

C0. Introduction

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C0.1

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**(C0.1) Give a general description and introduction to your organization.**

Xylem, with 2018 revenue of \$5.2 billion and approximately 17,000 employees, is a leading global water technology company helping our customers address their most challenging water and wastewater problems. We design, manufacture and service highly engineered products and solutions ranging across a wide variety of critical applications, primarily in the water sector, but also in electric and gas. Our broad portfolio of products, services and solutions addresses customer needs across the water cycle, from the delivery, measurement and use of drinking water to the collection, test and treatment of wastewater to the return of water to the environment. We have differentiated market position in core application areas including transport, treatment, test, smart metering, smart infrastructure, analytics, digital solutions, condition assessment and leak detection, building services and industrial processing.

Launched in 2011 from the spin-off of the water-related businesses of ITT Corporation, Xylem is headquartered in Rye Brook, New York, and manufactures and assembles products in 22 countries, operates in more than 50 countries and sells services and solutions in more than 150 countries through a balanced distribution network consisting of our direct sales force and independent channel partners. Our product, services and solutions offerings are organized into three reportable segments that are aligned around the critical market applications they provide: Water Infrastructure, Applied Water and Measurement & Control Solutions.

The name Xylem is derived from classical Greek referring to the tissue that transports water in plants, highlighting the engineering efficiency of our water-centric business by linking it with the best water transportation of all – that which occurs in nature. To the people of Xylem, our name stands for our promise to live our values while solving our customers' most challenging water problems, and to set industry standards for fluid technology applications and water solutions.

C0.2

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**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	Yes	1 year

C0.3

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**(C0.3) Select the countries/regions for which you will be supplying data.**

- Algeria
- Argentina
- Australia
- Austria
- Belgium
- Brazil
- Canada
- Chile
- China
- China, Hong Kong Special Administrative Region
- Colombia
- Denmark
- Finland
- France
- Germany
- Hungary
- India
- Ireland
- Italy
- Japan
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Norway
- Panama
- Peru
- Philippines
- Poland
- Portugal
- Republic of Korea
- Russian Federation
- Singapore
- Slovakia
- South Africa
- Spain
- Sweden
- Switzerland
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland
- United States of America

**C0.4**

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**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

- USD

**C0.5**

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**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

- Operational control

**C1. Governance**

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**C1.1**

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**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

- Yes

**C1.1a**

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**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Board Chair	The Xylem Board is led by an independent Chair, allowing our CEO to focus on running day-to-day operations. This leadership structure strengthens the Board's role in risk oversight, including the risks and opportunities related to climate change and water. The Board of Directors provides oversight of our sustainability strategy and oversees our risk management processes and policies. The Board has delegated certain responsibilities to designated Board Committees that report to the full Board. The Audit Committee monitors the company's overall risk assessment and risk management program, including accounting, controls and financial disclosures. The Board's Nomination & Governance Committee is responsible for reviewing the Company's sustainability; business continuity and disaster recovery and environmental, safety, health & security programs; along with related activities. Both Committees and the full Board discuss climate- and water-related issues with management on an ongoing basis.

**C1.1b**

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	As a water technology company, Xylem's long-term business objectives hinge on the understanding and planning for macro-economic trends regarding water and climate issues. Our business strategy, including M&A, risk management, reputation, and R&D are intricately linked to climate- and water-related issues. The Board of Directors provides oversight of our strategy and oversees our risk management processes and policies. The Board has delegated certain responsibilities to designated Board Committees that report back to the full Board. Water- and climate-related issues are addressed by the full Board, as well as the following Xylem Board Committees: <ul style="list-style-type: none"> <li>• Audit monitors Xylem's overall risk assessment and risk management program. Climate risks are considered in risk analyses;</li> <li>• Nominating and Governance reviews Xylem's sustainability; business continuity and disaster recovery; and environmental, safety, health and security programs;</li> <li>• Finance, Innovation and Technology oversees Xylem's capital expenditure, acquisitions, technology and innovation goals; tracks R&amp;D productivity and potential impacts on the company in events that technology is not developed. Xylem's current and forthcoming product lines are all related to climate and realized or potential climate-related issues that we can solve for our customers and the world. All Committees regularly report their activities to the full Board. Committees and the full Board discuss climate- and water-related issues with management on an on-going basis.</li> </ul>

**C1.2**

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

**C1.2a**

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

At Xylem, we believe that if you can change water, you can change everything. And we know that while the world's water challenges are growing exponentially, so too are the opportunities to address and overcome them. That's why we're focused every day on finding a smarter way forward to solve water by harnessing the power of cutting-edge technologies and innovation.

Sustainability isn't just an initiative at Xylem; it's our core business strategy, and it drives our employees to come to work each day with a common purpose and passion – to redefine and advance the world's water systems and, in doing so, to improve the lives of people around the globe. As the world's climate changes, water issues are intensifying around the globe – demanding new and bold solutions. For Xylem, the planet's climate-related water challenges provide opportunities for us to address and overcome them.

Our senior leadership team members, under the direction of our President and CEO, lead businesses, sales teams and functional areas with the intent of building an enduring and successful company. Increasingly, our businesses are better integrating sustainability – such as climate change mitigation and adaptation solutions – into their strategies to accelerate innovation, sell our products and services, and grow our business. Ultimately, our growth strategies are designed to position Xylem as a leader in the global water technology space. Our CEO, has ultimate responsibility for aligning Xylem's long-term business strategy with climate-driven market conditions in the water technology industry.

Our CEO's approach to climate-related issues is informed by Xylem's Climate Change Policy, which defines our climate change approach across product development, operations, employees and external engagement. This approach is also applied to our M&A strategy, which is led by our CEO and focused on key growth areas that can advance our ability to have a positive impact on climate-related issues. For example, in the past two years, we have completed several acquisitions in the broad category of systems intelligence, bringing best-in-class advanced metering infrastructure, advanced data analytics and software development capabilities to our portfolio. We are also focused on increasing our capabilities in the areas of advanced industrial water treatment and industrial water services. Additionally, our CEO provides updates on climate-related risks and opportunities to the full Board and the Board's Nominating and Governance Committee on at least a quarterly basis, as well as more often as needed. The Board's Nomination and Governance Committee is responsible for reviewing the Company's sustainability; business continuity and disaster recovery and environmental, health, safety, and security programs; along with related activities.

### C1.3

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**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

Yes

### C1.3a

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**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

**Who is entitled to benefit from these incentives?**

Corporate executive team

**Types of incentives**

Monetary reward

**Activity incentivized**

Efficiency target

**Comment**

At Xylem, sustainability is at the very center of who we are and what we do. As a leading global water technology company, we deal with one of the world's most urgent sustainability issues on a daily basis - responsible stewardship of our shared water resources. We believe that technology is a key link in how the world can solve water. We're focusing on the powerful capabilities of smart technology, integrated management and big data. These solutions will allow us to transport, treat, test and use water smarter - and more sustainably - than in the past. A significant portion of our executive pay is performance-based and not guaranteed. In 2018, we delivered on our shareholder commitments, exceeded our revenue targets yet fell short of a few internal targets (e.g. working capital), which impacted our performance-based compensation payout. Our top strategic priorities included: Continued Growth Culture and Customer Solution Provider, Execute the One Company Roadmap, Drive Business Simplification and Continued Continuous Improvement Culture, Improve Safety and Cultivate Leadership and Talent Development. Our Sustainability Goals, such as Increase Our Vitality Index to 30% by 2020 to drive product innovation and efficiency, fall under these top strategic priorities, and therefore are connected to our CEO and NEO performance-based pay.

**Who is entitled to benefit from these incentives?**

All employees

**Types of incentives**

Other non-monetary reward

**Activity incentivized**

Energy reduction target

**Comment**

We're making significant progress, from identifying our highest-emitting activities to engaging employees across our company to adopt a more energy-efficient mindset—all of which will help move us closer to achieving our GHG intensity goal. Some of our most successful initiatives to engage employees in energy-reduction efforts have been "Energy Treasure Hunts" at selected facilities. During these events, cross-functional teams of employees identify possible day-to-day energy efficiency improvements. The goal is to find opportunities to reduce energy use, costs and greenhouse gas emissions related to energy. Treasure Hunts were conducted at 17 Xylem sites around the world in 2018, starting with our highest resource-consuming facilities. Through Eco Project Deck, we determined that in 2018, these efforts have led to 117 recommended projects, 56 percent of which are underway. These projects are expected to avert 1,971 tons of CO2 emissions and save 1,400,000 kilowatt hours. We also estimate a reduction of 3,000 liters of liquid fuels and 30 cubic meters of natural gas. Non-monetary incentives such as Xylem-logoed shirts and novelty items, pizza parties and cookouts are given to employees in recognition for participation in Sustainability and Health & Safety initiatives like the Energy Treasure Hunts.

**C2. Risks and opportunities**

**C2.1**

**(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

	From (years)	To (years)	Comment
Short-term	0	3	
Medium-term	3	5	
Long-term	5	10	

**C2.2**

**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

**C2.2a**

**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Annually	>6 years	We conduct robust risk assessments to gauge possible risk factors facing our business, from issues such as supply chain disruptions, damages or disturbances to IT and adverse economic conditions. A disclosure of risk factors is available in our annual 10-K filing. Our enterprise risk management (ERM) document is reviewed by top executives and our board on a semi-annual basis, and includes feedback gleaned from a) a survey of the company's top 120 leaders and b) periodic risk interviews conducted of "Risk Owners", the individuals with executive responsibility for managing the enterprises' top 31 risks. We are also taking a forward-looking and proactive approach to risk avoidance in key areas throughout our company through business continuity planning, IT disaster recovery planning, IT protection systems, emergent risk evaluations, updates of our EHS program and through performance-based incentives to deter excessive risk-taking.

**C2.2b**

**(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.**

Xylem's risks, including climate- and water-related risks, are managed through a comprehensive ERM Program with a 5-part framework: Risk Appetite & Strategy, Governance & Organization,

Policies and Procedures, Risk Management Process, and Monitoring & Reporting. The Program establishes practical and sustainable policies, procedures and processes that help the Company monitor, govern, prioritize and manage risk effectively.

Xylem's ERM Program includes an annual Enterprise Risk Assessment, in which we identify, measure and categorize strategic, operational, financial and reputational risks in the Company and business segments that could impact our ability to meet our strategic objectives and impede our business resilience. Each risk is then assigned a score for a) severity of impact, b) likelihood of occurring, c) preparedness of controls / vulnerabilities, and d) speed of onset, and placed on a heat map to understand its relative importance. Each risk is assigned a ranking of either primary or secondary.

Risks are tracked on a monitoring dashboard that cascades primary and secondary risks and specifies who owns each risk. The dashboard denotes primary risks as high, moderate or minimal. Primary risks are reviewed and updated quarterly to determine how each primary risk's residual risk has changed (increase, decrease or no change). New primary risks may be added during this quarterly review. When identifying or assessing climate-related risks, Xylem defines a substantive financial impact as anything within our direct operations, supply chain, or value chain that stands to impact 4% or more of Xylem's overall annual revenue.

The ERM Program is led by an Enterprise Risk Committee (ERC), chaired by Xylem's Senior Director of Enterprise & Global Risk Management, and which includes the CFO and executives

from Treasury, Risk Management, Legal, Finance, Operations, Marketing and IT. The VP of Internal Audits and the VP of Strategy have standing invites. The ERC's responsibilities include, but are not limited to: a) establishing and maintaining the risk management framework, b) ensuring that all critical risks are identified and managed on an ongoing basis, c) reviewing the results of the annual Enterprise Risk Assessment, d) fostering a risk management culture and discipline necessary to achieve the Company's objectives, e) defining the organization's risk profile based on the results of the annual Risk Assessment and the Company's strategic objectives, and f) scanning the Company's ecosystem to identify emerging risks. Risks are considered more than six years into the future. Xylem's ERM Program is audited by the Internal Audit Department, which reviews the Program and its effectiveness, and tests selected risks.

The ERC reports findings and status of risks to Xylem's Senior Leadership Team, Audit Committee and Board of Directors, who have ultimate oversight and responsibility for risk assessment, management processes and policies.

**C2.2c**

**(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Our manufacturing operations worldwide are subject to many requirements under environmental laws. In the United States, the Environmental Protection Agency and similar state agencies administer laws and regulations concerning air emissions, water discharges, waste disposal, environmental remediation, and other aspects of environmental protection. Such environmental laws and regulations in the United States include, for example, the federal Clean Air Act (CAA), the Clean Water Act, the Resource, Conservation and Recovery Act (RCRA), and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). Environmental requirements significantly affect our operations. We have established an internal program to address global compliance with applicable environmental requirements. Compliance risk is considered as part of our semiannual ERM process, as described in C2.2b.
Emerging regulation	Relevant, always included	Unforeseen environmental issues could impact our financial position or results of operations. Our operations and products and offerings are subject to and affected by many federal, state, local and foreign environmental laws and regulations. In addition, we could be affected by future environmental laws or regulations, including, for example, those imposed in response to climate change concerns. Compliance with current and future environmental laws and regulations currently require and is expected to continue to require operating and capital expenditures. Environmental laws and regulations may authorize substantial fines and criminal sanctions as well as facility shutdowns to address violations and may require the installation of costly pollution control equipment or operational changes to limit emissions or discharges. We also incur, and expect to continue to incur, costs to comply with current environmental laws and regulations. Developments such as the adoption of new environmental laws and regulations, stricter enforcement of existing laws and regulations, violations by us of such laws and regulations, discovery of previously unknown or more extensive contamination, litigation involving environmental impacts, our inability to recover costs associated with any such developments, or financial insolvency of other responsible parties could in the future have a material adverse effect on our financial position and results of operations. Due to the nature of these risk, as described here, risk associated with emerging regulation is always included in our ERM process, as described in C2.2b.
Technology	Relevant, always included	Our competitors or third parties from outside of our industry may develop disruptive technologies or products that are superior to our products or may develop more efficient or effective methods of providing products and services or may adapt more quickly than we do to new technologies or evolving customer requirements. The failure of our technologies or products to maintain and gain market acceptance due to more attractive offerings could significantly reduce our revenues and adversely affect our competitive standing and prospects. Pricing pressures also could cause us to adjust the prices of certain products to stay competitive, which could adversely affect our financial performance. Failure to continue competing successfully or to win large contracts could adversely affect our business, financial condition or results of operations. As these risks have significant and fundamental impact on our profitability and ability to compete technology risk is always included in our ERM process, as described in C2.2b.
Legal	Relevant, always included	We are subject to various laws, ordinances, regulations and other requirements of government authorities in foreign countries and in the United States, any violation of which could potentially create substantial liability for us and also damage to our reputation. Changes in laws, ordinances, regulations or other government policies, the nature, timing, and effect of which are uncertain, may significantly increase our expenses and liabilities. We keep abreast of these emerging legal issues, such as litigation claims through our ERM process and by our various legal and regulatory compliance teams. There were no climate-related litigation claims in 2018.
Market	Relevant, always included	We are exposed to market risk, primarily related to foreign currency exchange rates, trade restrictions and tariffs, and interest rates. These exposures are actively monitored by management and always included in our ERM process, as described in C2.2b. Our exposure to foreign exchange rate risk is due to certain costs, revenue and borrowings being denominated in currencies other than one of our subsidiaries functional currency. Similarly, we are exposed to market risk as the result of changes in interest rates which may affect the cost of our financing. It is our policy and practice to use derivative financial instruments only to the extent necessary to manage exposures.
Reputation	Relevant, always included	We are exposed to various product, regulation and physical risks, which could potentially damage our reputation. Product recalls, removals and product liability and quality claims can result in significant costs, as well as negative publicity and damage to our reputation that could reduce demand for our products and have a material adverse effect on our business, financial condition and results of operations. In addition, Xylem is subject to various laws, ordinances, regulations and other requirements of government authorities in foreign countries and in the United States, any violation of which could potentially create substantial liability for us and also damage to our reputation. Finally, while Xylem is not directly dependent on large quantities of water for our operations, as a water technology company, lack of proactive management of our energy and water footprints and climate risk could damage our reputation and reduce demand for our products.
Acute physical	Relevant, always included	If our facilities or operations were to be disrupted as a result of a significant equipment failure, natural disaster, power outage, fire, explosion, terrorism, cyber-based attack, labor disputes, work stoppages or slowdowns, adverse weather conditions or other reason, our financial performance could be adversely affected as a result of our inability to meet customer demand. Interruptions could increase our costs and reduce our sales. Any interruption in capability could require us to make substantial capital expenditures to remedy the situation, which could negatively affect our profitability and financial condition. Any recovery under our insurance policies may not offset the lost sales or increased costs that may be experienced during the disruption of operations, which could adversely affect our business, financial condition and results of operations. Weather conditions and climate changes may adversely affect, or cause volatility in, our financial results. Weather conditions, including heavy flooding, droughts and fluctuations in temperatures or weather patterns, including as a result of climate change, can positively or negatively impact portions of our business. Within the dewatering space, pumps provided through our Godwin and Flygt brands are used to remove excess or unwanted water. Heavy flooding due to weather conditions drives increased demand for these applications. On the other hand, drought conditions drive higher demand for pumps used in agricultural and turf irrigation applications, such as those provided by our Goulds Water Technology and Lowara brands. Fluctuations to warmer and cooler temperatures result in varying levels of demand for products used in residential and commercial applications where homes and buildings are heated and cooled with HVAC units such as those provided by our Bell & Gosset brand. Given the unpredictable nature of weather conditions and climate change, this may result in volatility for certain portions of our business, as well as the operations of certain of our customers and suppliers. Due to the nature of this risk, acute physical risk is always considered in our ERM process, as described in C2.2b.
Chronic physical	Relevant, always included	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. Climate change will exacerbate the water challenges that lie at the heart of Xylem's work. Using the Global Water Tool developed by the World Business Council for Sustainable Development, we conducted a water risk analysis for 270 facilities in 2016. In 2018, we began using the WRI Aqueduct Water Risk Atlas Tool to conduct water sensitivity analyses and communicate water use and risks relative to water availability. Last year 300 (over 90%) of Xylem facilities were analyzed. As a part of this analysis, we mapped our facilities to global water basins, determining 114 facilities are located in areas with less than 1700 m3/(person*year) of water available. Of these facilities, we've further determined we have one facility with an extremely high level of overall water risk (Chiclayo, Peru). This could result in increased operating costs due to inadequate water supply for our operations.
Upstream	Relevant, sometimes included	The most significant environmental impacts of our supply chain are the result of goods transportation and travel. A newly established relationship with a global travel provider and preferred transportation supply base provides us with a platform to optimize our spend, streamline tools and processes and greatly improve the customer experience. In addition, we expect all suppliers to adhere to our global sustainability standards and Supplier Code of Conduct, which include environmental responsibility. As part of our procurement process, any new Xylem supplier is required to align with our business standards in terms of product quality, process capabilities and sustainable actions. We have started implementing an audit process that prioritizes suppliers located in countries where human and labor rights issues could be a concern, and those located in water-stressed areas. Following an in-depth initial audit with a new supplier, we conduct selected and targeted follow-up audits, as well as random audits.
Downstream	Relevant, always included	Our products are developed to apply according to EPD (ISO 14025) to avoid usage of "Banned and Restricted Substances" and most of all to provide sustainable operations for our customers in respect to use, reuse and discharge of water. In addition to the direct impact of our products, we always strive to reduce the environmental load of our customers through the collective role our products (i.e. energy efficient motors) play in the larger systems (e.g. aeration and treatment processes). Our goal is to continuously develop solutions containing the optimal mix of products and controls to reduce the load of the environmental impact of the total customer operations. These considerations are built into our Xylem Product Development process, XPD, which specifically integrates environmental sustainability considerations, including energy use and emission reductions, into product design. This, in part, is done to address climate-related downstream risk. Xylem conducts a simplified Life Cycle Assessment on each new product developed. The majority of emission impacts related to our products (and our business) occur during the use phase. Since our downstream risk and impacts are related to our products and technology, downstream risk is always considered as part of our ERM process, as described in C2.2b.

C2.2d

**(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.**

Xylem understands that climate change risk is both a pure risk (potential for loss) as well as a speculative risk (opportunity for gain). As a water technology business, many of the world's climate-related strategies provide opportunities to our business. In the 10-K for year ending December 31, 2018, we highlight physical risks, such as sensitivity to flooding, drought conditions & unpredictable fluctuations to warmer and cooler temperatures that all can drive volatility in portions of our business. We also highlight transition risks, such as the adoption of new environmental laws and regulations and inability to capitalize on innovative or disruptive technologies. Xylem's risks, including climate- and water-related risks, are managed through a comprehensive ERM Program with a 5-part framework: Risk Appetite & Strategy, Governance & Organization, Policies and Procedures, Risk Management Process, and Monitoring & Reporting. The Program establishes practical and sustainable policies, procedures and processes that help the Company monitor, govern, prioritize and manage risk effectively. Risks are considered more than six years into the future and monitored quarterly. The ERM Program informs Xylem's business long-term business strategy. In addition to identifying, managing and mitigating our risks, the ERM Program helps inform our climate-related opportunities. Our senior leadership team members, under the direction of our President and CEO, lead businesses, sales teams and functional areas with the intent of building an enduring and successful company. Increasingly, our businesses are better integrating sustainability – such as climate change mitigation and adaptation solutions – into their strategies to accelerate innovation, sell our products and services, and grow our business. Ultimately, our growth strategies are designed to position Xylem as a leader in the global water technology space. Our CEO, has ultimate responsibility for aligning Xylem's long-term business strategy with climate-driven market conditions in the water technology industry.

Our CEO has ultimate responsibility for aligning Xylem's long-term business strategy with climate-driven market conditions in the water technology industry. Our CEO's approach to climate-related issues is informed by Xylem's Climate Change Policy, which defines our climate change approach across product development, operations, employees and external engagement. This approach is also applied to our M&A strategy, which is led by our CEO and focused on key growth areas that can advance our ability to have a positive impact on climate-related issues. For example, in the past two years, we have completed several acquisitions in the broad category of systems intelligence that yield transition opportunities, bringing best-in-class advanced metering infrastructure, advanced data analytics and software development capabilities to our portfolio. These technologies will continue to perform as companies, cities and countries put in place energy-efficient, IoT-connected, climate resilient infrastructure. We are also focused on increasing our capabilities in the areas of advanced industrial water treatment and industrial water services. As we test and employ these technologies at our own facilities, we further insulate our operations from physical risks, such as flooding and water stress.

**C2.3**

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**C2.3a**

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Policy and legal: Increased pricing of GHG emissions

**Type of financial impact**

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**

Our operations and products and offerings are subject to and affected by many federal, state, local and foreign environmental laws and regulations. We could be affected by future environmental laws or regulations, including, for example, those imposed in response to climate change concerns, which may require operating and capital expenditures. We foresee international agreements such as the UN Paris Agreement to eventually lead to increased regulatory burdens and operating costs. Various countries around the world have or are considering implementing electricity and fuel or CO2 related taxes. As part of our environmental due diligence process, we have identified "high risk" countries such as Denmark, Finland, Netherlands, Norway, Sweden, and the UK, where such regulation has been adopted. Our facilities may also become subject to GHG regulations, including carbon taxes, in additional countries where such regulations are in place, but not currently applicable to our facilities. These "medium risk" countries include the US, South Africa, Australia, New Zealand, Ireland, and throughout continental Europe. After conducting an assessment of the current market, Xylem believes the risks for carbon taxes are low for its facilities. In addition, though emissions from stationary combustion at Xylem facilities may be subject to cap and trade regulation, we believe the risks from these frameworks are low. In general, our facility-level direct GHG emissions from stationary combustion are low and do not meet the thresholds for participation, as such we believe our facilities are not likely to be subject to cap and trade regulation.

**Time horizon**

Short-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1500000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

When Xylem was a division of ITT Corporation, ITT conducted a country-specific analysis on impact of carbon taxes and cap-and-trade regulation on its facilities. Costs of compliance with carbon taxes and cap-and-trade were determined to range from 0.2 to 1.5 million US\$ annually. Xylem has not yet conducted a separate sensitivity analysis as a stand-alone company, but understands and is aware of, from ITT's analysis, the financial impact of price and/or tax increases related to CO2e emissions.

**Management method**

We reduce our exposure to these risks by actively managing our GHG emissions to reach our goal of a 20% reduction in GHG emissions intensity by 2019. Lowering our emissions may reduce the likelihood of cap-and-trade regulations and carbon taxes increasing our tax burden. Electricity consumption is the largest contributor to GHGs associated with our operations which we aim to reduce by reducing energy use and increasing investments in renewable energy. We had identified our highest-emitting activities and rolled out emissions reduction activities, resulting in a 6.9 % decrease in GHG emissions intensity from 2017 to 2018. We have also engaged employees on "Energy Treasure Hunts" to find energy and GHG reduction opportunities. Treasure Hunts were conducted at 17 Xylem sites around the world in 2018, starting with our highest resource-consuming facilities. Through Eco Project Deck, we determined that in 2018, these efforts led to 117 recommended projects, 56% of which are underway. These projects are expected to avert 1,971 tons of CO2 emissions and save 1,400,000 kWh. We also estimate a reduction of 3,000 liters of liquid fuels and 30 cubic meters of natural gas. To keep abreast with emerging regulatory requirements, we also include climate change in our semi-annual enterprise risk management process. We are a signatory to the American Business Act on Climate Pledge, We Are Still In Declaration, United Nations Care for Climate and have a climate change policy.

