Code of Conduct
When mentioned in our Code of Conduct, “Xylem” and our “Company” refer to Xylem Inc. and all of its value centers and business units.
Our work
Water is essential to life. And our life’s work is water.
We transport it to places it needs to go, we treat it to make it clean, and we test it to ensure its quality.
We focus on the world’s most critical water challenges.

Our customers
Our customers are partners. They are the reason we succeed. We work to anticipate their needs with our broad product offerings and our applications expertise.

Our employees
Our employees are inspired to make a difference through innovation and influence. By focusing on water, we are dedicated to improving people’s lives.

Our shareowners
Our shareowners expect us to create value. We strive to reward their confidence in us.

Our vision is simple.
We devote our technology, time and talent to advance the smarter use of water.
We look to a future where global water issues do not exist.

xylem
Let’s Solve Water

Our values
Respect
for each other, for diversity of people and opinions, for the environment

Responsibility
for our words and actions, for customer satisfaction, for giving back to our communities

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

Creativity
for thinking beyond boundaries, for anticipating tomorrow’s challenges, for unlocking growth potential
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At Xylem, we hold ourselves to high standards of integrity in all that we do. Strong performance is critical to our success – but how we achieve results is just as important. Nothing is more critical than making sure we do what is right – and nothing puts us at risk more than failure to do so.

Our Code of Conduct is the set of rules that outlines the appropriate business conduct and expected behaviors we all must follow. It defines how we must act to ensure we maintain our reputation and continue to earn the trust of our customers, shareowners, business partners, and communities every day.

Our Code applies to all work situations in which we may find ourselves - from conflicts of interest and giving and receiving gifts to adhering to antitrust and unfair competition laws. Specific company policies supplement our Code’s guidance and, when the policies and our Code are used together, they provide direction to help each of us make sound decisions. In our fast-paced, rapidly changing business environment, the right choice is not always clear, and it’s not always easy. Our Code of Conduct gives us the foundation to make the best decisions – decisions that never sacrifice our integrity.
It’s important that we each understand how the work we do and the actions we take are affected by legal and regulatory requirements, our policies and procedures, and our shared ethical principles and values. All of us have a duty to speak up and seek guidance when we are unsure about the right course of action or are concerned that someone is not acting in compliance with our Code.

Each of us has a personal responsibility to incorporate the Code of Conduct into our work. If you have a question about the Code, or any other aspect of compliance, please ask. I thank you for protecting the trust others have placed in us through your efforts to make the right decisions every day.

Patrick Decker
1. Getting Started

Expectations

Our values are our compass, serving as a foundation for the way we do business and reflecting who we are and what we believe. They communicate the pride we each take in our daily work. This pride is a result of not only meeting customer expectations and delivering quality products and services, but also the ethical way in which we conduct our business.

Our Code is our road map. It is designed to help us do the right thing always by describing common ethical and legal issues that may arise, and providing avenues through which we can obtain advice or raise a concern.

What is expected of employees?

Each of us must be committed to living our values and utilizing our Code as a guide for interactions with our stakeholders, including our fellow employees, customers, business partners, shareowners, suppliers, government agencies and communities. It is equally important that non-employee groups, such as officers, directors, contractors, suppliers, consultants and representatives, live our values and follow the Code. This unified approach drives our efforts to create more livable environments, enable communications and provide protection and safety.
To better understand the behaviors expected of us, we are each responsible for reading and abiding by our Code and participating in ethics and compliance training. We must also know and follow all Xylem policies, laws and regulations that apply to our work. If a conflict exists between any of these standards, the highest standard of ethical behavior shall apply. Seek guidance from the appropriate contact listed in the section titled “Asking Questions and Raising Concerns” before deciding which path you should follow.

Laws and regulations are complex and subject to change, and can vary greatly from country to country. Company policies may also be subject to change, and may vary depending on our location. We therefore must take care to familiarize ourselves with the policies, laws and regulations that apply to our particular job functions. If you have any doubt, ask for help.

**What is expected of managers and supervisors?**

As leaders, managers and supervisors have additional responsibilities. In particular, they are expected to:

- Communicate about ethics and compliance issues
- Ensure that their personal actions set an appropriate example of our values
- Hold employees accountable for completing all training requirements
- Create work environments that welcome open communication and encourage employees to raise concerns
- Report known or suspected ethical or legal misconduct to the appropriate point of contact
- Respect the confidentiality of employees who raise honest concerns or participate in investigations to the greatest extent practical and legally permissible
- Strictly avoid and never tolerate acts of retaliation against people who report concerns, or behavior that may be perceived by others to be retaliation
**What is expected of business partners?**

We expect those working on Xylem’s behalf, including our consultants, suppliers, agents, contractors, subcontractors and representatives, to uphold our values, the ethical principles set forth in our Code and any applicable Company policies, laws and regulations. We choose to work with business partners who stand behind the quality of the goods and services they provide.

If you know or suspect that one of our business partners is engaging in ethical or legal misconduct, please speak with the appropriate contact listed in the “Asking Questions and Raising Concerns” section of our Code.

**What is expected of us when engaging third parties?**

We must carefully consider whom we retain to conduct business on behalf of Xylem. If we wish to engage anyone as a sales agent, marketing representative, distributor or dealer, we must contact the Company Legal department before doing so. These parties must be approved in accordance with Company policy, and the relationship must be documented in a formal written agreement. This agreement is subject to the Company Legal department’s review and approval.

Please keep in mind that there are extensive rules and Xylem procedures governing the review and retention of sales agents, marketing representatives, distributors and dealers who solicit sales outside the United States, including a due diligence review for those who solicit orders from non-U.S. government customers or end users. It is your responsibility to know and comply with these rules and procedures if your work involves engaging such third parties. In addition, the Company Legal department must approve all use of consultants or lobbyists in the area of government relations.

There are additional rules that apply to the retention of sales agents and marketing representatives, in particular. We may not retain a sales agent or marketing representative if they, anyone they employ, their close relative or anyone financially interested in their business works for or is an official of an actual or potential Xylem customer. To
obtain a specific exception to this rule, contact the Company Legal department. There are specific rules regarding compensation for sales agents and marketing representatives as well. These rules must be followed fully, unless otherwise permitted by the Company Legal department.

