

Xylem's Climate Change Policy

May 2015

Water and our climate

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 greenhouse gas (GHG) emissions.

As a global water technology company, Xylem is working with partners to increase water productivity, quality and resilience, resulting in direct and indirect benefits to climate change. We call on global decision-makers to create the conditions required to address the challenges associated with the "water-climate nexus."

Our commitment to action

Climate change will exacerbate the water challenges that lie at the heart of Xylem's work. In response, we are developing mitigation and adaptation solutions that will improve the efficiency of the water sector and build resilience to the water-related challenges associated with climate change. We have also set ambitious operational targets for ourselves related to climate change. Examples of our actions and of our progress towards the targets we outline below can be found in our Annual Sustainability Reports.

Our products

We engineer highly-efficient water technologies, pumps and treatment solutions to use less energy and reduce life-cycle costs. We also develop advanced hydrological monitoring equipment for our oceans and water bodies. Focus areas include:

- Improving energy efficiency and life cycle costs of our products
- Developing cost-effective solutions for our customers, including ones designed specifically for developing communities
- Developing advanced hydrological monitoring technologies

Our operations

Xylem has established a sustainability operations program with set ambitious targets to reduce GHG emissions and increase resource efficiency. Our targets include:

- Reduction of water use in industrial facilities by 25% by 2019
- Reduction of GHG emissions intensity by 20% by 2019
- Reduction of waste to landfill rates by 20% by 2019

Our employees

Our corporate citizenship and social investment initiatives draw the connection between climate change and water. As an example, through Xylem Watermark, we bring clean water, sanitation and hygiene education, and disaster mitigation and emergency response solutions to communities in need around the world. Other key initiatives include:

- Encouraging employee engagement on sustainability topics through regional Green Teams
- Improving our understanding of our employees' perspective on sustainability through annual surveys
- Participating in locally organized sustainability initiatives throughout the year
- Increasing employee involvement in corporate citizenship, including Xylem Watermark

Our stakeholder engagement

The challenges brought by climate change are too large to be addressed by one company, one region, one country or one government. The earth's water resources are part of a closed system, shared across the entire planet. For these reasons the issues of climate change and water need to be discussed in the spirit of global collaboration and collective action. Working with our partners, Xylem actively contributes to the global sustainability agenda in the following ways:

- Publishing an Annual Sustainability Report
- Reporting annually to the Dow Jones Sustainability Index and the Carbon Disclosure Project
- Partnering with organizations such as Ceres to support transparency and innovation in corporate sustainability
- Addressing water infrastructure sustainability and resilience through organizations such as the Value of Water Coalition
- Sharing experiences through publications such as our [Urban Resilience](#) series
- Participating in the UN Global Compact, in addition to being a signatory to the UN Global Compact's CEO Water Mandate and Caring for Climate Statement in 2015

Contributing globally to changes in climate policy

At Xylem, we believe technology providers can inform global policies on climate change. We advocate three general principles that an effective climate policy should emphasize:

- **Science-based approaches ensure buy-in.** Science-based approaches support the development of climate policies that are most likely to be adopted by stakeholders at both the international and national levels.
- **Incentives drive action.** Economic incentives provide the impetus for meaningful investment in the research, development and deployment of the technologies that are needed to transition to low-carbon, resilient economies.
- **Comprehensive solutions address nexus issues.** Climate change is deeply intertwined with many other issues, including water, energy, food, and economic development, and successful policies must address these interconnections.

Improving global climate policy in 2015 and beyond

Xylem encourages global decision-makers to take advantage of unique opportunities in 2015 to create the enabling conditions for a future of climate change mitigation and resilience.

First, the UN International Conference on Financing for Development provides the opportunity to mobilize financing at scale for infrastructure improvement and climate mitigation projects.

Second, the UN Summit to Adopt the Post-2015 Development Agenda will provide the opportunity to place climate mitigation at the center of our international development priorities, including the Sustainable Development Goals.

And third, the UN Climate Change Conference (COP21) provides the opportunity for world leaders to define ambitious national commitments towards securing our climate future.

These summits – when taken together – present an unprecedented opportunity to make progress on several key elements of the sustainable development agenda:

- **Update existing infrastructure as a quick win with big benefits.** First, existing water infrastructure is aging and often outdated and inefficient; replacement in the coming years is an imperative. Second, significant investment in new infrastructure is needed in developing countries, providing an opportunity for leveraging the latest technologies and sustainable practices. Investing up front to upgrade to highly energy-efficient systems is a climate change mitigation quick win for the world and comes with valuable environmental co-benefits. Governments should prioritize upgrades and define clear incentives for action.
- **Make global environmental monitoring a top priority.** Effective policies are built on a deep foundation of scientific data, but over the past decades investment in long-term global monitoring has lagged the need for situational awareness in a changing world. Without investment in monitoring systems that provide accurate hydrological and climatic data, we are unable to monitor and predict climate impacts. National and multilateral organizations should recognize that monitoring capabilities are a strategic, not a technical concern, and must prioritize investment in environmental monitoring systems and capabilities that can empower communities to prepare for and respond to change.
- **Build partnerships to cultivate resilience to existing and future water risks.** IPCC estimates suggest increasing frequency of natural disasters, including floods and droughts. Technology innovation can help to blunt the impact of rising hazards, and multi-stakeholder partnerships can accelerate progress. National and multilateral organizations should develop pilot programs and partnerships to accelerate development and adoption of technology solutions that can build resilience where it is most needed.