**Cost of management**

0

**Comment**

Many of these energy-saving projects are low- or no-cost improvements and relatively easy to implement, such as the installation of efficient lighting and mechanical systems, refrigeration systems and office equipment. During 2018, we invested in 5 projects involving replacement of less-efficient lighting units with LED lighting. Such projects were executed at several facilities in the US, Chile, UK and Mexico. It is estimated that the yearly impact of those projects is around 490,000 kWh per year of electricity and 241 tons per year of CO2 emissions. One of the simplest ways to reduce our overall GHG emissions is through the purchase of renewable energy credits and renewable energy. As of year-end 2018, 67 Xylem manufacturing facilities and sales offices purchased electricity generated from renewable sources — up from 57 in 2017. Combined, these sites purchased 18,234 CO2-equivalent metric tons in renewable energy, electricity and gas during 2018, a 13% increase over the prior year.

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Physical risk

**Primary climate-related risk driver**

Chronic: Other

**Type of financial impact**

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

**Company- specific description**

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 GHG emissions. Climate change will exacerbate the water challenges that lie at the heart of Xylem's work. As a global water technology company, we actively manage our own water footprint and we work with our partners to increase water productivity, quality and resilience, resulting in direct and indirect benefits to climate change. In addition to our comprehensive Enterprise Risk Management (ERM) Program, Xylem uses the WRI Water Aqueduct tool to analyze which sites are at risk of a host of environmental factors that would lead to water scarcity, including physical risk quality, physical risk quantity, baseline water stress, regulatory and reputational risk, inter-annual and seasonal availability, flood occurrence, drought severity, upstream storage, groundwater stress, return flow ratio, upstream protected land, media coverage, access to water, and threatened amphibians. Considering all the factors, Xylem's facility in Shenyang, China, is found to be in an area of extreme water scarcity. Even though Xylem is not dependent on large quantities of freshwater for production, should water cease as a source for this site, Xylem's production capacity would reduce, and cause a substantive financial impact on our business.

**Time horizon**

Long-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

188000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure****Management method**

Our 2019 goal is to achieve a 25%reduction in water intensity and in 2018, we were able to report a 16.6%reduction in water intensity against our 2014 baseline. Together with our climate change policy, our 25% reduction goal in water intensity by 2019 and our 2025 signature water goals helps us manage our water consumption and reduce our exposure to these risks. We also signed the CEO Water Mandate in 2017. We have implemented a variety of projects at our facilities, such as rainwater collection for test tank use and recycled water use for landscaping and sanitation. We also equip sites with our own energy and water saving technologies. These initiatives not only improve our cost efficiencies and insulate from potential future risk, but also build our reputation as a water technology company and provide an internal testing ground for our products and solutions. For example, the upgrade of the existing water treatment facility at the Shenyang, China included the installation of Xylem products allowing the

site to treat its wastewater and reuse it. The facility reduced its water withdrawal by 25.6% from 2017 to 2018 and increased its water reuse by 414.2%. We also use tools such as the Eco Project Deck and Global Water Deck for our direct operations; and water footprint calculation tool and pilot sustainability audit program for suppliers in water-stressed basis. Several projects are underway in which will help us reach our 25% reduction goal by year end.

**Cost of management**

500000

**Comment**

As a water technology company, Xylem is able to use our own products to reduce our water usage, and therefore, risk. Our Hydroinfinity product is also being used at facilities located in water-stressed areas to treat contaminated water, chemical-free to independently verified drinking water standards. Electronic sensors and remote monitoring enable continuous monitoring of the water quality. In 2018, Hydroinfinity/Rainmaster units were installed at our sites in Chihuahua, Mexico (extreme high-risk water stress), Hoddesdon, United Kingdom (high-risk water stress), and Kolding, Denmark (not water-stressed); these units were also installed in 2017 in Montecchio, Italy (high-risk water stress), and Cape Town, South Africa (extreme high-risk water stress).

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**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Customer

**Risk type**

Transition risk

**Primary climate-related risk driver**

Market: Changing customer behavior

**Type of financial impact**

Change in revenue mix and sources resulting in decreased revenues

**Company- specific description**

Weather conditions and climate changes may adversely affect, or cause volatility in, our financial results. Weather conditions, including heavy flooding, droughts and fluctuations in temperatures or weather patterns, including as a result of climate change, can positively or negatively impact portions of our business. Within the dewatering space, pumps provided through our Godwin and Flygt brands are used to remove excess or unwanted water. Heavy flooding due to weather conditions drives increased demand for these applications. On the other hand, drought conditions drive higher demand for pumps used in agricultural and turf irrigation applications, such as those provided by our Goulds Water Technology and Lowara brands. Fluctuations to warmer and cooler temperatures result in varying levels of demand for products used in residential and commercial applications where homes and buildings are heated and cooled with HVAC units such as those provided by our Bell & Gosset brand. Given the unpredictable nature of weather conditions and climate change, this may result in volatility for certain portions of our business, as well as the operations of certain of our customers and suppliers.

**Time horizon**

Long-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

3710000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Our business is impacted by an increasing amount of short cycle, and book-and-bill business, which we have limited insight into, particularly for the business that we transact through our distributors. We are also impacted by large projects, whose timing can change based upon customer requirements due to a number of factors affecting the project, such as funding, readiness of the project and regulatory approvals. As it is difficult to determine the potential financial impact of this risk, we have provided our 2018 revenue for our water infrastructure and applied water segments to provide a magnitude of this impact.

**Management method**

Our Research and Development (R&D) efforts anticipate customer needs and emerging trends. Our engineers are involved in new product development and improvement of existing products to increase customer value. We have R&D and product development capabilities around the world. R&D activities are initially conducted in our technology centers, located in conjunction with some of our major manufacturing facilities to ensure an efficient and robust development process. We have several global technical centers and local development teams around the world where we are supporting global needs and accelerating the customization of our products and solutions to local needs. In some cases, our R&D activities are conducted at our piloting and testing facilities and at strategic customer sites. These piloting and testing facilities enable us to serve our strategic markets globally.

**Cost of management**

189000000

**Comment**

R&D spending was \$189 million, or 3.6% of revenue, in 2018 as compared to \$181 million, or 3.8% of revenue, in 2017.

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C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.****Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Customer

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development of climate adaptation and insurance risk solutions

**Type of financial impact**

Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)

**Company-specific description**

The effects of climate change present serious water challenges for our planet and Xylem is well-positioned to provide climate adaptation solutions that address global water needs. Increased natural disasters will increase global demand for products and services needed during flood and drought response. Products such as our Godwin dewatering pumps help remove and/or redirect flood water. Our Goulds Water Technology and Lowara brands provide efficient pumps that help our customers weather drought conditions. Our Wedeco brand also provides wastewater recycling solutions that help mitigate drought risk. The threat of extreme weather events also increases the need to upgrade existing infrastructure to ensure reliable access to water in an emergency. As public and private organizations prepare for climate scenarios, the demand for Xylem's water, wastewater, and resiliency services will increase. Through brands including Essence of Life, Leopold and Wedeco, we provide efficient delivery and use of clean water and efficient and effective management of wastewater. Through brands such as Flygt, Godwin, and Pure Technologies, we help customers manage water-related risks and the resilience of water infrastructure. As the world transitions to a low-carbon economy, pressures to upgrade energy-intensive wastewater management systems will also increase. Xylem provides energy-saving solutions such as our Wedeco Duron UV disinfectant system that provides an energy-efficient alternative for wastewater treatment and our Flygt 4220 mixer that improves mixing efficiency in wastewater processing. The customer base for Equipment and Services (ES) in the water industry is diverse. We serve a wide range of industries, including utilities supplying water through an infrastructure network; engineering, procurement and construction (EPC) firms working with utilities to design and build water and wastewater infrastructure networks; and others, such as farms, mines, power plants, industrial facilities and residential and commercial customers. Our customers also look to us for technology and application expertise to address physical impacts of climate change. For example, Xylem's YSI brand provides real-time water quality monitoring for the Mississippi river using a platform that can be replicated around the world.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

250000000

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Though it is difficult to determine the potential long-term financial impact climate change has on our revenue we estimate the total addressable market size of the global water industry to be approximately \$550 billion. In the short-term, we are positioned to capture favorable regulatory, demographic, and infrastructure conditions. Regulations continue movement toward environmental focuses, quality standards and energy efficiency, while demographics trend toward increased population and urbanization along with growth of the middle class in emerging markets. Further, as water scarcity becomes more prevalent and a changing climate leads to more extreme weather patterns, aging infrastructure becomes increasingly problematic. Partially due to these trends, we expect to deliver organic revenue growth of 4 to 6% through 2020. We believe up to half of this growth, or approximately \$250 million, could be directly related to the climate change trends discussed above.

**Strategy to realize opportunity**

A major driver of our strategy to realize this opportunity is to continue innovating new products that provide distinctive solutions for our customers' most important water productivity, quality and resilience challenges. We measure success of our innovation strategy through our Vitality Index, or the percentage of sales from products launched in the last five years. This metric enables us to continue meeting the needs of our customers as they adapt to change climate-related risks. To meet our target, we plan to increase our R&D investment up to 5% of revenue by 2020 (up from 2.6% of revenue in 2015). Based on 6% organic growth by 2020, this may yield an increased R&D spend of approximately \$235 million. We incurred \$189 million, \$181 million, and \$110 million as a result of R&D investment spending in 2018, 2017 and 2016. Our goal is to improve product energy efficiency of specific Xylem product lines. We've increased average product energy efficiency by 2% since 2017.

**Cost to realize opportunity**

189000000

**Comment****Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Customer

**Opportunity type**

Markets

**Primary climate-related opportunity driver**

Access to new markets

**Type of financial impact**

Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks)

**Company-specific description**

Global macro trends, such as strengthening global environmental, climate change and water quality regulations are increasing the need for more efficient solutions. Population growth, urbanization and a growing middle class in emerging markets are boosting demand for clean water while putting strains on aging infrastructure. At the same time, the impacts of climate change are disrupting water supplies with intensifying water scarcity in many parts of the world, as well as flooding from a growing number of extreme weather events. These factors combine to produce a growing need for water and critical energy infrastructure solutions that are modern, efficient and resilient. Xylem is well-positioned to fulfil these long-term needs as our business strategy is built around creating technology-enabled solutions to increase water productivity, water quality and resilience. These factors are also increasing demand for advanced sensing technologies and data analytics. Our 2016 acquisition of Sensus enabled us to broaden our market reach into the broad category of systems intelligence, bringing best-in-class advanced metering infrastructure, advanced data analytics and software development capabilities to our portfolio. These technologies will continue to deliver value to Xylem as companies, cities and countries put in place energy-efficient, IoT-connected, climate resilient infrastructure.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1200000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Due to challenges created by climate change, such as increased desire for energy and water efficiency is a factor, we foresee creating opportunities for growth in our measurement and control solutions (which includes advanced data sensing technologies and data analytics). It is difficult to determine the potential long-term financial impact climate change has on our revenue; however we estimate the global metering market to be approximately \$12 billion annually. Our 2018 revenue for our measurement and control solutions was \$1,497 million. We anticipate total revenue growth in the range of 2% to 4% in 2019, with organic revenue growth anticipated to be in the range of 4% to 6%.

**Strategy to realize opportunity**

In 2016, we acquired Sensus, a leading provider of smart meters, network technologies and advanced data analytics, with more than 80 million metering devices installed globally for \$1.7 billion. In 2017, we implemented an organizational redesign by moving Xylem's Analytics business from our Water Infrastructure segment to combine it with our Sensus and Visenti businesses to form our Measurement and Control Solutions business segment. We believe that the combination of these businesses will enhance our focus on advanced sensing technologies and will lead to operating efficiencies by integrating the supply chain process and moving to a leaner functional structure.

**Cost to realize opportunity**

1700000000

**Comment****Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient production and distribution processes

**Type of financial impact**

Reduced operating costs (e.g., through efficiency gains and cost reductions)

**Company-specific description**

Increasing attention to climate change is providing companies with a stronger business case to pursue voluntary energy efficiency, GHG reduction and renewable energy initiatives, such as our goal to reduce GHG emissions intensity by 20% by 2019 and develop science-based targets for GHG reduction (Scope 1,2,3) by 2025. We have accomplished an 18.4% reduction (net of renewable energy) through 2018. To achieve these goals and reduce costs, we created a cross-functional team of procurement, environment, health and safety (EHS), and operations stakeholders to implement a comprehensive energy management program in 2016. This team worked with leading energy and sustainability management company, Engie to negotiate electricity and gas contracts, lock in low energy rates, optimize tax exemption status, and identify demand reduction opportunities. Engie's continuing work with Xylem will help the company achieve cost improvement, reduce GHG emissions, manage contract coverage in deregulated markets, and gain full transparency into energy spend.