We must inform all third parties working on Xylem’s behalf about our Code, and they must agree to follow it with respect to all activities they conduct on behalf of Xylem. In addition, distributors and dealers must agree to a provision relating to business ethics.

Making Ethical Decisions
We all take pride in our work and in the choices we make on behalf of Xylem. These choices may be more difficult to make when we encounter ethical challenges. Our Code aims to help us recognize and resolve these challenges.

When faced with a difficult ethical decision, ask yourself the following questions to determine whether the action you are contemplating is appropriate:

- Am I adhering to the letter and spirit of our Company’s policies and all applicable laws and regulations?
- Is my action consistent with Xylem’s vision and values and the principles set forth in our Code?
- Would I be acting in the best interests of Xylem, my coworkers and our customers?
- What would my family, friends or neighbors think of my action?
- Would I want my action reported on the front page of a newspaper or on the Internet?

If you are still unsure about what to do, do not take action. Instead, review the relevant sections of our Code or other Company policies. Ask for help by speaking with your manager or supervisor. Seek guidance from any of the other points of contact listed in “Asking Questions and Raising Concerns.”
Asking Questions and Raising Concerns

Although we strive to do the right thing always, there may be times when we need to seek advice or raise concerns about a potential ethical or legal violation. Doing so provides Xylem the opportunity to properly address the issue. The reporting process is flexible, allowing you to raise concerns in several ways.

In most cases, you should first contact your manager or supervisor. If this is not possible or practical, or if you would feel more comfortable discussing the matter with someone else, you may contact any of the following individuals:

- Your local Human Resources manager
- Your value center Human Resources department
- Your value center Chief Financial Officer or value center controller or the Xylem Chief Accounting Officer
- Your value center Ethics and Compliance Review Board (ECRB) Leader or any ECRB member
- Your value center Director of Corporate Responsibility
- Any Xylem ombudsperson
- Any Xylem lawyer
- The Xylem Chief Ethics and Compliance Officer
- The EthicsPoint helpline

Xylem’s ombudspersons are responsible for providing advice and receiving reports regarding potential misconduct. Each group has an ombudsperson, and there are local ombudspersons throughout the world to whom you can make reports in your local language. If you would like to speak to an ombudsperson, please reference the list of contact information at the end of our Code. You can also find this information on our intranet at http://Compliance.Xyleminc.com.

In addition, you may make a report by calling Xylem’s EthicsPoint helpline, which is a third-party, 24-hour phone and web-based reporting tool. You can make these reports in your local language. Local access numbers for the EthicsPoint helpline can be found in
the list of contact information at the end of our Code, on our intranet at http://Compliance.XylemInc.com or at www.XylemInc.EthicsPoint.com.

Anonymity and Confidentiality
When you contact an ombudsperson from the U.S., or another country in which anonymous reporting is allowed, you may remain anonymous. You may also make an anonymous report to the EthicsPoint helpline. If you make a call to the EthicsPoint helpline, you will be provided a report key and password. This way, you can receive updates or provide additional information that may be necessary for proper investigation of your concern.

When making a report, you are always encouraged to identify yourself, since doing so facilitates communication and helps Xylem successfully resolve the situation. Should you choose to identify yourself, our Company will make every reasonable effort to keep your identity confidential in a manner consistent with conducting a thorough investigation and meeting any legal requirements. To assist us in maintaining confidentiality, please do not discuss your report with others unless they are part of the investigation into your concern.

Guidelines for Raising Concerns
It is never easy to raise concerns about possible misconduct. Doing so requires honesty and courage. Listed below are some general ideas on how to discuss your concern with your management:

1. Schedule a specific time with your supervisor, your manager or any other point of contact listed in “Asking Questions and Raising Concerns” to discuss your concern.
2. Discuss your concerns calmly and professionally.
3. Provide all relevant facts and identify your concerns about the possible impact of the potential misconduct.
4. Thank the individual for their time and their attention to the issue.
Guidelines for Receiving Concerns

If you are a manager or supervisor, your reaction when employees bring concerns forward is very important. Listed below are some general guidelines on how to respond when an employee raises a concern:

1. Ensure you have enough time to adequately discuss the concern. If not, schedule an alternate time and communicate to the employee that this change will ensure that he or she has your full attention. If appropriate, conduct the meeting in a private location.

2. Listen carefully and remain respectful, calm and professional at all times.

3. Avoid intimidating or judgmental behavior.

4. Do not feel that you must give an immediate response; reflect on the issue and respond later, if needed.

5. Thank the employee for bringing the issue to your attention and advise him or her that you will follow up with the appropriate individual regarding the concerns.

Zero Tolerance for Retaliation

Raising concerns helps Xylem respond to problems as soon as possible. Xylem will not tolerate retaliation against any employee for reporting in good faith an ethics or compliance issue or for participating in an investigation in good faith. Reporting potential misconduct or participating in an investigation in “good faith” means making a genuine attempt to provide honest, complete and accurate information, even if it later proves to be mistaken or unsubstantiated. These actions may not be the basis for any form of retaliation, including an improper denial of benefits, termination, demotion, suspension, threats, poor performance evaluation, intimidation, harassment or discrimination. We must treat all fellow employees who raise concerns in a respectful manner.

Retaliation is a violation of our Code and could result in disciplinary action, up to and including termination. If you know or suspect that you or a coworker has experienced retaliation, please contact anyone listed in the section titled “Asking Questions and Raising Concerns.”
Following Our Code

We take the guidelines in our Code seriously and strive to follow them conscientiously at all times. Please note that violations of the law, Xylem policy or our Code may lead to disciplinary action, up to and including termination. In addition, such violations may result in civil or criminal consequences for both the persons involved and Xylem.

