

## **Xylem**

### **United Kingdom Tax Statement**

**December 22, 2017**

This tax statement has been published in compliance with the U.K. Finance Act 2016.

#### **Commitment**

As explained in our Code of Conduct, Xylem is a U.S. based global enterprise that puts a strong emphasis on compliance with the laws of the United States and each of the countries in which business is conducted. Xylem strives to do the right thing always.

As emphasized by our Vision and Values statement, Xylem is devoted to using its technology, time and talent to advance the smart use of water and creating value for its shareholders. Xylem values respect, responsibility, integrity and creativity.

Xylem's tax function is fully aligned to these values and committed to ethical and forthright compliance with UK tax law and open communication with HMRC.

#### **How Xylem manages tax risks**

As a publicly traded U.S. company, Xylem has a fully developed system of internal governance and controls to ensure compliance with generally accepted accounting principles and applicable legal rules and regulations. The tax department is part of this system and has established processes and controls that identify and evaluate tax risks and ensure compliance.

#### **Xylem's attitude to tax planning**

Xylem's tax planning is permitted by law and driven by substantive business realities. Xylem does not participate in artificial transactions and takes a balanced approach to managing ambiguity in the tax law and complex commercial transactions. As necessary, Xylem uses external legal and accounting advisors to better understand and manage tax planning and compliance.

#### **Xylem's tax risks**

As described above, Xylem pro-actively considers and addresses its tax positions to minimize tax risks and ensure compliance.

#### **Working with HMRC**

Xylem works in a collaborative, transparent and direct manner with HMRC. Our dealings with HMRC are professional, transparent, and respectful.