**Time horizon**

Current

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

500000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Engie, formerly ECOVA was selected to help assist our operations achieve our GHG reduction goal and to implement a comprehensive energy management program. By negotiating electricity and gas contracts, locking in low energy rates, optimizing tax exemption status, and identifying demand reduction opportunities in just four months, Engie saved Xylem more than \$500,000 of annual expenditures.

**Strategy to realize opportunity**

To achieve our sustainability goals and reduce costs, we created a cross-functional team of procurement, environment, health and safety (EHS), and operations stakeholders to implement a comprehensive energy management program in 2016. This team worked with leading energy and sustainability management company, Engie to negotiate electricity and gas contracts, lock in low energy rates, optimize tax exemption status, and identify demand reduction opportunities. Engie's continuing work with Xylem will help the company achieve cost improvement, reduce GHG emissions, manage contract coverage in deregulated markets, and gain full transparency into energy spend. Green energy goals coincide with ENGIE Insight's Energy Supply Management services in Xylem's goal of attaining 100 percent green/renewable energy use at each of our major facilities by 2025. In regulated environments where the goal is not directly achievable, Xylem is purchasing renewable energy credits to apply as offsets.

**Cost to realize opportunity**

0

**Comment**

As a part of Xylem's continuous savings opportunities program, Engie conducts comprehensive supply-side audits of our sites and our data and present us with the findings. Xylem does not incur a cost for this program. Identified savings are distributed between Xylem and Engie in a respective 70/30 split.

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**C2.5**

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**(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

	Impact	Description
Products and services	Impacted	Environmental elements, including energy and emission reduction, are in our corporate product development process, XPD, which has been rolled out to all our businesses. XPD considers the use of hazardous materials in our products, efficiency metrics, disassembly, recyclability and other environmental factors. It is also a target for our development efforts to focus on reducing the environmental impact of our products. This is included in the objectives for the product development task and helps us address policy and legal risks (Risk 1), as identified in C2.3a. Xylem is mindful of the life cycle implications of its products and solutions and appreciates the responsibility it has in this regard. We focus on ensuring maximum and efficient use of the products we sell and lease, including extending their operating lifetime. Currently, we do not have a percentage of reclaimed products and associated packaging material for each product category but we are working on improving data collection in the future. These LCAs/EPDs are based on PCR 2011:22 and ISO 14025:2006. Life-cycle assessments (LCA) of our products show that most of our resource impact comes from the use of our products. We measure the average product efficiency of our Flygt products (about 30% of our revenue but are the product family that consume most energy) and target year over year improvements. In 2018, new products developed within the Applied Water systems business are bringing an average energy-efficiency improvement of 2% compared to 2017, representing cumulative savings of 181,000 metric tons of CO2 equivalent between 2019 and 2025. Simplified LCAs are conducted through the use of an EHS Design Review form, which covers different states in the products life cycle. New products developed in the Transport growth center are bringing an average 0.2% energy-efficiency improvement per year, leading to cumulative savings of 280,000 metric tons of CO2 equivalent between 2019 and 2025. Other smart products developed in 2018 at Sensus are reducing driving distance of vocational vehicles, leading to cumulative savings of 143,000 metric tons of CO2 equivalent between 2019 and 2025. Product developments reduced emissions of diesel dewatering pumps by over 14% compared to 2018, leading to anticipated cumulative savings of 1,236,000 metric tons of CO2 equivalent between 2019 and 2025.
Supply chain and/or value chain	Impacted	Our business relies on third-party suppliers, contract manufacturing and commodity markets to secure raw materials, parts and components used in our products, and we expect that reliance to increase. Parts and raw materials commonly used in our products include motors, fabricated parts, castings, bearings, seals, nickel, copper, batteries, aluminum, and plastics. We are exposed to the availability of these materials, which may be subject to curtailment or change due to, among other things, interruptions in production by suppliers, labor disputes, the impaired financial condition of a particular supplier, suppliers' allocations to other purchasers, changes in tariff regimes, exchange rates and prevailing price levels, ability to meet regulatory requirements, weather emergencies or acts of war or terrorism. Any delay in our suppliers' abilities to provide us with necessary materials could impair our ability to deliver products to our customers and, accordingly, could have a material adverse effect on our business, financial condition or results of operations. To the extent that our investment in R&D and XPD process uncovers opportunities to develop products with alternative materials, our attempts to mitigate and avoid these risks (as described in C2.3a) impacts our upstream supply chain partners. Our products are developed to apply according to EPD (ISO 14025, avoid usage of "Banned and Restricted Substances" and most of all to provide sustainable operations for our customers in respect to use, reuse and discharge of water. In addition to the direct impact of our products, we always strive to reduce the environmental load of our customers through the collective role our products (i.e. energy efficient motors) play in the larger systems (e.g. aeration and treatment processes). Our goal is to continuously develop solutions containing the optimal mix of products and controls to reduce the load of the environmental impact of the total customer operations.
Adaptation and mitigation activities	Impacted	Xylem helps mitigate the effects of climate change by providing products that aid customers in reducing their own environmental footprint by reducing their energy and other resource consumption needs, a critical management method to mitigate the risk to our business associated with the market risk for changing customer behavior (Risk 3), as discussed in C2.3a. Our company also helps customers to adapt to the effects of climate change, strengthening their communities' resilience, particularly with regard to the increasing number of extreme weather events, such as flooding events and drought conditions. For example, Xylem's analytics products can help communities prevent or minimize the destruction of infrastructure when extreme weather events occur. The portfolio, which includes intelligent sensors, platforms and systems that measure water quality, level and flow, provides real-time information that can act as an early warning system to enable communities to prepare for emergent problems. In addition, our Godwin dewatering pumps are used to help remove and/or redirect unwanted water caused by natural disasters such as hurricanes or floods. Similarly, drought conditions drive higher demand for pumps used in agricultural and turf irrigation applications, such as those provided by our Goulds Water Technology and Lowara brands. We also provide treatment solutions to enable communities to recycle wastewater for direct and indirect potable water use. This includes the world's first large-scale ultraviolet/chlorine process to treat wastewater to drinking water standards at the Terminal Island Water Reclamation Plant in Los Angeles. Water reuse is a proven solution that can help meet growing water demand, while safeguarding existing water supplies. Ultimately, our sustainability strategies are designed to position Xylem as a leader in the global water technology space.
Investment in R&D	Impacted	Research and Development ("R&D") is a key foundation of our growth strategy and we focus on the design and development of products and application know-how that anticipate customer needs and emerging trends. Our ability to be successful in our R&D efforts is directly tied to the market risk of changing customer behavior (Risk 3), as discussed in C2.3a. Our engineers are involved in new product development as well as improvement of existing products to increase customer value. Our businesses invest substantial resources into R&D. We anticipate we will continue to develop and invest in our R&D capabilities to promote a steady flow of innovative, high-quality and reliable products and applications to further strengthen our position in the markets we serve. We anticipate we will continue to develop and invest in our R&D capabilities to promote a steady flow of innovative, high-quality and reliable products and integrated solutions to further strengthen our position in the markets we serve. In addition to investments made in software development, which were capitalized, we incurred \$189 million, \$181 million, and \$110 million as a result of R&D investment spending in 2018, 2017 and 2016, respectively. We have R&D and product development capabilities around the world. R&D activities are initially conducted in our technology centers, located in conjunction with some of our major manufacturing facilities to ensure an efficient and robust development process. We have several global technical centers and local development teams around the world where we are supporting global needs and accelerating the customization of our products and solutions to local needs. In some cases, our R&D activities are conducted at our piloting and testing facilities and at strategic customer sites. These piloting and testing facilities enable us to serve our strategic markets globally.
Operations	Impacted	Our global manufacturing operations worldwide are subject to many requirements under environmental laws that are impacted by the risk of increased operating costs (Risk 2), as discussed in C2.3a. In the United States, the Environmental Protection Agency and similar state agencies administer laws and regulations concerning air emissions, water discharges, waste disposal, environmental remediation, and other aspects of environmental protection. Such environmental laws and regulations in the United States include, for example, the federal Clean Air Act (CAA), the Clean Water Act (CWA), the Resource, Conservation and Recovery Act (RCRA), and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). Environmental requirements significantly affect our operations. We have established an internal program to address compliance with applicable environmental requirements and, as a result, management believes that we are in substantial compliance with current environmental regulations. While environmental laws and regulations are subject to change, such changes can be difficult to predict reliably, and the timing of potential changes is uncertain. We have R&D and product development capabilities around the world. R&D activities are initially conducted in our technology centers, located in conjunction with some of our major manufacturing facilities to ensure an efficient and robust development process. We have several global technical centers and local development teams around the world where we are supporting global needs and accelerating the customization of our products and solutions to local needs. In some cases, our R&D activities are conducted at our piloting and testing facilities and at strategic.
Other, please specify	We have not identified any risks or opportunities	Xylem has not identified any other risks or opportunities.

**C2.6**

**(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.**

	Relevance	Description
Revenues	Impacted	Our revenues are impacted by the risk of change in temperatures due to the varying levels of demand for products used in residential and commercial applications that are temperature dependent. Homes and buildings are heated and cooled with HVAC units that use pumps made by some of the Xylem brands, including Bell & Gosset. Given the unpredictable nature of weather conditions due to climate change, this may result in volatility for certain portions of our business and for the operations of certain customers and suppliers.
Operating costs	Impacted	Our operating costs are subject to fluctuations, particularly due to changes in commodity prices, raw materials, energy and related utilities, freight, and cost of labor. In order to remain competitive, we may not be able to recuperate all or a portion of these higher costs from our customers through product price increases. Further, in a declining price environment, our operating margins may contract because we account for inventory using the first in, first-out method. Actions we take to mitigate volatility in manufacturing and operating costs may not be successful and, as a result, our business, financial condition and results of operation could be materially and adversely affected. Risk 2, as discussed in C2,3a has direct implications on operating costs. In an effort to mitigate this risk, we continue to carry out "lean transformations" at our core manufacturing facilities with the aim to reduce energy consumption and reduce footprint, our Continuous Improvement organization has launched the following initiatives: 1. Global Footprint Optimization 2. Improvements within our Global Sourcing Strategies (both direct and indirect) 3. Productivity improvements improving OTD (On Time Delivery), Inventory Turns, and working capital 4. Product Simplifications efforts via SKU (Stock Keeping Unit) reductions, Value Engineering, and Global Design Standards. These efforts have led to a 4.5% reduction of COGS in 2018.
Capital expenditures / capital allocation	Not evaluated	Xylem has not yet evaluated risks and opportunities in capital expenditures
Acquisitions and divestments	Impacted	Through the acquisition of Sensus, we also provide solutions to enhance communications and efficiency, improve safety and conserve resources to customers in the water, electric, gas, and lighting sectors. Delivering value in these areas creates significant opportunity for Xylem. In December 2017, Xylem acquired EmNet, allowing us to revolutionize the ways cities manage stormwater, leveraging the power of artificial intelligence to prevent billions of gallons of polluted water from entering local waterways, while creating cost-savings for municipalities and taxpayers. On January 31, 2018, we acquired all the issued and outstanding shares of Pure Technologies Ltd. ("Pure"), a leader in intelligent leak detection and condition assessment solutions for water distribution networks for approximately \$420 million, net of cash received. We also acquired Valor Water Analytics in 2018. Its "Hidden Revenue Locator" product is widely recognized as a best-in-class technology for automated loss detection.
Access to capital	Not evaluated	Xylem has not yet evaluated risks and opportunities in access to capital
Assets	Not evaluated	Xylem has not yet evaluated risks and opportunities in assets
Liabilities	Not evaluated	Xylem has not yet evaluated risks and opportunities in liabilities.
Other	Not evaluated	Xylem has not found any other evaluated risks and opportunities.

**C3. Business Strategy**

**C3.1**

**(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

**C3.1a**

**(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

No, but we anticipate doing so in the next two years

**C3.1c**

**(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

Xylem is a world leader in water technology, providing equipment and services for water and wastewater applications with a broad portfolio of products and services that address the full cycle of water with sustainable solutions. Climate change both positively and negatively impacts portions of our business in several ways. 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 emissions. Xylem's Climate Change Policy outlines our commitment to developing mitigation and adaptation solutions to the water-related challenges associated with climate change through our products, operations, corporate citizenship and social investment, and stakeholder engagement.

**Business strategy linked to an emissions reductions target or energy reduction target:**

Xylem's Climate Change Policy outlines our climate change strategy on a corporate level, including a goal to reduce our GHG emissions intensity by 20% by 2019. We have reduced net GHG emissions 18.4% through 2018 and have set a 2025 target to reduce water's CO2 footprint by over 2.8 million metric tons, equivalent to 46 million tree seedlings growing for 10 years.

Additionally, Xylem helps mitigate the effects of climate change by providing products that aid customers in reducing their own environmental footprint by reducing their energy and other resource consumption needs. We measure our contribution to products and solutions that address a changing climate through two goals:

- Improve product energy efficiency of specific Xylem product lines; measured as increase in average product efficiency; and
- Increase Vitality Index (percentage of sales from products launched in the past five years) to 30% by 2020 to drive product innovation and efficiency (we increased our Vitality Index 2020 goal from 25% to 30% following the acquisition of Sensus).

**At least one example of the most substantial business decision made as a result of the integration of climate-related issues:**

In 2017, Xylem became a signatory to the UN CEO Water Mandate and issued a public statement of its unwavering commitment to the principles of the Paris Climate Accord. Xylem is well-positioned to fulfill the world's needs for a changing climate—including a growing number of extreme weather events and increasing water scarcity. We are optimizing the potential of our business and creating a sustainable enterprise through the following strategies:

- Accelerating Growth by prioritizing investments in key emerging markets, focused innovation and technology, commercial leadership and M&A. Our focus is on those investments that will generate long-term, sustainable growth for the benefit of our stakeholders.
- Driving Continuous Improvement to strengthen our Lean Six Sigma and global procurement capabilities and continue to optimize our cost structure through business simplification by eliminating structural, process and product complexity.
- Developing Leadership and Talent by focusing on employee development programs at various levels throughout the company. We also will continue to align individual performance to the objectives of the company and our shareholders.
- Focusing on Execution and Accountability by holding our colleagues accountable and streamlining our performance management and goal deployment systems.

Our focus on innovation and technology includes a significant increase in R&D investment to reach 5.0% of our revenue by 2020. We incurred \$189 million, \$181 million, and \$110 million as a result of R&D investment spending in 2018, 2017 and 2016.

This increase is in line with our sustainability goals of improving product energy efficiency and improving our Vitality Index.

From a M&A perspective, we expanded the scope of our business through the acquisition of Sensus, a leading provider of smart metrology, network communications technologies and advanced data analytics serving water, electric and natural gas utilities. This acquisition is an important milestone in Xylem's strategy to move our portfolio of solutions up the technology curve. Sensus has more than 80 million metering devices that are used for water, electric and natural gas applications installed globally. The addition of this business is enabling us to work more closely with all types of public service providers and other customers to deliver smarter solutions driven by data. We also acquired Visenti, a highly strategic acquisition that provides services for intelligently managing water networks. Both Sensus and Visenti help address the challenge of "non-revenue water"—or, treated water that is lost or not paid for due to leaks, theft or lack of effective metering. These technologies provide our customers to optimize their energy footprint by minimizing their resource footprint, avoiding major losses or catastrophic failure, and extending asset life.

## C3.1g

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### **(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?**

At Xylem, sustainability is at the center of who we are and what we do. We have the opportunity to embed sustainability throughout our business to not only impact our goal of solving water, but to safeguard and enhance the company's long-term growth. Climate change both positively and negatively impacts portions of our business. Increasingly, we are integrating climate change opportunity into our R&D and M&A strategies. Our products—such as highly-efficient water technologies, pumps and treatment solutions to use less energy and reduce life-cycle, and advanced hydrological monitoring equipment for our oceans and water bodies—are contributing to mitigating and adapting to a changing climate.

At a corporate level, climate change is embedded within our organizational governance, strategy, risk management, and metrics & targets. For instance, in 2017, Xylem became a signatory to the UN CEO Water Mandate and issued a public statement of its unwavering commitment to the principles of the Paris Climate Accord. Recently, we published a white paper entitled *Building Resilience: Creating Strong and Sustainable Cities and Communities* that outlines four categories of actions to increase the resilience of cities around the world: 1) ensuring water security; 2) strengthening critical infrastructure; 3) driving response and recovery; and 4) engaging community stakeholders.

We were therefore pleased to see the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) and anticipate fully implementing the TCFD recommendations, including conducting a climate-related scenario analysis.

## C4. Targets and performance

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### C4.1

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#### **(C4.1) Did you have an emissions target that was active in the reporting year?**

Intensity target

### C4.1b

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**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

**Target reference number**

Int 1

**Scope**

Scope 1+2 (location-based)

**% emissions in Scope**

100

**Targeted % reduction from base year**

20

**Metric**

Metric tons CO2e per unit revenue

**Base year**

2014

**Start year**

2015

**Normalized base year emissions covered by target (metric tons CO2e)**

19.73

**Target year**

2019

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**% of target achieved**

92

**Target status**

Underway

**Please explain**

As of 2018, Xylem achieved an 18.4% decrease in GHG intensity, net of renewable energy. This represents 92% of our 5-year goal. The 18.4% reduction was partly achieved by increasing our purchase of renewable energy. As of year-end 2018, 67 Xylem manufacturing facilities and sales offices purchased electricity generated from renewable sources — up from 57 in 2017. Combined, these sites purchased 18,234 CO2-equivalent metric tons in renewable energy, electricity and gas during 2018, a 13 percent increase over the prior year. In addition to purchasing renewable electricity, our sales office in the Netherlands offsets its natural gas consumption through certified green natural gas credits. Through the Gold Standard Foundation's Fairtrade Carbon Credit program, companies such as Xylem are able to invest in green energy; increase the resilience of producer groups to the negative impacts of climate change; and help provide a more sustainable future for communities through diversifying community income streams, teaching new skills and creating local employment.

**% change anticipated in absolute Scope 1+2 emissions**

10

**% change anticipated in absolute Scope 3 emissions**

0

**C4.2**

**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

**C4.3**

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

**C4.3a**

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	5	241
Not to be implemented	0	0

### C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

**Initiative type**

Energy efficiency: Building services

**Description of initiative**

Lighting

**Estimated annual CO2e savings (metric tonnes CO2e)**

241

**Scope**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

58214

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

<1 year

**Estimated lifetime of the initiative**

6-10 years

**Comment**

The numbers presented above include 5 projects at multiple Xylem facilities worldwide.

### C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Xylem Corporate has established a specific budget for Sustainability initiatives, including energy-efficiency projects.
Employee engagement	Xylem has implemented the Energy Treasure Hunt initiative, engaging employees to identify opportunities to reduce energy use, costs and greenhouse gas emissions related to energy. Xylem uses the Eco-Project Deck to follow up each project.

### C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

### C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

**Level of aggregation**

Group of products

**Description of product/Group of products**

As early as 2010, our Flygt brand set up a goal based on the average efficiency of sold products to measure progress on this specific priority (about 30% of our revenue, but the product family that consume most energy) and target year over year improvements. In 2018, the average efficiency of these product lines was 61.6 percent, slightly up from 61.4 percent in 2017. Our 2018 performance represents a 2.3 percent improvement since 2012. The total energy consumption of all the pumps produced in 2018, along their lifetime represents 100 000 GWhr (Giga Watt Hour). The 0.2% energy efficiency improvement of the 2018 production represents a total reduction of environmental impact of 50 000 tons of CO2. Our Flygt brand essentially comprises submersible pumps and mixers. In parallel, other Xylem brands such as Lowara have also put a strong focus on increasing their product efficiency.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (Average energy efficiency of selected product lines and set up of a goal to increase this number year by year. The difference in average energy efficiency is used as a basis for an estimation of avoided CO2 emissions.)

*Average energy efficiency of selected product lines and set up of a goal to increase this number year by year. The difference in average energy efficiency is used as a basis for an estimation of avoided CO2 emissions.*

**% revenue from low carbon product(s) in the reporting year**

30

**Comment**

One of Xylem's priorities is finding ways to make our products more energy efficient. Efficiency breakthroughs will not only help users save energy and decrease costs, but they will also help create a more sustainable planet. Our product development process includes a step in which we evaluate new products from a sustainability perspective — considering recyclability, use of less harmful materials, energy efficiency and other factors. By considering sustainability early in the design phase, we are better positioned to make products in a more energy- and cost-efficient manner — something that is not always possible later in the process.

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**Level of aggregation**

Group of products

**Description of product/Group of products**

In 2017, we unveiled a new series of dewatering pumps under our Godwin brand. The Godwin S Series Dri-Prime pump reduces emissions by 90 percent and fuel consumption by 10 percent. Furthermore, in an industry first, it can be monitored and controlled from any smartphone, tablet or desktop computer, anywhere in the world. The new Godwin series also features Xylem's unique Flygt N-Technology for more efficient wastewater transport. The pump offers self-cleaning capability and sustained hydraulic efficiency.

**Are these low-carbon product(s) or do they enable avoided emissions?**

Avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify (Average energy efficiency of selected product lines and set up of a goal to increase this number year by year. The difference in average energy efficiency is used as a basis for an estimation of avoided CO2 emissions)

*Average energy efficiency of selected product lines and set up of a goal to increase this number year by year. The difference in average energy efficiency is used as a basis for an estimation of avoided CO2 emissions.*

**% revenue from low carbon product(s) in the reporting year**

0.01

**Comment**

Xylem announced the new Godwin NC150S Dri-Prime pump in October 2017. The first pump to be unveiled from Xylem's Godwin S Series of smart dewatering pumps - will offer Isuzu Final Tier 4 (FT4) engines as standard for customers in the U.S. market. The Godwin NC150S is equipped with Isuzu's 4LE2X industrial diesel engine - an advanced, powerful diesel engine that complies with the U.S. Environmental Protection Agency's (EPA) Final Tier 4 (FT4) requirements and has been shown to deliver significantly greater uptime and lower maintenance. As a result, the Godwin NC150S reduces total cost of ownership with emissions cut by 90 percent and fuel consumption by 10 percent on average. In 2018, sales of the Godwin S Series equated to 0.03% of our total revenue.

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**C5. Emissions methodology**

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**C5.1**

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**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

**Scope 1**

**Base year start**

January 1 2014

**Base year end**

December 31 2014

**Base year emissions (metric tons CO2e)**

38333

**Comment**

Our Scope 1 includes stationary emissions (natural gas, LPG, fuel oil, cryogenic CO2, refrigerant leakage) from Xylem facilities and mobile sources from Xylem company cars and service vehicles.

**Scope 2 (location-based)**

**Base year start**

January 1 2014

**Base year end**

December 31 2014

**Base year emissions (metric tons CO2e)**

40819

**Comment**

**Scope 2 (market-based)**

**Base year start**

January 1 2017

**Base year end**

December 31 2017

**Base year emissions (metric tons CO2e)**

38816.17

**Comment**

We are reporting a Scope 2, market-based figure

**C5.2**

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**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

**C6. Emissions data**

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**C6.1**

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**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

42599

**Start date**

January 1 2018

**End date**

December 31 2018

**Comment**

**Past year 1**

**Gross global Scope 1 emissions (metric tons CO2e)**

42559.1

**Start date**

January 1 2017

**End date**

December 31 2017

**Comment**

Correction of 2017 reporting errors for stationary gaseous propane Correction of 2017 reporting errors for stationary liquid propane Correction of 2017 reporting errors for mobile LPG

## C6.2

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### (C6.2) Describe your organization's approach to reporting Scope 2 emissions.

#### Row 1

##### Scope 2, location-based

We are reporting a Scope 2, location-based figure

##### Scope 2, market-based

We are reporting a Scope 2, market-based figure

#### Comment

## C6.3

---

### (C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

#### Reporting year

##### Scope 2, location-based

59628

##### Scope 2, market-based (if applicable)

40849

##### Start date

January 1 2018

##### End date

December 31 2018

#### Comment

#### Past year 1

##### Scope 2, location-based

57023.63

##### Scope 2, market-based (if applicable)

38816.17

##### Start date

January 1 2017

##### End date

December 31 2017

#### Comment

Inclusion of 2017 energy data for two facilities acquired end of 2016.

## C6.4

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### (C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

## C6.5

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### (C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

#### Purchased goods and services

##### Evaluation status

Relevant, calculated

##### Metric tonnes CO2e

2139188

##### Emissions calculation methodology

Emissions were calculated using the Economic-Input-Output methodology. EIO-LCA uses Xylem's total spend in different categories of goods and services to estimate the associated emissions. For any purchase types identified by the user as Standard Good or Service, the sector of purchase chosen by the user is linked to a 2009 world multiregional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). The reference flow quantity is provided by the user in the form of purchase quantity in basic price USD.

##### Percentage of emissions calculated using data obtained from suppliers or value chain partners

#### Explanation

**Capital goods****Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Explanation**

Xylem's business model consists of primarily assembly of subcomponents into finished products. Therefore we do not rely upon capital equipment in any significant way and estimate that the GHG impacts of our capital equipment is several orders of magnitude less than the other Scope 3 categories reported here.

**Fuel-and-energy-related activities (not included in Scope 1 or 2)****Evaluation status**

Relevant, calculated

**Metric tonnes CO2e****Emissions calculation methodology**

Line losses resulting from transmission and distribution (T&D) of electricity are reported here. Calculated with average well-to-tank emissions and T&D losses of 25% for Scope 1 fuels and 20% for Scope 2 electricity.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners****Explanation****Upstream transportation and distribution****Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

22575

**Emissions calculation methodology**

Third party transport emissions factors are calculated using a 2009 world multiregional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). The reference flows are any USD expenditures associated with these categories, as identified by the user.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners****Explanation****Waste generated in operations****Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

6166

**Emissions calculation methodology**

Based on any waste expenditure identified, an OpenIO emissions dataset for waste management is multiplied with the expenditure quantity (TSC 2011).

**Percentage of emissions calculated using data obtained from suppliers or value chain partners****Explanation****Business travel****Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

12819

**Emissions calculation methodology**

The business travel calculation consists of a summary of Air Travel (11,762 mT), Hotel Stays (553 mT), and Car Travel (504 mT). This data was supplied directly from the 3rd party travel provider for Xylem and was calculated according to the GHG protocol.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners****Explanation**

## Employee commuting

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

20400

### Emissions calculation methodology

Using US Department of Transportation data (USDOT 2014), in conjunction with ecoinvent 2.2 datasets for various transportation modes in conjunction with GWP impact assessment (SCLCI 2010, IPCC 2007), as well as some assumptions about commuting and work schedules, it is estimated that the average employee emits 1,700 kgCO<sub>2</sub>-eq/year.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

#### Explanation

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

#### Explanation

This category is not relevant to Xylem's business operations or business model.

## Downstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

46774

### Emissions calculation methodology

Third party transport emissions factors are calculated using a 2009 world multiregional estimate of average environmental impacts by region-sector combined with global warming potential impact assessment (Timmer 2012, IPCC 2007). The reference flows are any USD expenditures associated with these categories, as identified by the user.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

#### Explanation

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

#### Explanation

Xylem's products are delivered complete and operational and do not require significant additional processing by the customer.

## Use of sold products

### Evaluation status

Relevant, not yet calculated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

#### Explanation

This category will be calculated for future reports.

#### End of life treatment of sold products

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Explanation**

This category is very minor in comparison to other Scope 3 categories and is further diminished by the long life-cycle of the products.

#### Downstream leased assets

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Explanation**

This category is not relevant to Xylem's business operations or business model.

#### Franchises

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Explanation**

This category is not relevant to Xylem's business operations or business model.

#### Investments

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Explanation**

This category is not relevant to Xylem's business operations or business model.

#### Other (upstream)

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Explanation**

This category is not relevant to Xylem's business operations or business model

**Other (downstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Explanation**

This category is not relevant to Xylem's business operations or business model

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C6.7

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**(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**

No

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C6.10

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**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.00001966

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

102227

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

5200000000

**Scope 2 figure used**

Location-based

**% change from previous year**

0.2

**Direction of change**

Increased

**Reason for change**

The gross global combined Scope 1 and 2 (location-based) emissions for 2018 consist of a gross sum of emissions resulting from the following: Fuel from non-renewable energy, Electricity from renewable and non-renewable energy, and self-generating renewable energy. The intensity figure is calculated by dividing the combined Scope 1 and 2 emissions by the total revenue in USD for 2018. As of year-end 2018, 67 Xylem manufacturing facilities and sales offices purchased electricity generated from renewable sources — up from 57 in 2017. Combined, these sites purchased 18,234 CO2-equivalent metric tons in renewable energy, electricity and gas during 2018, a 13 percent increase over the prior year.

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C7. Emissions breakdowns

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C7.1

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**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

No

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C7.2

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**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO2e)
Argentina	38.26
Australia	430.91
Austria	831.86
Belgium	146.21
Brazil	18.65
Canada	1106.13
Chile	317.22
China	271.07
Colombia	21.3
Denmark	481.19
Finland	61.73
France	1041.49
Germany	3311.16
Hungary	355.7
India	4.13
Ireland	156.87
Italy	2451.54
Japan	7.26
Mexico	206.31
Netherlands	58.96
New Zealand	97.72
Norway	573.6
Panama	0
Peru	52.84
Philippines	6.04
Poland	603.21
Algeria	2.23
Czechia	0
China, Hong Kong Special Administrative Region	9.12
Luxembourg	0
Malaysia	0
Morocco	0
Portugal	92.17
Russian Federation	0
Singapore	55.92
Slovakia	121.85
South Africa	2.29
Republic of Korea	0
Spain	257.01
Sweden	813.67
Switzerland	0
United Arab Emirates	0
United Kingdom of Great Britain and Northern Ireland	3209.55
Uruguay	2.86
United States of America	25381.02

**C7.3**

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

**C7.3a**

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

Business division	Scope 1 emissions (metric ton CO2e)
Commercial Team Americas	14713.2
Commercial Team Emerging Markets	593.11
Commercial Team Europe	9018.4
Applied Water Systems	7683.56
Dewatering	357.03
Measurement and Control Solutions	8664.37
Transport	695.62
Treatment	873.8
Xylem USA and Switzerland Headquarters	0

**C7.5**

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Algeria	128.16	128.16	247.77	0
Argentina	127.29	127.29	343.24	0
Australia	1236.2	1236.2	1548.39	288.9
Austria	64.94	64.94	392.09	0
Belgium	19.17	19.17	96.25	0
Brazil	34.48	34.48	256.78	0
Canada	491.11	491.11	3100.08	0
Chile	421.91	421.91	875.69	0
China	6011.88	6011.88	8321.82	0
Colombia	2.12	2.12	11.62	0
Czechia	0	0	0	0
Denmark	156.77	112.81	459.95	250.3
Finland	8.67	8.67	49.64	0
France	91.97	2.83	1438.53	1477.5
Germany	5726.32	2382.2	11798.16	4610.7
China, Hong Kong Special Administrative Region	40.94	40.94	52.32	0
Hungary	309.04	309.04	52.32	0
India	609.97	609.97	770.7	0
Ireland	26.71	26.71	61.33	0
Italy	3014.68	0	8794.27	8794.27
Japan	27.98	27.98	48.96	0
Luxembourg	0	0	0	0
Malaysia	211.24	211.24	304.78	0
Mexico	1104.7	1104.7	2181.35	0
Netherlands	137.09	0	303.19	303.2
New Zealand	14.47	14.47	93.01	0
Norway	12.07	0	1456.28	1456.3
Panama	0	0	0	0
Peru	38.33	38.33	151.71	0
Philippines	331.35	331.35	574.3	0
Poland	2386.23	0	3102.87	3102.87
Portugal	13.47	13.47	47.87	0
Russian Federation	20.63	20.63	46.96	0
Singapore	126	126	276.59	0
Slovakia	374.78	374.78	1876.29	0
South Africa	570.91	570.91	616.26	0
Republic of Korea	22.27	22.27	41.57	0
Spain	83.91	83.91	339.32	0
Sweden	687.09	2.83	54127.17	52554.6
Switzerland	1.99	0	83.31	0
United Arab Emirates	517.73	517.73	862.99	0
United Kingdom of Great Britain and Northern Ireland	1363.85	362.19	2972.33	2183
Uruguay	2.64	2.64	21.25	0
United States of America	33057.13	24992.7	66671.99	18717.6

**C7.6**

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

**C7.6a**

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Commercial Team Americas	4852.44	4852.44
Commercial Team Emerging Markets	6861.11	6861.11
Commercial Team Europe	1652.1	670.63
Applied Water Systems	19535.78	6942.04
Dewatering	285.18	18.77
Measurement and Control Solutions	23057.72	19989.13
Transport	1476.49	775.61
Treatment	1758.46	591.91
Xylem USA and Switzerland Headquarters	148.93	146.94

**C7.9**

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Increased

**C7.9a**

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	2102	Increased	2.6	Due to a 13% increase in renewable energy purchases in 2018, despite an increase in production, emissions have not grown as high as could be expected. Last year 2,102 tons of CO2e were reduced by additional RECs and green gas purchased.
Other emissions reduction activities	241	Decreased	0.3	Due to LED lighting retrofits in 2018, despite an increase in production, emissions have not grown as high as could be expected. Last year 241 tons of CO 2e were reduced by LED lighting retrofits. Our total Scope 1 and Scope 2 emissions in the previous year was 81,375 tCO2 e, therefore we arrived at -0.3%. through $(-241/81,375) * 100 = -0.3\%$ (i.e. a 0.3% decrease in emissions).
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		While Xylem acquired a few smaller companies, these acquisitions did not contribute significantly to Xylem's emissions
Mergers		<Not Applicable >		
Change in output	4723.15	Increased	5.8	If no measures had been introduced, increased demand leading to increase output would have generated an extra 5.8% more of emissions due to increases in business activities and sales.
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

**C7.9b**

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 10% but less than or equal to 15%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

### C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	185857	185857
Consumption of purchased or acquired electricity	<Not Applicable>	93412	77473	170885
Consumption of purchased or acquired heat	<Not Applicable>			
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	327	<Not Applicable>	327
Total energy consumption	<Not Applicable>	93739	268319	362058

### C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

### C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

83930

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Fuel Oil Number 1

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

5939

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

0.17

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Propane Gas

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

9

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Propane Liquid

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

3630

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

88008

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

---

**Fuels (excluding feedstocks)**

Petrol

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

4341

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Comment**

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C8.2d

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(C8.2d) List the average emission factors of the fuels reported in C8.2c.

**Diesel**

**Emission factor**  
0.00269

**Unit**  
metric tons CO2e per liter

**Emission factor source**  
[www.ghgprotocol.org](http://www.ghgprotocol.org)

**Comment**

**Fuel Oil Number 1**

**Emission factor**  
0.0027

**Unit**  
metric tons CO2e per liter

**Emission factor source**  
[www.ghgprotocol.org](http://www.ghgprotocol.org)

**Comment**

**Liquefied Petroleum Gas (LPG)**

**Emission factor**  
0.00152

**Unit**  
metric tons CO2e per liter

**Emission factor source**  
[www.ghgprotocol.org](http://www.ghgprotocol.org)

**Comment**

**Natural Gas**

**Emission factor**  
0.00192

**Unit**  
metric tons CO2e per m3

**Emission factor source**  
[www.ghgprotocol.org](http://www.ghgprotocol.org)

**Comment**

**Petrol**

**Emission factor**  
0.00231

**Unit**  
metric tons CO2e per liter

**Emission factor source**  
[www.ghgprotocol.org](http://www.ghgprotocol.org)

**Comment**

**Propane Gas**

**Emission factor**  
0.00546

**Unit**  
metric tons CO2e per m3

**Emission factor source**  
[www.ghgprotocol.org](http://www.ghgprotocol.org)

**Comment**

**Propane Liquid**

**Emission factor**  
0.00148

**Unit**  
metric tons CO2e per liter

**Emission factor source**  
[www.ghgprotocol.org](http://www.ghgprotocol.org)

**Comment**

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	327	327	327	327
Heat				
Steam				
Cooling				

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

**Basis for applying a low-carbon emission factor**

Energy attribute certificates, Guarantees of Origin

**Low-carbon technology type**

Wind  
Hydropower  
Biomass (including biogas)

**Region of consumption of low-carbon electricity, heat, steam or cooling**

Please select

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

93412

**Emission factor (in units of metric tons CO2e per MWh)**

0

**Comment**

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

**Description**

Other, please specify

**Metric value**

**Metric numerator**

**Metric denominator (intensity metric only)**

**% change from previous year**

**Direction of change**

<Not Applicable>

**Please explain**

In 2019, Xylem announced that through partnerships with our customers, by 2025 we will: • Reduce over 3.5 billion m3 of non-revenue water, equivalent to the domestic water use needs of over 55 million people annually • Treat 13 billion m3 of water for reuse, equivalent to the domestic water use needs of over 197 million people annually • Prevent over 7 billion m3 of polluted water from flooding communities or entering local waterways • Reduce water's CO2 footprint by over 2.8 million metric tons, equivalent to 46 million tree seedlings growing for 10 years In 2019, Xylem announced that by 2025 we will: • Ensure 100% of Xylem employees have access to clean water and safe sanitation at work, at home and during natural disasters • Use 100% renewable energy and process water recycling at our major facilities • Achieve Zero Waste to Landfill from processes at our major facilities • Require preferred suppliers to take the WBCSD WASH Pledge • Ensure packaging material consists of 75% reusable, recyclable or compostable content • Develop science-based targets for GHG reduction (Scope 1,2,3) • Give 1% of our company profits to water-related causes and education • Deploy humanitarian aid to 200 areas affected by water-related natural disasters • Provide 15 million people with water education to improve quality of life and raise awareness