2. Our Workplace

Inclusion and Diversity

Our Company values different ideas, opinions and experiences and is committed to sustaining a culture of inclusion and diversity. While each of us has a right to our own personal beliefs and values, we may not impose these beliefs or values on others in the workplace. This means we may not use Company facilities or communications tools (e-mail, intranet, bulletin boards, etc.) to advocate religious, political, or other potentially sensitive personal beliefs. Employees who are responsible for Xylem’s corporate charitable contributions must ensure they are not used to promote such issues.
Discrimination

To maintain an inclusive and diverse work environment, we must each take steps to ensure our workplace provides equal employment and advancement opportunities, incentives and discipline. In so doing, we may not make employment-related decisions based on any characteristics protected by applicable law, such as age, color, gender, gender identity, national origin, physical or mental disability, race, religion, sexual orientation or any other legally protected personal basis. For those of us working on government contracts or programs involving export control information, government security rules or contract requirements may restrict certain work to individuals holding the appropriate clearance or export authorization.

If you know of, suspect or personally experience discrimination, report the situation to a manager or supervisor you trust, your local Human Resources department or any of the points of contact listed in the section titled “Asking Questions and Raising Concerns.”

Harassment

Harassment has no place at Xylem. Although legal definitions of “harassment” may differ, our Company considers it to include any form of unwelcome conduct toward another person that has the purpose or effect of creating an intimidating, hostile or offensive work environment for that person. Harassing conduct can be committed by an employee or a non-employee and can take many forms, including making gestures or remarks, touching or displaying...
pictures. Promises of promotion or special treatment in return for sexual favors also constitutes harassment. Xylem will not tolerate any such conduct, regardless of whether a harassment claim is enforceable under local law.

If you or someone else you know has faced or is facing harassing behavior, report this immediately to a manager or supervisor you trust, your local Human Resources department or any of the points of contact listed in the “Asking Questions and Raising Concerns” section of our Code.

Q: Elyse’s coworker, James, constantly asks her out on dates and makes comments about her appearance that make her uncomfortable. She politely refuses his advances and asks him to stop commenting on her appearance, but James doesn’t change his behavior. What should Elyse do?

A: Elyse should report James’ conduct to a manager or supervisor she trusts, her local Human Resources department or any of the points of contact listed in our Code. James’ conduct likely constitutes harassment, since it is creating a hostile and offensive work environment for Elyse. This kind of conduct won’t be tolerated at Xylem.

Employee Privacy

Our relationships with our fellow employees and our Company are built on mutual trust and respect. To maintain these relationships, we must each do our part to keep employees’ personal information confidential. We do this by following Xylem’s internal control procedures and by complying with related legislation in the countries where we do business. This means we may not access without proper authorization any system, database or record containing prospective, current or former employee personal information.
Those of us who have access to employees’ personal information have an obligation to exercise caution before disclosing it. We may only disclose employment record information if permitted to do so by law. We may provide this information to another Xylem employee if he or she has a substantial and legitimate business need to know it. Employee medical records are confidential and private. We may only disclose employee medical information if we are permitted to do so by law or if the employee concerned has given us written permission to do so.

If you have any questions about this policy, please contact your local Human Resources department.

Safety and Security

Each of us has a right to a safe and secure workplace. To help make that possible, we are all accountable to protect ourselves and our fellow employees. We must follow all safety policies and procedures and promptly report any unsafe work conditions, as well as job-related injuries or illnesses, to our supervisor, local medical personnel or an Environment, Safety and Health (ESH) Manager or Security manager. We must also be familiar with our site’s Emergency Response Plan. If you or someone else is in potential danger, please act in accordance with your site’s plan, which includes contacting local emergency responders immediately.

Ensuring a safe workplace also means minimizing the potential for violence on our Company’s premises or when engaging in business on Xylem’s behalf. This means we may not:

• Engage in any sort of workplace violence, including threats, threatening behavior, harassment, intimidation, assaults and similar conduct
• Carry weapons without prior written approval from your local Human Resources and Legal departments. (Firearms require additional approval from the Xylem Director of Ethics and Security)
We also must be alert to and report the presence of unknown individuals or unusual activities that could lead to theft or harm to Xylem property or personnel. Report any security concerns, incidents or suspicious activities to your manager, your supervisor, an ESH or Security manager.

Drugs and Alcohol

To maintain a safe workplace and to ensure we deliver the highest quality products and services to our customers, it is essential that we are able to think clearly and react quickly. For this reason, we may never be impaired by, use, possess or sell illegal or unauthorized drugs or alcohol during working hours, while on Company premises, while on Company time or when conducting or traveling on Company business. The only exception to this rule is when alcohol is consumed in limited amounts at business dinners or in accordance with local management direction at authorized Company events or business dinners. In such cases, we are required to strictly observe any applicable laws regarding alcohol consumption.
Environmental Responsibility

By working on Xylem’s behalf, we have made a commitment to care for the environment and respect the communities where we do business. This requires that we act in a respectful manner toward our environment, meeting or exceeding the requirements set forth by applicable environmental laws and regulations, as well as Xylem ESH and Security policies. We must avoid negative impacts on our environment, including the soil, air and water we share, and the communities in which we operate, and we need to perform our job duties in a responsible manner at all times.

We must report potential environmental issues and seek advice regarding how to comply with environmental laws and regulations whenever necessary. If you know or suspect that an environmental hazard exists or that environmental guidelines are not being followed, report the situation to an ESH manager immediately.

Human Rights

We are committed to conducting our business in a manner that respects and advances human rights based on our values and operating principles. We uphold human rights at all times and in all locations, regardless of local business customs.
In particular, we are committed to:

- Providing safe and secure conditions for those working on our Company’s behalf
- Protecting the environment
- Following all applicable wage and hour laws
- Strictly prohibiting human trafficking and the use of child or forced labor, including prison or bonded labor
- Treating each other fairly and equitably

To ensure that every facet of our business upholds these standards, we seek business partners who share these commitments.

4. Corporate Records

Accurate Records

When it comes to preparing Xylem’s corporate records, honesty and transparency are our guides. Each of us has a responsibility to ensure that the information contained in our business records – including our time cards, expense reports and production records – is full, fair, accurate, timely and understandable. We accomplish this by only providing information that is completed in accordance with our internal control procedures. If you are unsure how to represent information in a Xylem report or document, contact a Xylem controller for guidance.

Our commitment to acting ethically and honestly requires that we engage in legitimate and authorized business transactions. We may
never make a false representation on behalf of Xylem, whether verbally or in writing. In addition, we must not hide Xylem funds, mischaracterize Company transactions, create unrecorded fund accounts or knowingly allow similar illegal activities to occur. If you have accounting, recordkeeping or auditing concerns, contact your manager, your supervisor or a Xylem controller. You can also contact the Xylem Audit Committee anonymously by mail, c/o the Xylem Corporate Secretary, 1 International Drive, Rye Brook, New York, 10573, USA.

Q: On a recent business trip to Sweden, Anabelle stayed overnight with an old friend. Can she include the equivalent cost of a hotel room on her travel voucher?

A: No. All vouchers, expense reports, time cards and other Xylem documents must be complete and accurate. We are never permitted to knowingly enter false, misleading or inaccurate information on Xylem documents.

Q: Minsheng’s business unit has met its growth target for the year. A senior manager asks Minsheng to hide Company funds in a reserve account, which will be used to prop up their business unit’s future earnings. The manager tells Minsheng that the auditors will accept this reserve account because the amount is immaterial. What should he do?

A: Minsheng should not create the account. Misstatements are never acceptable, especially when they are created with the intent of managing earnings. Minsheng should not make this change and should report his manager’s request to a Xylem controller or the Xylem Audit Committee.
Records Retention

Properly maintaining and destroying records are important aspects of keeping accurate business records. We must retain all Xylem records in conformity with the guidelines set forth in our records retention schedules, as well as U.S. and local laws. These records retention schedules dictate the length of time to keep business records, as well as the way in which they are to be destroyed.

If you are notified by a Company lawyer that you possess records relevant to an anticipated or pending litigation, investigation or audit, follow the guidelines set forth in that notification. Do not destroy, alter or conceal any covered documents (including computer files, e-mails and disks) in response to or in anticipation of any such Company notification, government proceeding or lawsuit.

If you have a question related to the retention of a document you possess, contact the Company Legal department before taking any action.

Internal and Government Investigations

From time to time, Xylem conducts internal investigations of ethics and compliance issues. Everyone has a duty to cooperate and provide honest information in connection with an investigation when asked. Anyone who fails to cooperate with or obstructs an investigation in any way, or fails to comply with these guidelines, will be subject to appropriate discipline, up to and including termination.

In addition, we are expected to cooperate fully with any government investigation. If you learn about a possible government investigation or inquiry, inform your manager, your supervisor or the Company Legal department immediately. Be sure to submit any subpoenas or written requests for information to the Company Legal department before taking or promising any action. If you are approached outside the workplace by a government investigator, you have the right to
consult the Company Legal department (or your own private legal counsel) before speaking with the investigator.

With respect to all investigations, you must never:

- Destroy, alter or conceal any Xylem document in anticipation of, or in response to, a request for these documents from Xylem investigators, government agencies or courts
- Make any incomplete, false or misleading statement to any Xylem or government investigator
- Try to influence anyone else to provide incomplete, false or misleading information to any Xylem or government investigator

5. Conflicts of Interest

What is a Conflict of Interest?

A conflict of interest occurs when personal interests interfere with, or appear to interfere with, our ability to make objective judgments in the best interest of Xylem. Avoiding actual or apparent conflicts of interest creates and sustains the trust of our customers and other business partners, our fellow employees and the public, so it is critical for all of us to be vigilant in this area. While it is impossible to address every situation where a conflict of interest may arise, the following sections address the most common scenarios.
Relations between Employees

Conflicts of interest commonly arise when personal relationships exist between employees. Even if these relationships do not improperly influence sound, objective business decisions, they may appear to have such an effect. This is especially true when we have direct or indirect reporting relationships with romantic partners or family members. In addition, it will likely appear improper if we perform paid or unpaid work for someone to whom we directly or indirectly report. As a general rule, avoid these situations. If you have a personal relationship that might appear to influence your judgment, disclose it promptly to your manager or supervisor, your local Human Resources department or the Company Legal department.

Personal Gain from Corporate Opportunities

During the course of our employment at Xylem, we may learn about business opportunities in which we are personally interested. We may not pursue or direct a third party to pursue any opportunity we learn about in connection with our employment or through the use of Company property or information, unless we have obtained written approval from the Company Legal department.

Doing Business with Family Members

We must be cautious when one of our immediate family members works for a company with which Xylem does or intends to do business. If you find yourself in such a situation and your job involves making business decisions in relation to that company, you must disclose the situation immediately to your manager, your supervisor or the Company Legal department.
Q: Alexis, a procurement manager, has run into a problem with a Xylem supplier. She needs to replace the supplier immediately so that the project won’t fall behind schedule. Her brother’s company provides similar services at an even lower rate. Can Alexis hire her brother’s company to take over?

A: No, Alexis may not hire her brother’s company. If she’d like to recommend his company, she can do so, but she must disclose their relationship to her manager or supervisor and remove herself from the supplier selection process. Remember, we should avoid giving the impression that we play favorites, and we should never take shortcuts in the bidding process.

Investing in Outside Businesses

A conflict of interest may arise if you or a family member holds a financial interest in a privately owned enterprise with which Xylem does business or competes. The potential for a conflict of interest in this situation generally depends on the size of your investment, your role at Xylem and the business relationship between Xylem and the other company. You must obtain prior written approval from the Company Human Resources department before making such an investment.

Outside Employment

We must be careful to ensure that our outside interests and activities do not conflict with our obligations to Xylem. Since outside employment may make us appear biased or harm our ability to make decisions in the best interest of Xylem, we may not be employed by, work as a consultant for, or be affiliated with a Xylem competitor, customer or supplier without prior written approval from the Company Human Resources department.
6. Business Courtesies

Gifts and Entertainment

Conducting business with integrity means complying with all laws and never seeking to influence business decisions improperly. For this reason, it is important for each of us to be aware of all applicable laws and exercise common sense and good judgment when giving or receiving business courtesies. A “business courtesy” is the payment of anything of value, including cash, entertainment, meals, social events, sporting events, favors, gratuities, discounts and services.

Q: A supplier representative whom Daniel works closely with on Xylem’s behalf has asked him to do some consulting work for his company on the weekends. Can Daniel take the job?

