

Statement on Efforts to Combat Modern Slavery and Human Trafficking in Supply Chains

Xylem is a leading global water technology company with operations in more than 150 countries, featuring well-known industry-leading brands and water solution products that make a difference in communities around the world. Information on Xylem's worldwide organizational structure and products is available here: <https://www.xylem.com/en-US/about-xylem/Xylem-Across-the-Water-Cycle/>

At Xylem, good corporate governance is non-negotiable. It is an integral part of the company's sustainability strategy. We have created a business structure that promotes corporate fairness, transparency, and accountability – all hallmarks of a strong, sustainable enterprise. Xylem is committed to the highest standards of integrity and social responsibility within our company and throughout our global supply chain. We are committed to treating everyone in our business and supply chain with dignity and respect and also seek to partner with suppliers that reflect these same standards and values.

This statement on Xylem's efforts to combat modern slavery and human trafficking in its supply chains is made and published pursuant to section 54 of the U.K. Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010. It identifies the efforts of Xylem and its subsidiaries and affiliates during the financial year ending 2016.

Verification of Supply Chains

Xylem maintains a Supplier Code of Conduct (<https://www.xylem.com/en-US/about-xylem/supplier-code-of-conduct/>) to make clear Xylem's expectations that its suppliers conduct business with a high degree of integrity and in a socially responsible manner. Xylem's Supplier Code of Conduct requires that suppliers not allow any unlawful business practices, including use of child labor, human trafficking, and forced, involuntary, or slave labor.

Xylem purchases from suppliers of goods and services directly and indirectly worldwide. To support Xylem's Supplier Code of Conduct and its policies, Xylem conducts supplier capability assessments and quality audits which include, among other things, an assessment of a supplier's processes and procedures; communication channels; sustainability practices, including environment, safety, and health; compliance with conflict minerals initiatives; organizational capability and structure; and logistics. For each assessment the supplier undergoes a series of questions about its corporate responsibility credentials, including modern slavery and human trafficking matters, and is subject to further review where appropriate.

The frequency of follow-up assessments is established based on the time since the last assessment and the specific development plan with a particular supplier. We do not use third parties to verify suppliers for purposes of assessing compliance with human trafficking laws.

Certification by Suppliers

Xylem's standard supplier terms and conditions include a certification prohibiting the use of forced or compulsory labor. By accepting the terms and conditions, the supplier certifies that it will not use child labor as defined by local law; will not use forced or compulsory labor; will not physically abuse labor; and will respect employees' rights to choose whether to be represented by third parties and to bargain collectively in accordance with local law. In addition, the supplier certifies that it will comply with all applicable laws and regulations with respect to wage and benefit, working hours and overtime, health, safety, and environmental matters.

Audits of Suppliers

By agreeing to our Supplier Code of Conduct, suppliers provide us with access to their facilities and all relevant records associated with the products and services provided to Xylem. We do not conduct independent and unannounced audits to evaluate compliance with our standards against modern slavery and human trafficking. Xylem is considering strategies to enhance its audit program.

Accountability and Performance Monitoring Indicators

Xylem's Human Rights corporate policy, which includes commitments on preventing human trafficking and forced labor, provides that Xylem can terminate any relationship with a supplier that does not adhere to our policies prohibiting any form of modern slavery or human trafficking. In addition, we have engaged an external vendor to provide employees, suppliers, and customers with a toll-free, 24-hour-a-day reporting help line to report any suspected violations of Xylem's Code of Conduct or Supplier Code of Conduct, including violations of our policies regarding human trafficking. The hotline includes language support in over 180 languages.

At Xylem headquarters and in each region throughout the world, we have installed Ethics and Compliance Review Boards, staffed by senior managers and compliance leaders, to oversee local compliance with our Code of Conduct and monitor any ethics and compliance investigations that may come in through our hotline or through other reporting channels offered by the company.

Staff and Training

Xylem regularly trains current employees and all new employees on Xylem's Code of Conduct, which includes our commitment to the elimination of modern slavery and human trafficking.

This statement has been approved by the board and signed by a director of the Xylem subsidiaries as required by the applicable laws.