C10. Verification

C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

**C10.1a**

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.**

**Scope**

Scope 1

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

xylem-2018-sustainability-report-fv.pdf

**Page/ section reference**

2018 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 42 <https://www.xylem.com/en-us/sustainability/>

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

**Scope**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

xylem-2018-sustainability-report-fv.pdf

**Page/ section reference**

2018 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 42 <https://www.xylem.com/en-us/sustainability/>

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

**C10.1b**

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope**

Scope 3- at least one applicable category

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Attach the statement**

xylem-2018-sustainability-report-fv.pdf

**Page/section reference**

2018 Sustainability Report (GRI 102-56) -- Independent Assurance Statement to Xylem Inc. pg. 42 <https://www.xylem.com/en-us/sustainability/>

**Relevant standard**

ISAE3000

## C10.2

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**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, we do not verify any other climate-related information reported in our CDP disclosure

## C11. Carbon pricing

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### C11.1

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**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, and we do not anticipate being regulated in the next three years

### C11.2

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**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

### C11.3

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**(C11.3) Does your organization use an internal price on carbon?**

No, and we do not currently anticipate doing so in the next two years

## C12. Engagement

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### C12.1

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**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

Yes, our customers

### C12.1a

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**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**

Compliance & onboarding

**Details of engagement**

Included climate change in supplier selection / management mechanism

**% of suppliers by number**

100

**% total procurement spend (direct and indirect)**

100

**% Scope 3 emissions as reported in C6.5**

**Rationale for the coverage of your engagement**

We expect 100 percent of our suppliers to adhere to our global sustainability standards. As part of our procurement process, any new Xylem supplier is required to align with our business standards in terms of product quality, process capabilities and sustainable actions. During our Supplier capability assessment, we ask, "What actions are in place regarding the reduction of energy consumption and the emissions of greenhouse gases (GHGs)?" and rate their actions as "acceptable" or "not acceptable." We then summarize key areas for supplier improvement. Additionally, we began implementing a sustainability audit process that prioritizes suppliers located in countries where human and labor rights issues could be a concern, and those located in water-stressed areas.

**Impact of engagement, including measures of success**

Through these engagements, we ensure that all of the suppliers we work with conduct business in compliance with all applicable environmental laws and regulations. This minimizes environmental pollution, promotes an efficient use of natural resources and protects the environment. The supplier must ensure compliance with product-related requirements and may be required to declare the material content and origin of products delivered to Xylem. Suppliers shall have environmental procedures in accordance with applicable elements in ISO14001 or equivalent standard.

**Comment**

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## C12.1b

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### (C12.1b) Give details of your climate-related engagement strategy with your customers.

#### Type of engagement

Education/information sharing

#### Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

#### % of customers by number

100

#### % Scope 3 emissions as reported in C6.5

#### Please explain the rationale for selecting this group of customers and scope of engagement

As a global water technology company, we have the opportunity to address the many water challenges—including climate-related issues, such as access to freshwater and energy-efficiency in water infrastructure—our planet faces. Solving Water is a huge and vital undertaking that calls for collaboration and teamwork across our value chain. For customer and end users, we publish news about our products and services through a variety of media channels, original research, white papers and case studies, a customer-focused digital magazine, Making Waves, and a quarterly magazine, Mission: Water, which features stories about scientists, environmentalists and the various challenges they work to solve. For example, in the freely accessible Making Waves, a recently published article—Iceland stream warming study gives preview of climate change—we discuss how Xylem's YSI ProODO handheld dissolved oxygen meters were employed to study how global climate change could affect rivers and streams. In a recent Making Waves webinar—Urban Resilience Planning – How Ready Are You?—also freely available at [makingwaves.xylem.com](http://makingwaves.xylem.com), we provide case studies of how communities are designing resilient pump stations, creating early warning systems for flooding, and developing rapid response and recovery plans using Xylem solutions. We expand upon this notion of sustainable communities in our Building Resilience brochure. We identify key points to building resilience: ensuring water security, strengthening critical infrastructure, driving response and recovery and engaging community stakeholders. Around the world and over the years, Xylem has worked with cities and communities to manage water scarcity. Several case studies are mentioned in the brochure, such as using the Wedeco PDO ozone generators in Wichita, Kansas, to recharge aquifers through treated freshwater injections. By involving the public in resiliency decisions and planning, communities are empowered to withstand unexpected climate events that affect their livelihoods and access to water. Additionally, we provide customers the ability to earn complimentary CEU credits by successfully completing this online webinar.

#### Impact of engagement, including measures of success

The measure of success of our educational and information sharing programs are reflected in the increased reputation of our Company, number of visible leadership roles in industry organizations obtained and number of speaking engagement at industry thought leader events. The Making Waves platform has made an impact by providing informed, useful and industry-leading commentary on the world of water. Due to its success in educating customers on the latest climate and water-related Xylem technologies, we have translated Making Waves into eight languages—English, Spanish, German, French, Italian, Portuguese, Swedish, and Chinese.

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## C12.3

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### (C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

## C12.3a

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**(C12.3a) On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Water Infrastructure)	Support	In 2019, Key members of the Xylem Senior Management team participated in panels in Washington D.C. during Infrastructure Week advocating for innovative solutions to Water Infrastructure issues. Al Cho served on the panel for The Value of Water Congressional Briefing: The Future of Water – Artificial Intelligence and “Smart” Water Infrastructure and Joe Vesey participated in the Bipartisan Policy Center: EPA’s Role in Building Critical Infrastructure.	Elected officials and key individuals from government agencies attended both events to learn about innovative ways to address U.S. water infrastructure challenges
Energy efficiency	Support	Xylem is a member of the trade association Europump. Markus Holmberg, from the Xylem Sundbyberg R&D Centre in Sweden, is currently chairing the Europump working group in charge of supporting the EU Commission to develop an energy efficiency regulation for wastewater pumps. Fabio Reffo, from the Xylem Montecchio R&D Centre in Italy is the chair of the Europump working group in charge of revising the current energy efficiency regulation on circulator pumps.	Europump promotes the improvement of the energy performance of all pump types by adequate measures at the different pump system levels: namely the product, extended product and system levels. Europump aims to provide policymakers with technological know-how to facilitate effective new legislation. A major example and case in point is the European Commission’s review of Commission Regulation (EU) 547/2012 (lot 11 – water pumps), Ecodesign lots 28 (wastewater pumps), and 29 (other clean water pumps), taking place in 2016. For this Europump recommends adopting the ‘Extended Product Approach’.
Energy efficiency	Support	Xylem is a member of the North American pump trade association Hydraulic Institute (HI). Mark Handzel and Chris Johnson from the Xylem R&D Center in Morton Grove and Paul Ruzicka from the Xylem R&D Center in Seneca Falls, NY are members of the Hydraulic Institute U.S. Dept of Energy Pump Energy Conservation Committee that has been working to insure all HI members are selling compliant products by the January 27, 2020 deadline. Pump products from Xylem’s Morton Grove facility were in DOE compliance three years before the effective date. Xylem has also agreed to voluntarily apply a Hydraulic Institute Energy Rating label on circulator pump products in the absence of DOE energy conservation rules that were put on hold in 2016.	Xylem has taken a leadership position in implementing U.S. and Canada Pump Energy Conservation Standards which has positioned us as a leading supplier of DOE regulated products.
Other, please specify (Water Infrastructure)	Support	In 2016, Xylem was selected to participate in the U.S. Department of Commerce’s Smart Cities Infrastructure Business Development Mission to India. Representatives from Xylem and 18 other companies took part in this Smart Cities Infrastructure Business Development Mission, which included visits to New Delhi, Mumbai, Chennai and Vizag to explore opportunities for introducing or expanding the use of sustainable products and services in India.	India is the third largest economy in the world. With approximately 1.28 billion people, which is more than a sixth of the world’s population, India has the second most populous country in the world and is estimated to add another 500 million people to its urban population over the next 40 years. India’s government has almost overwhelmingly focused on economic development and, as a result, has proposed a nationwide program to build 100 smart cities. A smart city is a city equipped with basic infrastructure to provide a decent quality of life, and a clean and sustainable environment through the application of some smart solutions. Monitoring water quality, treatment of wastewater, smart meters, renewable sources of energy, efficient green building and intelligent traffic management systems are some of the solutions of a smart city. For India, this means a wide variety of major infrastructure projects across the country will be funded by the central and state governments, as well as private sector capital, over the next few years. India’s infrastructure needs are estimated to be in the \$1.5 to \$2 trillion range.
Other, please specify (Water Infrastructure)	Support	As global demand for water increases, the business as usual approach to European water resources will not meet the needs of citizens. Xylem, with the support of Kreab, have worked to create and support EU directives related to the water industry. In 2016, we engaged with providing content and feedback on drafts of legislative documents, participating and driving some work groups, speaking the voice of Xylem at the EWA conference, establishing relationships with key Member States and Commission officials.	Xylem has proposed a Circular Economy model be integrated into the EU water industry to preserve Europe’s vital water resources. This model will promote water efficiency in the entire supply chain to create a holistic solution in the water sector. It will also promote water reuse as well as product innovation and cross-border markets.
Other, please specify	Support	Our CEO, Patrick Decker has participated in the CEO Forum Singapore International Water Week for several years discussing issues facing the global water sector, including the impact of globalization and the digital revolution, and share perspectives on the role of advanced technologies in advancing the water sector’s migration to smart infrastructure.	Government officials, world organizations and industry leaders convened with the common goal of addressing global water challenges through policymaking and thought leadership.

**C12.3b**

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

**C12.3c**

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

**Trade association**

Sump and Sewage Pump Manufacturers Association

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association’s position**

The Sump and Sewage Pump Manufacturers Association’s mission is to represent the industry in a manner consistent with the highest standards of business practice and its obligations under law and regulation, by educating the industry, general public, and legislative and regulatory groups, in the proper application, use, installation, and maintenance of the products and services offered by its members. Although we are not aware of a SSPMA Climate Change Policy, the Association’s focus on proper application, use, installation and maintenance of pumps would result in fewer GHG emissions from our customers in the use phase of our products. Therefore, this statement aligns with our desire to reduce GHG emissions for our customers by providing the most energy efficient equipment to our customers.

**How have you influenced, or are you attempting to influence their position?**

William Gell, of Xylem, is on the board of directors.

**C12.3d**

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

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**(C12.3e) Provide details of the other engagement activities that you undertake.**

Xylem is a member of the Hydraulic Institute (HI) – the largest association of pump industry manufacturers in North America. The Institute offers a wide variety of programs and services, each tailored to member needs: standards development, networking opportunities, access to specific statistical data and economic reports, electronic services, educational materials, breaking industry news, participation in industry initiatives, and more.

Xylem has long-standing partnerships with many non-governmental organizations and government agencies, including the International Water Association, National Association of Environmental Management (NAEM), Ceres, Stockholm International Water Institute, UN Global Compact, Water Environment Federation and Singapore's Public Utilities Board, to name a few.

Xylem has also been a member of the UN Global Compact since 2002 and has committed to the UN Global Compact's 10 universally accepted principles which include a set of core values in the environmental area which encompass our approach to addressing climate change. In 2015, we finalized our Climate Change Policy, which outlines our commitment to develop mitigation and adaptation solutions to the water-related challenges associated with climate change through our products, operations, corporate citizenship and social investment, and stakeholder engagement. We joined the CEO Water Mandate program in 2017.

On World Water Day 2014, Xylem joined the US Water Partnership, which seeks to mobilize U.S.-based knowledge, expertise and resources to improve water security around the world, particularly in those countries most in need. The US Water Partnership views water as the catalyst for development – from global health to climate change, and food security to economic development. Like Xylem, the US Water Partnership is committed to solving water-related climate change challenges.

For more than eight years, in more than 22 countries across five continents, we have worked successfully with six global non-profit partners through our corporate citizenship and social investment program, Xylem Watermark. In 2018, more than 7,500 of Xylem's employee base volunteered in 39 countries, participated in over 730 events, and logged 1,875 employee disaster response hours, working with local non-profit organizations committed to water-related issues in their communities.

Xylem Watermark solutions are sustainable and collaborative, combining community-based efforts with regular monitoring to ensure projects meet local water needs for years to come.