A: Most likely, no. Even if the job wouldn’t affect Daniel’s ability to work objectively with the supplier, it might make others perceive him as being potentially biased or unduly influenced. If Daniel wishes to take the position, he must receive prior written approval from the Company Human Resources department.
In general, we may not offer or accept a business courtesy if it:
• Violates any law, regulation or policy applicable to the giver or recipient
• May be considered a bribe, payoff or kickback (see the “Anti-Corruption” section of our Code)
• Violates customary business practices
• Gives the appearance of impropriety or could give rise to a conflict of interest

We are all subject to anti-corruption laws governing the exchange of business courtesies with non-U.S. government officials, including the U.S. Foreign Corrupt Practices Act (FCPA) and the anti-corruption laws of the many countries in which we conduct business. If your work involves international business, please review the “International Business Anti-Corruption” section of our Code.

We must always avoid situations where business courtesies could expose our Company or those of us involved to legal or reputational harm. Please note that we may never attempt to circumvent these rules by using our personal funds or by engaging an agent or representative to pay for any business courtesy that we cannot pay for ourselves. The guidelines in this section also govern the actions of our family members and close friends, as well as those of Xylem agents and representatives. Any exceptions to the Business Courtesies guidelines must be specifically approved in writing by your value center president (or his or her designee) and the Company Legal department. If you are not part of a value center, you must receive written approval from the Xylem Chief Ethics & Compliance Officer.
Commercial Business Courtesies

Offering business courtesies to commercial (non-government) customers: Exchanging reasonable and limited business courtesies with commercial customers is considered a legitimate business practice worldwide. While we must never offer such courtesies to obtain or retain business improperly, we may offer them to develop good will with our customers and to promote our Company’s goods and services. You may provide representatives of commercial customers any of the following:

- Entertainment attended by the representative and yourself that is reasonable, infrequent, for a legitimate business reason, consistent with normal industry practices and local laws, and used to foster business relationships with the customer (such as sporting events and meals)
- Holiday gifts in connection with a recognized local holiday or event
- Xylem promotional items of token value that bear the Xylem identifier (name, logo, etc.) and are distributed to all customers for advertising or commemorative purposes or to generate good will

We may not offer lavish, extravagant or unreasonable business courtesies.

Accepting business courtesies from commercial customers: The guidelines that govern giving business courtesies to commercial customers also apply when accepting business courtesies from them. At no time may we solicit a business courtesy or promise a business decision in return for such a courtesy.

If you are offered a business courtesy or gift that exceeds nominal or token value, or that seems inconsistent with our business practices, you should refuse it and report it to your manager or supervisor. Any exceptions to these guidelines must be specifically approved in writing by your group president (or his or her designee) and the Company Legal department. If you are not part of a group, you must receive written approval from the Xylem Chief Ethics & Compliance Officer.
Government Business Courtesies

U.S. federal and state officials and employees: The U.S. government has strict laws and rules that generally prohibit its employees from accepting any item of value including personal favors, discounts, entertainment, hospitality, training, transportation, local travel, lodging and meals. Many state and local governments have similar laws and provisions. For this reason, you may not offer or give any item of value to any U.S. federal, state or local government employee, military official, political official or political party without prior written approval from the Company Legal department. In certain circumstances, it may be acceptable to host simple meals at a working meeting or offer items of very low value, such as soft drinks, coffee and light snacks, as well as promotional calendars, pens and coffee cups. However, due to the strict laws and rules by which we must abide, we must discuss the situation with the Company Legal department before engaging in the activity.

Non-U.S. government officials and employees: As noted above, we are all subject to strict laws such as the FCPA and the anti-corruption laws of the many countries in which we conduct business governing the exchange of gifts and entertainment with non-U.S. government officials and employees. Most of these countries prohibit their official employees from accepting business courtesies. If your work involves interactions with government officials, please review the “International Business-Anti-Corruption” section of our Code.
Q: Franco is involved with event planning and frequently deals with hotels, restaurants and travel agents. A restaurant he often uses for Xylem meetings has offered him a free meal for his entire family. Can he accept the offer?

A: No. By accepting the free meal for non-business use, it may appear to others that the restaurant is attempting to influence Franco’s future business decisions. Franco should politely decline the restaurant’s offer.

Q: Naomi works closely with a customer representative. The representative asks her to accompany him to a professional sporting event the next week. He explains that he hopes to talk about business before and after the game. Can Naomi accept the ticket?

A: Yes, as long as the ticket for the event is of reasonable value and is consistent with normal industry practices and local laws. Both Naomi and the customer representative will attend the event, and there is a clear business purpose for the entertainment.
7. Government Contracts

Business with Governments

We must conduct business with all governments and government agencies and their representatives ethically and in compliance with applicable laws and regulations, including those of the countries where we conduct business. If you are concerned that complying with the laws of one country may not be consistent with complying with this Code or the laws of any other country, seek guidance from the Company Legal department. Those of us whose work involves government contracts must familiarize ourselves with the laws, rules and regulations that apply to our job duties. Remember, these requirements are generally much stricter than those governing our commercial contracts.

Employment Discussions with Government Employees

Detailed rules govern the employment of current or former government officials and employees, military personnel or their family members. Before starting employment discussions with any such individuals, you must contact your local Human Resources department or the Company Legal department.
U.S. Government Contract Requirements

Although the requirements for doing business with the U.S. government are too numerous and complex to discuss in detail in our Code, we must keep the following general principles in mind. If you participate in bidding for, proposing, forming or performing a U.S. government contract, you must know and follow the rules that apply to your work. You should also contact the Company Legal department or, where applicable, your value center Contracts department, if you have questions or concerns prior to engaging in activities related to contracting with the U.S. government.

