infrastructure, Applied Water and Measurement & Control Solutions) will help us overcome these challenges and will enable us to allocate emissions to customers based on the products and services they use and the geographic locations they operate in. Determining the specific carbon intensity of individuals is a challenge. Today, we use the economic allocation method based on customer spend. We realize that this is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions vary by customer depending on type of products purchased, services provided, geographic location, and in certain cases, specific customer requirements. Currently, we do not have enough information to evaluate and compare the specific carbon intensities of our different businesses, product categories and geographic locations.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

Xylem has a culture of continuous improvement - improving efficiency, service quality and being able to help customers meet their environmental goals. We are constantly working on improvements to our overall GHG management programs. In the future, we plan to account for environmental impacts based on our businesses and products. For example, new products developed in Transport are bringing an average 0.2 percent average energy-efficiency improvement per year, leading to cumulative savings of 280,000metric tons of CO2 equivalent between 2019 and 2025.

When we are able to account for the GHG footprint of each business and product category, we will also be able to more accurately allocate emissions to customers based on the products and services they use. We believe that improved understanding of the carbon intensity of our businesses and product categories will lead to better opportunities for collaboration on mitigation, and ultimately a better customer experience.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

Requesting member
National Grid PLC

Group type of project
Change to provision of goods and services

Type of project
Other, please specify (recycled/renewable packaging materials)

Emissions targeted
Actions that would reduce our own supply chain emissions (our own scope 3)

Estimated timeframe for carbon reductions to be realized
0-1 year

Estimated lifetime CO2e savings
500

Estimated payback
3-5 years

Details of proposal
Take our current goal of "Ensure packaging material consists of 75% reusable, recyclable or compostable content" from 75% to 100%; which would also support our "Achieve zero waste to landfill from processes at our major facilities" goal (embedded Scope 3 emissions would lower).

Requesting member
Aguas Andinas SA

Group type of project
Change to provision of goods and services

Type of project
Other, please specify (recycled/renewable packaging materials)

Emissions targeted
Actions that would reduce our own supply chain emissions (our own scope 3)

Estimated timeframe for carbon reductions to be realized
0-1 year

Estimated lifetime CO2e savings
500

Estimated payback
3-5 years

Details of proposal
Take our current goal of "Ensure packaging material consists of 75% reusable, recyclable or compostable content" from 75% to 100%; which would also support our "Achieve zero waste to landfill from processes at our major facilities" goal (embedded Scope 3 emissions would lower).

Requesting member
Aguas Andinas SA

Group type of project
Reduce Logistics Emissions

Type of project
Consolidated logistics

Emissions targeted
Actions that would reduce our own supply chain emissions (our own scope 3)

Estimated timeframe for carbon reductions to be realized
0-1 year

Estimated lifetime CO2e savings
5000

Estimated payback
3-5 years

Details of proposal
Engage in supply chain order/route/delivery optimization to minimize delivery-miles and embedded Scope 3 emissions.

Requesting member
National Grid PLC

Group type of project
Reduce Logistics Emissions

Type of project
Route optimization

Emissions targeted
Actions that would reduce our own supply chain emissions (our own scope 3)

Estimated timeframe for carbon reductions to be realized
0-1 year

Estimated lifetime CO2e savings
5000

Estimated payback
3-5 years

Details of proposal
Engage in supply chain order/route/delivery optimization to minimize delivery-miles and embedded Scope 3 emissions .

Requesting member
Aguas Andinas SA

Group type of project
New product or service

Type of project
Other, please specify (product recycle/takeback program)

Emissions targeted
Actions that would reduce both our own and our customers' emissions

Estimated timeframe for carbon reductions to be realized
3-5 years

Estimated lifetime CO2e savings

Estimated payback
Please select

Details of proposal
Engage in product takeback/recovery/CE programs with suppliers to encourage optimal next use for products at the end of useful life at Xylem.

Requesting member
National Grid PLC

Group type of project
New product or service

Type of project
Other, please specify (product recycle/takeback program)

Emissions targeted
Actions that would reduce both our own and our customers' emissions

Estimated timeframe for carbon reductions to be realized
3-5 years

Estimated lifetime CO2e savings

Estimated payback
Please select

Details of proposal
Engage in product takeback/recovery/CE programs with suppliers to encourage optimal next use for products at the end of useful life at Xylem.

Requesting member
Vale SA

Group type of project
Change to provision of goods and services

Type of project
Other, please specify (recycled/renewable packaging materials)

Emissions targeted
Actions that would reduce our own supply chain emissions (our own scope 3)

Estimated timeframe for carbon reductions to be realized
0-1 year

Estimated lifetime CO2e savings
500

Estimated payback
3-5 years

Details of proposal
Take our current goal of "Ensure packaging material consists of 75% reusable, recyclable or compostable content" from 75% to 100%; which would also support our "Achieve zero waste to landfill from processes at our major facilities" goal (embedded Scope 3 emissions would lower).

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?
Yes

SC2.2a

(SC2.2a) Specify the requesting member(s) that have driven organizational-level emissions reduction initiatives, and provide information on the initiatives.

Requesting member
Please select

Initiative ID
Please select

Group type of project
Please select

Type of project
Please select

Description of the reduction initiative

Emissions reduction for the reporting year in metric tons of CO2e

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
Please select

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Please select

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?
No, I am not providing data

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms