



Green Bond Report

JUNE 2021

Creating a Water-Secure World

Company Overview

Xylem Inc., together with its subsidiaries (“Xylem”), is a leading global water technology company committed to solving critical water and infrastructure challenges with innovation. Our more than 16,000 diverse employees delivered revenue of \$4.88 billion in 2020. 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.

About This Report

This report outlines 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, Xylem 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 do this by providing an unparalleled portfolio of water and infrastructure solutions that strengthen and optimize water management by improving water quality, productivity and resiliency.

To learn more about our sustainability journey, see our [2020 Sustainability Report](https://ww.xylem.com/en-us/sustainability) available at: <https://ww.xylem.com/en-us/sustainability> in a downloadable PDF format.

The statements included in this document regarding future performance and results, expectations, goals, objectives, plans, strategies, priorities, commitments, and other statements that are not historical facts are forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements are based upon current beliefs, expectations, and assumptions and are subject to significant risks, uncertainties, and changes in circumstances that could cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020. Readers of this document are cautioned not to rely on these forward-looking statements, since there can be no assurance that these forward-looking statements will prove to be accurate. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Allocation Statement

Green Portfolio Spend(\$)

GREEN BOND CATEGORY	AMOUNT (\$)
Sustainable Water	606,219,294
Eco-efficient products	679,772,139
Total*	USD 1,285,991,433

* Total Represents: R&D 36%, CAPEX 36%, M&A 28%

GREEN FINANCING INSTRUMENT	INSTRUMENT (ISIN)	ISSUANCE DATE	DUE DATE	PRINCIPAL (\$)
Green Bond	US98419MAL46	Jun 2020	Jan 2031	500,000,000
Green Bond	US98419MAM29	Jun 2020	Jan 2028	500,000,000
Total				\$1,000,000,000
Net Proceeds				\$984,518,209

The following amounts are based on Net Proceeds from the issuance of the Green Bonds.

Percentage of Eligible Green Projects allocated: 77%

Percentage of Green Bonds allocated: 100%

Remaining Eligible Green Projects available: \$301,473,224

Percentage of refinanced projects: 85%

[Report on the Use of Proceeds and Management's Assertion](#)

Impact Reporting

Xylem allocated 100% of the proceeds of the Green Bond to a portfolio of projects that are estimated to have resulted in the environmental benefits across the entire company as outlined below.

For all categories, we calculated impact in accordance with the MIT SHINE¹ Institute's Handprinting Methodology. This methodology uses a "Sales Year Accounting"² approach for our product-based goals, which includes the entire lifetime impact³ for customary use phase.

GREEN BOND CATEGORY	METRIC	IMPACT ⁴
Sustainable Water	m ³ of water for reuse through green projects identified in the portfolio	2.4 billion m ³ of water for reuse per year
Sustainable Water	m ³ of non-revenue water saved through green projects identified in the portfolio	0.5 billion m ³ of non-revenue water saved per year
Eco-efficient Products	CO ₂ reduction due to energy efficiency of products through green projects identified in the portfolio	CO ₂ reduction of 0.5 million metric tons per year

¹ The Sustainability and Health Initiative for NetPositive Enterprise (SHINE) is a joint initiative between MIT and the Harvard T.H. Chan School of Public Health. SHINE focuses on research on Handprints and Net Positivity.

² Accounting in the context Sales Year Accounting does not refer to U.S. Generally Accepted Accounting Principles.

³ Lifetime impact corresponds to sales year accounting following MIT's SHINE's Handprint methodology. See Xylem 2020 Sustainability Report for further details.

⁴ Calculated impact is based on actual 2019 and 2020 data, average to estimate annual impact for the reporting period. Results may differ in future years.

Select Project Examples

The following case studies are examples of the types of environmental impacts realized through select green projects identified in the portfolio.

Project: Park City, Utah, used Xylem's intelligent leak detection and pressure monitoring solution to identify leaks and help predict leaks and infrastructure flaws.

Impact: Reduced non-revenue water by 10% annually, or 300 gallons per minute.



Project: Aging infrastructure was causing the city of Walla Walla, Washington, to lose 30 percent of its drinking water every year.

Impact: A smart utility network from Xylem's Sensus brand has helped Walla Walla cut non-revenue water by 50 percent, saving more than 650 million gallons annually.



Project: The city of Buffalo, New York, worked with Xylem to implement a real time control program to transform the City's massive gravity fed sewer system into a managed conveyance and storage system.

Impact: In 2019 alone, this program helped prevent 1.48 billion gallons of sewer and storm overflows from entering local waterways.



Project: A wastewater pumping station in Trbovlje, Slovenia, was frequently clogging and required maintenance at least once a week. Replacement of the station's pumps with the Flygt Concertor® pumping system, with built-in intelligence, the pumps has resolved this issue.

Impact: Lowered energy use by 35 percent. Xylem Avensor, a cloud-based service that provides alerts and data-driven insights about water infrastructure assets, was also installed at the station.



Select Product Examples



eXC Pump

Project: eXC New Double Suction Split Case Pump

Green Bond Category: Eco-efficient Products

Improved design including new proprietary mechanical seal options, take the e-XC beyond other pumps by increasing operating efficiency for sustainability & lower carbon emissions, extending pump life and reducing lifecycle costs. More than 140 models make it easy to customize the e-XC split case pump to handle water and fluid management challenges for municipal, leisure and general industry applications.

Impact Savings: CO₂e savings



iPERL®/ally®

Project highlight: iPERL/ally

Green Bond Category: Sustainable Water

Sensus iPERL smart water meters are designed to capture both lost water and lost revenue. iPERL maintains its accuracy over a 20 year lifetime and is equipped with customer leak, empty pipe, and reverse flow smart water alarms that deliver water utilities the intelligence they need to quickly pinpoint and resolve non-revenue water, and other resiliency issues in the field.

The ally water meter provides water utilities with better data, including pressure and temperature data, and greater control over their water network, distribution, and water loss. Our software applications allow utilities to remotely close or reduce the flow states of ally meters to manage water leaks and prevent loss.

Impact Savings: Non-revenue water reduction



SmartBall® & Sahara®

Project highlight: SmartBall & Sahara

Green Bond Category: Sustainable Water

SmartBall and Sahara are in-line leak detection tools that are used to address pipeline leaks in critical large diameter pipelines. Identifying and locating leaks allows utilities to proactively repair pipelines before the pipes fail, reducing the potential consequence of failure that can result in a sink hole or pipeline rupture. These large, long run-time leaks have a significant impact on non-revenue water as the volume of water lost with these leaks is often more than those of small diameter mains. Managing water leaks contributes to reducing the real water loss component of non-revenue water.

Impact Savings: Non-revenue water reduction