When seeking to obtain a contract with the U.S. government, or with another customer directly or indirectly in support of the U.S. government as the end-use customer, we have an obligation to comply fully with all applicable laws and regulations. During this process, we may not engage in any activities that may give Xylem an unfair competitive advantage and/or be illegal, including but not limited to the following:

- Attempting to obtain or use confidential government or competitor information, such as nonpublic bid or proposal information, cost or pricing data, proprietary information, information about techniques or indirect costs, or agency source information
- Using inaccurate or incomplete figures as the basis for pricing bids or submitting inaccurate or incomplete cost or pricing data during the contract proposal and negotiation phases of contracts covered by the Truth in Negotiations Act
- Engaging any agent or consultant who we believe will exert improper influence to win a government contract
When working on a contract with the U.S. government, or with another customer directly or indirectly in support of the U.S. government as the end-use customer, we must always know and comply with all requirements applicable to this activity. Examples of these requirements include:

- Accurate certification of certain facts
- Maintenance of accurate and complete records
- Cost, pricing and accounting obligations
- Strict adherence to contract specifications
- Proper use of government property, equipment and supplies
- Flow down to subcontractors of mandatory and other applicable clauses from the Federal Acquisition Regulation (FAR) and agency FAR supplements

U.S. Government Classified Information

Security regulations that relate to the protection of government classified information are complex and vary by government agency. We are required to properly safeguard and control access to all government information that is classified for protection and is in Xylem’s possession. Each of us, as well as our visitors, consultants and subcontractors, must familiarize ourselves with all applicable security regulations and hold the applicable clearance prior to gaining access to classified information. For security assistance and information, contact the Xylem Director of Ethics & Security. Please contact your manager, your supervisor or the Company Legal department if you have any questions about the laws or regulations that may affect the government contracting work you do on behalf of Xylem.
Q: Oliver is in charge of administering a government contract that has many testing requirements. He knows that his team is making quality products and thinks that some of the tests are duplicative and wasteful of the public’s tax money. Does Oliver really need to perform the tests?

A: Yes. If Oliver feels that the tests might be unnecessary, he should seek approval from the appropriate government officials to modify the contract. Until he obtains such approval, he must do exactly as the contract specifies.

8. International Business

Compliance with International Laws

Xylem is a global company established under the laws of the U.S. We therefore must comply with the laws of the U.S. and the countries where we do business. We must also be sensitive to the cultures and customs of the countries where we operate.
Exports and Imports

Governments around the world regulate overseas trade through restrictions on exports and imports of goods, technology, information and services. Some trade controls may be more restrictive than others. If your work involves international trade activities or if you deal with citizens of different countries, it is your responsibility to know and fully comply with relevant laws and regulations. You may not ask a third party to take part in restricted activity on Xylem’s behalf that you are not permitted to undertake.

An “export” occurs when a product, service, technology or piece of information crosses a country’s border or is transferred by any method, including electronic means, between citizens of different countries, even if the transfer occurs within a single country. In order to comply with export control laws and regulations, take the following steps before engaging in exporting activity:

- Verify whether a product, service or technology is subject to any prohibition or restriction
- Verify the recipient’s eligibility to receive the item
- Ensure that any customers, contractors, suppliers, agents and representatives involved have been screened against applicable government lists of parties restricted from trade

“Import” activity, or bringing goods purchased from a foreign or external source into another country, is also subject to various laws and regulations. This activity may require the payment of duties and taxes, as well as the submission of certain filings.

Importing or exporting goods, services or technology without appropriate government approvals can result in the loss of these privileges and other severe penalties. For guidance on import or export controls and requirements, please contact your Trade Compliance Representative or the Xylem Director of Trade Compliance.
Q: Henrik needs to send U.S. government-controlled technical data to certain Xylem employees who are not U.S. citizens, but are located in the U.S. He needs to send the data immediately in order to keep his project going. Can he e-mail the documents to these employees?

A: No. Henrik must first confirm that these individuals are authorized to receive the data. He can do so by contacting his Trade Compliance Representative or the Xylem Director of Trade Compliance. It is important to note that Xylem employment alone doesn’t qualify individuals to have access to goods, information technology or services regulated by U.S. export laws or those of another country, regardless of where the person is located.

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Anti-Boycott

“Boycotts” occur when a person, group or country refuses to do business with certain persons, groups or countries as a means of protest, an expression of disfavor or a method of coercion. We may not participate in or promote boycotts that the U.S. does not support, such as the Arab League Boycott of Israel. This means that we may not agree to a contract, document or verbal request containing language that could be interpreted as an attempt by a person, group or country to enforce an unsanctioned boycott.

Requests for boycott cooperation may be difficult to recognize, but commonly appear in contracts, letters of credit, or in bid and proposal materials. If you receive a request to participate in a boycott that is not recognized by the U.S., you must immediately report it to the Company Legal department and the Xylem Director of Trade Compliance, even if you refuse to participate or do not respond.
Anti-Corruption

At Xylem, bribery is never permitted, regardless of whether you are dealing with a government or commercial customer. For this reason, we may never engage in bribery and must follow all applicable anti-corruption laws and regulations, which include the U.S. Foreign Corrupt Practices Act (FCPA) and similar laws in other countries where we operate. This means we may not:

- Directly or indirectly offer, authorize, promise or give bribes, kickbacks, payoffs or other payments to any U.S. and foreign (non-U.S.) government officials for the purpose of obtaining or retaining business
- Directly or indirectly offer, authorize, promise or give bribes, kickbacks, payoffs, or other payments to commercial (non-government) customers for the purpose of obtaining or retaining business
- Directly or indirectly request, agree to receive or accept kickbacks, payoffs, or other payments in connection with Xylem business

These rules are true under all circumstances, even if making such payments follows customary local practices. We must also avoid any actions that may create the appearance of improperly influencing a government official or commercial customer.

Who is a Foreign Government Official? “Foreign government officials” may include, but are not limited to, non-U.S. government officials and employees at any level of government, members of political parties, political officials and employees of entities that are owned, operated or controlled in whole or in part by a government.

What is a Bribe or Kickback? A “bribe” is a payment of anything of value, such as money, gifts, services, internships, vacations or lavish entertainment, made for the purpose of obtaining or retaining business. A “kickback” is the return of a sum already paid or due to be paid as part of a legal contract, as a reward for making or fostering business arrangements.
What is Commercial Bribery? “Commercial bribery” arises when one company provides a bribe or kickback to another company in order to obtain or retain business. This means we may not offer anything that exceeds nominal or token value to any customer or business partner, or to anyone working on their behalf.

What is a Facilitating Payment? “Facilitating payments” are sometimes known as “grease payments.” These are small sums of money or gifts that are given to low-level non-U.S. government employees to facilitate or hasten the performance of a routine governmental action to which Xylem is entitled such as obtaining a permit, license or other official document; processing visas or work orders; loading or unloading cargo; or providing phone, water and power service. In all instances the non-U.S. government employee has no discretion as to whether or not to perform the action in question. Although U.S. law allows such payments under very limited circumstances, many countries do not permit these payments and consider them to be illegal, prohibited bribes. Xylem prohibits them, with only rare exceptions granted by the Xylem Legal Department or in situations where the individual’s health or safety is being imminently threatened.

We must exercise extreme caution when engaging in any activity that could be viewed as exerting improper influence over a foreign government official. Any gifts, hospitality or travel intended for foreign government officials must be approved in advance in writing by the Company Legal department. Please refer to the applicable Company policies and procedures for guidance.
Xylem may be liable for the actions of others. We must exercise due care when allowing third parties to act on our behalf, since their actions could be attributed to Xylem. We may never engage a third party to do anything that violates our Code, Company policy or any applicable law or regulation. When engaging third parties, be sure to follow carefully the guidelines set forth in the “What is expected of us when engaging third parties?” section of our Code.

9. Money Laundering Prevention

Xylem is committed to complying with money laundering laws worldwide. Money laundering occurs when companies or individuals attempt to disguise or hide the proceeds of unlawful activity by moving illegally obtained funds in a manner that hides the source of the funds (known as “cleaning funds”) so they appear legitimate. Such activity has become the focus of considerable attention by governments, international organizations and law enforcement agencies worldwide.
Xylem does not condone, facilitate or support money laundering. It is important that all of us be alert for any unusual financial transactions that may indicate money laundering activities, such as:

- Irregularities in the way payments are made, including large cash payments
- Payments made by third parties for the benefit of another party
- Payments from offshore banking locations

All of us have a responsibility to conduct due diligence on our customers, suppliers and business partners. Promptly report any suspicious financial activities or transactions to the Company Finance or Legal departments.

10. Antitrust and Competition

Fair Dealing

Although we at Xylem compete vigorously to be an industry leader, we must do so fairly, being careful to communicate with honesty and to represent accurately the quality, features and availability of our products and services. This means maintaining high standards of fairness and honesty when engaging in marketing, promotional and advertising activities and refraining from making disparaging or untrue statements about our competitors’ products or services.
Through our work, we may come across nonpublic competitor information that would give our Company a competitive advantage. We must be particularly careful to gather and receive this information in a lawful and ethical manner. While it may be legal for us to use certain competitive information, it might not be ethical or wise for us to do so. We therefore may never use or disclose such information without receiving prior permission from our manager or supervisor. If you are bidding on a government contract and receive source selection information that the government uses in evaluating bids or proposals, contact the Company Legal department immediately.

Fair Competition

Xylem competes ethically and legally in the global marketplace. At no time may we engage in activities that unfairly limit free trade or competition.

In order to compete fairly, we must follow the antitrust and competition laws in place in the countries where we do business. These laws are designed to preserve a fair and level playing field for all businesses by prohibiting formal and informal agreements and practices that improperly restrain trade. To comply with these laws, we may never discuss with competitors activities that may restrain trade, such as price fixing, bid rigging, or improperly dividing or allocating markets, territories or customers.

Antitrust and competition laws also prohibit entering into formal or informal agreements with suppliers, distributors or customers that may improperly restrict competition. Such agreements include tying products, fixing resale prices or refusing to sell to particular customers or buy from particular suppliers.
Exercise particular caution when discussing any of these topics, especially when attending industry association meetings. If a discussion ensues regarding a prohibited topic, stop the conversation immediately and report it to the Company Legal department. If you have questions regarding antitrust and competition laws, contact the Company Legal department immediately.

Q: Felicity, a Xylem salesperson, meets with Brian, a representative of one of her largest customers. While discussing a Xylem project, the two realize that their companies are competing for the same contract. Brian suggests that, if they were to share their pricing strategies, perhaps they could find a way to help both companies succeed. How should Felicity respond?

A: Felicity should tell Brian that he’s initiating an inappropriate conversation, and then contact the Company Legal department about the conversation immediately. Remember, even informal discussions among competitors about pricing may violate antitrust and competition laws.

Q: I received an e-mail today. The subject line leads me to believe that the attached document was misdirected and contains a competitor’s proposal. What is the right thing to do?

A: Do not look at, print or forward the attached document. Contact your Company Legal department immediately.
11. Securities Trading

During the course of our employment at Xylem, we may come to know information about our Company or our business partners before it is disclosed to the public. This information is often called “inside” or “material, nonpublic” information. According to securities laws, information is considered “material” if it would influence an investor to buy, sell or hold the securities of the company about which the information relates. Information is “nonpublic” until it has been publicly disclosed and a sufficient amount of time has passed for the securities market to absorb the information.

Because we work for a U.S. company that is publicly traded, we are obligated to understand and comply with the laws that relate to the use of inside information. In general, these laws state that we may not buy or sell a company’s stock if we hold inside information about that company. This practice, which is known as “insider trading,” violates both our Code and the law. We are also prohibited from “tipping” or sharing such information with a family member or friend who then buys or sells a security based upon that information. In such a situation, the person disclosing the information may be liable for violating securities laws, even if he or she did not personally make a trade.

Some common examples of “inside” information may include discussions of mergers and acquisitions; changes in a company’s senior management or executive structure; or sensitive corporate financial information.
Q: Abasi participates in the Xylem Investment and Savings Plan for Salaried Employees. Recently, he overheard his coworkers discussing important nonpublic information that could have an impact on the market price of Xylem common stock. Can Abasi enter into a transaction in the Savings Plan that would involve Xylem common stock?

A: No, Abasi cannot enter into such a transaction while in possession of such information before it becomes widely distributed to the public. Even stock purchases in a 401(k) plan that are based on inside information would violate securities laws and our Code.
12. Company Assets

Fraud and Theft

By working for Xylem, we have made a commitment to each other, our Company and our shareholders to protect and use our Company’s assets appropriately and for business purposes. Such assets include physical property, intellectual property, information technology systems and our Company’s reputation.

Xylem will promptly investigate, and where appropriate, prosecute reported incidents of fraud or theft of its assets. You should promptly report any suspected theft, loss or abuse of Company assets to your manager or supervisor, or to the Company Human Resources, Legal or Security departments.

Physical Assets

We all work hard to create and manage our Company’s physical assets. These assets include Xylem’s products, money, facilities, vehicles and equipment. We must safeguard this highly valuable property and protect it at all times. We each have a personal responsibility to ensure that we use our Company’s assets only to promote Xylem’s business interests.

Intellectual Property

Xylem’s intellectual property is at least as valuable as our physical assets, if not more so, and we must protect it carefully. Intellectual property (or “IP”) includes patents, trademarks, copyrights and trade
secrets, as well as technical data and software developed under or used in support of customer contracts. In general, Xylem retains exclusive ownership of the IP in any idea, process, trademark, invention or improvement we conceive in relation to our work with our Company. Our obligation to protect intellectual property continues even after our employment ends.

A “trade secret” is information that generally is not known or reasonably ascertainable by the public and gives Xylem a competitive advantage. Some examples include:

- Technical information about current or planned products and/or processes
- Procurement plans, supplier lists or purchase prices
- Cost, pricing, marketing or service strategies
- Nonpublic earnings reports and other financial reports
- Information related to divestitures, mergers and acquisitions

At times, we may refer to trade secrets as “confidential” or “proprietary” information. We may only disclose this information to coworkers who have a legitimate business need to know it, and we generally should not disclose this information to persons outside the Company. The only exceptions to this rule occur when: 1) this information is protected against unauthorized use or further disclosure by a signed confidentiality agreement, or 2) your manager or supervisor determines that the information is not to be considered as a trade secret, and therefore may be released.

We must also respect the IP belonging to others. In part, this means we may only acquire third-party proprietary information after obtaining both written permission from the third party and legal advice from the Company Legal department. Once you possess third-party proprietary information, you must protect it according to the terms of the written agreement. Any unsolicited third-party proprietary information received by you should be forwarded immediately upon receipt, without any examination or review, to the Company Legal department.
Q: Ramon drafts several important e-mails relating to different Xylem projects. One contains Xylem technical information about our processes and is intended for a customer who’s signed a confidentiality agreement with Xylem. At the end of the day, Ramon realizes that he accidentally sent the e-mail to the wrong recipient, inadvertently disclosing confidential Xylem technical information. What should he do?

A: Ramon should contact his manager or supervisor immediately to discuss the situation. We must be especially cautious not to reveal confidential information inadvertently when composing and sending electronic messages, as well as when discussing Company confidential information in public places.

Q: Tori would like to install one of the computer programs that she uses at work onto her home computer. Is this allowed?

A: Because computer program licensing restrictions usually don’t allow dual use, Tori most likely can’t use this program at home. Tori should check with her IT manager before using any Xylem furnished software programs on her home computer.
Information Technology

One of our Company’s most valued assets is its information technology. We should always use this technology for responsible and authorized business purposes, meaning we may never access Xylem’s network systems to download or communicate inappropriate, unprofessional, inflammatory or illegal content. This includes obscene, profane, sexually harassing, socially or ethnically offensive, or defamatory messages, pictures and videos. In addition, remember that only Xylem-approved software may be downloaded onto your Company computer.

Since the information technology we use when working for Xylem belongs to our Company, we should not expect that e-mails, Internet activity or voicemails transmitted or received on Xylem’s network systems are private. Xylem reserves the right to review e-mail and Internet activity, and will do so in accordance with local law. The access of any active employee e-mail account requires the approval of the Xylem General Counsel and the Chief Human Resources Officer. Evidence of abuse of Xylem-provided network systems may result in termination of access and disciplinary action.

Q: My friend from another company sent me a link to software on the Internet and recommended I download it to my computer. Is it okay to install this software?

A: No. Only software authorized by Xylem is permitted on your computer. You should not download software from the Internet unless it is a trusted source. You should coordinate installation of new software with your IT manager.
Political Activities

As good corporate citizens, we are each encouraged to give back to our communities by becoming involved in the political process. However, we may only do so in our own name and on our own time, unless we are participating in a Company-approved grassroots initiative. This is the only situation in which we may use our Company’s resources or name in connection with any form of political activity, unless we are specifically permitted to do so by law and we have obtained advance approval from the Company Legal department.

In addition, we must be careful when engaging in lobbying activity or when conducting business that might resemble lobbying activity. Be certain to consult the Company Legal department before retaining a lobbyist or engaging in lobbying on behalf of Xylem.

Statements to the Media and Investment Analysts

It is important for Xylem to provide the public with accurate and consistent information regarding our operations. We may only make public statements regarding issues or matters for which we are authorized spokespersons. If a member of the media contacts you about a Xylem matter, refer him or her to the Xylem Vice President of External Affairs or your local spokesperson. If an analyst approaches you, you should refer him or her to the Investor Relations Officer.
In certain limited circumstances and upon written request to the Xylem Chief Ethics and Compliance Officer, Xylem may find it appropriate to waive applicability of a provision of our Code. Waivers of our Code for executive officers and directors may be made only by the Board of Directors and will be publicly disclosed when required by regulation or law.

Xylem reserves the right to make unilateral changes at any time to our Code or any Company policy or procedure. Nothing contained in our Code or in any referenced Company policy or procedure should be construed as modifying the employment-at-will relationship.
15. Code of Conduct

Contacts

Your Supervisor:
Name: _____________________________ Phone: ___________________

Your Legal Department:
Name: _____________________________ Phone: ___________________

Your Human Resources Department:
Name: _____________________________ Phone: ___________________

Your Controller or Chief Financial Officer:
Name: _____________________________ Phone: ___________________

Your Value Center or Local Ombudsperson:
Name: _____________________________ Phone: ___________________
Xylem Chief Ethics & Compliance Officer
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