*In 2016, Xylem co-convened the "Disruptive Resilience: Chief Technology Officers (CTOs) Map America 2030 Water Future" conference along with other national leaders in the water sector. This gathering facilitated a discussion of how to best leverage breakthrough technologies advances to transform how the nation's water*

*resources are managed in order to create a secure water future for the next century.*

Xylem was also invited to participate in the White House Water Summit, which focused on the role of breakthrough, creative solutions to current water challenges, as well as the innovative strategies that will catalyze change in how we use, conserve, protect, and think about water in the future.

Albert Cho, Xylem's Vice President of Strategy and Business Development, spoke on a panel at the 2016 American Water Summit. Cho, along with other business and water leaders, discussed the future of the digital utility. Collaborating with other industry leaders at forums like the American Water Summit helps us ensure that

*the water sector can maximize the benefits of the digital future.*

At the IWA World Water Congress & Exhibition in Brisbane, Australia, Xylem explored the importance of understanding lifecycle costs when evaluating water infrastructure investments.

Xylem co-sponsored the U.S. Bureau of Reclamation Arsenic Sensor Challenge, which is seeking to identify new or improved sensors, devices or test kits to measure arsenic in water in natural and engineered systems.

For the 20th consecutive year, Xylem served as the Founding Sponsor of the Stockholm Junior Water Prize international competition.

Xylem was featured in the Business Roundtable 2016 Sustainability Report as one of 150 companies committed to addressing environmental and energy challenges while driving increased economic growth and job creation.

## C12.3f

### (C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

People around the globe depend on us to create extraordinary solutions to meet life's most critical water needs. Xylem optimizes water access and quality, and we promote responsible consumption so that communities across the globe can thrive.

Our Environmental, Social and Governance (ESG) Committee is composed of representatives from multiple geographies, businesses and functions and is under the executive sponsorship of the SVP, General Counsel and Corporate Secretary, the SVP, Chief Marketing Officer and the SVP, Chief Supply Chain Officer. The committee meets on a monthly basis. The objectives of the ESG Committee include but are not limited to:

- Identifying and evaluating emerging strategic sustainability issues, considering: regulatory and legislative developments, NGO stakeholder input, market opportunities, brand/reputation, customers and others, as appropriate
- Coordinating company responses to strategic public policy and regulatory issues
- Establishing Xylem's sustainability goals and objectives
- Developing action plans and associated programs
- Reviewing enterprise-wide sustainability programs and performance, and providing input to the Senior Leadership Team for establishing/modifying the company's goals and objectives

We have established targets related to climate change that impact our products, operations, employees and stakeholder engagement. We will continue to track our progress against these goals and publicly report our success. We continue to look for energy efficiency improvements in our products, set ambitious goals to reduce GHG emissions and increase our resource efficiency. Our corporate citizenship program, Xylem Watermark, informs our employee's perspectives on sustainability through first-hand experiences bringing clean water, sanitation and hygiene education to communities in need, drawing the connection between climate change and water issues. In addition, we work closely with partners to drive collective action. Xylem is focused on our commitment to sustainability and to the United Nations Sustainable Development Goals, a framework of global commitments to create a fairer and more sustainable world by 2030.

To advance SDG 6 Clean Water and Sanitation, we will:

- Develop and launch innovative solutions that help solve water issues for millions of people in need. We will provide humanitarian aid by delivering clean water drinking systems and disaster response to communities facing severe water challenges.
- Help communities reduce water contamination by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways.
- Leverage digital technologies to help reduce water losses from broken infrastructure, faulty meters or unauthorized use (non-revenue water), making water more accessible and affordable for all.
- Help utilities and businesses leverage water reuse solutions that help communities build resilience, facilitating water continuity in the face of severe weather patterns from climate change.
- Foster the adoption of integrated digital solutions by utilities that advance holistic watershed management and create water, energy and cost efficiencies.
- Help communities reduce water contamination that threatens human health by leveraging digital technologies to prevent polluted water from flooding communities or entering local waterways.
- Help convene a global conversation among water stakeholders and advance technologies and practices that foster creative collaboration to solve water.
- Provide innovative drinking water and wastewater and stormwater solutions that enable utilities to deliver major water, energy and cost efficiencies, advancing the health and safety of their communities and broader watersheds.

To advance SDG 13 Climate Action, we will:

- Help more utilities and businesses leverage technologies to build resilience.
- Leverage leading edge technologies to increase the resilience of water infrastructure to help mitigate the impact of severe weather patterns due to climate change by helping communities prepare, respond and react.
- Advance the conversation about water innovation and its powerful opportunities within the water sector and across the business and public domains.

To advance SDG 17 Partnerships for the Goals, we will:

- Develop and launch innovative solutions that help solve water issues for millions of people living in extreme poverty.
- Leverage creative partnerships and harness the power of professional sports to engage global audiences, with a focus on inspiring the next generation of water stewards.

Our commitment to the UN Global Compact's 10 Principles also serves as a guide to act responsibly. Our 2015 Climate Change Policy statement codifies consistency in our stakeholder engagement practices across stakeholder groups. The Policy also serves as a means to share our goals and progress and align our actions with our commitment to address the challenges associated with the "water-climate nexus."

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

2018 Final 10-K.pdf

**Page/Section reference**

**Content elements**

Strategy  
Risks & opportunities  
Other, please specify (10-K - Financials)

**Comment**

**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

xylem-2018-sustainability-report-fv.pdf

**Page/Section reference**

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets

**Comment**

**Publication**

In voluntary communications

**Status**

Complete

**Attach the document**

2018 XYLEM INC. INVESTOR OVERVIEW & ESG HIGHLIGHTS.pdf

**Page/Section reference**

**Content elements**

Strategy  
Risks & opportunities  
Other metrics  
Other, please specify (Financials)

**Comment**

**C14. Signoff**

**C-FI**

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

**C14.1**

**(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Senior Vice President, General Counsel and Corporate Secretary	Other C-Suite Officer

## SC. Supply chain module

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### SC0.0

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**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

Xylem's mission is to solve water. Xylem's vision and values provide its foundation for growth and inspire Xylem to behave as a responsible industry leader and corporate citizen:

- Respect for internationally proclaimed human rights and working conditions, and for the environment
- Responsibility for how our activities, products and services affect people and the environment
- Integrity for acting ethically and living up to our Code of Conduct
- Creativity to develop innovative energy and water efficient solutions

Xylem was named the Water Technology Company of the Year at the 2018 Global Water Awards. The accolade was presented to the company that made the most significant contribution to the field of water technology in 2017.

Xylem was recognized for "its unparalleled vision to offer end-to-end solutions for the digital utility of the 21st century." Through strategic acquisitions and cutting-edge innovations centered on energy management and process optimization, Xylem has established itself as a leading provider of intelligent solutions that address the water industry's most persistent challenges. Xylem was identified as the company that "moved the needle in the water technology sector in 2017...to become an outright leader in the rapidly growing market for smart water solutions."

"We are honored to be recognized as Water Technology Company of the Year," said Patrick Decker, Xylem President and Chief Executive Officer. "This award is an important acknowledgement of the efforts of our nearly 17,000 Xylem colleagues who are committed to tackling the most complex water management challenges facing communities today. We remain focused on collaborating with our customers and partners to bring the right technology solutions to the market to increase the productivity of water and wastewater operations, and to help utilities address the issue of water affordability."

Xylem's recent acquisitions of Pure Technologies, EmNet and Valor Water Analytics were each noted for strengthening the Company's suite of solutions to address non-revenue water, as well as smart water and wastewater network assessment and management. Other achievements highlighted include the installation of Xylem's Concertor intelligent wastewater pumping system in Washington, D.C., and the launch of Xylem's latest smart dewatering pump. Also acknowledged were Xylem's continued efforts to develop potable reuse solutions with the installation of the world's first large-scale ultraviolet /chlorine process to treat wastewater to drinking water standards at the Terminal Island Water Reclamation Plant in Los Angeles in 2017.

Please see the [Xylem Website](#) for more information about our company.

### SC0.1

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**(SC0.1) What is your company's annual revenue for the stated reporting period?**

	Annual Revenue
Row 1	5200000000

### SC0.2

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**(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?**

Yes

### SC0.2a

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**(SC0.2a) Please use the table below to share your ISIN.**

	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	US	98419M1009

### SC1.1

---

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

**Requesting member**

National Grid PLC

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

31.1

**Uncertainty (±%)**

20

**Major sources of emissions**

Fuels burned and electricity generated.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2019 CDP Investor Response, 2018 Scope 1 and 2 emissions for Xylem amount to 42,599 (Scope1) and 53,258 (Scope 2) metric tons CO2e. Our 2018 Annual Report states total (global) 2018 revenues for Xylem as \$5,200,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2018 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2018 \$US / Xylem 2018 Revenues \$US] x Xylem 2018 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2018 Revenues = \$ 5,200,000,000 Xylem 2018 Emissions (Scope 1 and 2) = 95,857 metric tons CO2e Market Value of Services Purchased in 2018 = \$[varies by customer]. The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

**Requesting member**

National Grid PLC

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

38.9

**Uncertainty (±%)**

20

**Major sources of emissions**

Fuels burned and electricity generated.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2019 CDP Investor Response, 2018 Scope 1 and 2 emissions for Xylem amount to 42,599 (Scope1) and 53,258 (Scope 2) metric tons CO2e. Our 2018 Annual Report states total (global) 2018 revenues for Xylem as \$5,200,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2018 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2018 \$US / Xylem 2018 Revenues \$US] x Xylem 2018 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2018 Revenues = \$ 5,200,000,000 Xylem 2018 Emissions (Scope 1 and 2) = 95,857 metric tons CO2e Market Value of Services Purchased in 2018 = \$[varies by customer]. The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

**Requesting member**

Aguas Andinas SA

**Scope of emissions**

Scope 1

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

9.3

**Uncertainty (±%)**

20

**Major sources of emissions**

Fuels burned and electricity generated.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2019 CDP Investor Response, 2018 Scope 1 and 2 emissions for Xylem amount to 42,599 (Scope1) and 53,258 (Scope 2) metric tons CO2e. Our 2018 Annual Report states total (global) 2018 revenues for Xylem as \$5,200,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2018 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2018 \$US / Xylem 2018 Revenues \$US] x Xylem 2018 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2018 Revenues = \$ 5,200,000,000 Xylem 2018 Emissions (Scope 1 and 2) = 95,857 metric tons CO2e Market Value of Services Purchased in 2018 = \$[varies by customer]. The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

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**Requesting member**

Aguas Andinas SA

**Scope of emissions**

Scope 2

**Allocation level**

Company wide

**Allocation level detail**

<Not Applicable>

**Emissions in metric tonnes of CO2e**

11.7

**Uncertainty (±%)**

20

**Major sources of emissions**

Fuels burned and electricity generated.

**Verified**

Yes

**Allocation method**

Allocation based on the market value of products purchased

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

We use the economic allocation method to allocate emissions to each of our customers. We realize that there is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions can vary by customer depending on type of services provided, geographic location, and in some cases, specific customer requirements; however, we have determined that sales dollars is the most straight forward proxy, the margin of error for large customers is likely to be small and the data is easy for our customers to cross check and validate. As reported in our 2019 CDP Investor Response, 2018 Scope 1 and 2 emissions for Xylem amount to 42,599 (Scope1) and 53,258 (Scope 2) metric tons CO2e. Our 2018 Annual Report states total (global) 2018 revenues for Xylem as \$5,200,000,000. Next, we identified spend for each customer, in order to allocate emissions based on the market value of services purchased as a proportion of total 2018 revenues for those markets. We used the following formula for our allocation: Emissions by customer, metric tons CO2e = [Market Value of Services Purchased in 2018 \$US / Xylem 2018 Revenues \$US] x Xylem 2018 Emissions (Scope 1 and 2), metric tons CO2e Where; Xylem 2018 Revenues = \$ 5,200,000,000 Xylem 2018 Emissions (Scope 1 and 2) = 95,857 metric tons CO2e Market Value of Services Purchased in 2018 = \$[varies by customer]. The main sources of uncertainty for these calculations is extrapolation in cases where data sets were incomplete and the assumption that all customers use similar or average services. We estimate the uncertainty to be +/- 20%.

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**SC1.2**

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

[http://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE\\_XYL\\_2018.pdf](http://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_XYL_2018.pdf)

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**SC1.3**

**(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?**

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	The ability to identify emissions by businesses (Water Infrastructure, Applied Water and Measurement & Control Solutions) will help us overcome these challenges and will enable us to allocate emissions to customers based on the products and services they use and the geographic locations they operate in. Determining the specific carbon intensity of individuals is a challenge. Today, we use the economic allocation method based on customer spend. We realize that this is a limitation to our estimation model, given the fact that the intensity of greenhouse gas emissions vary by customer depending on type of products purchased, services provided, geographic location, and in certain cases, specific customer requirements. Currently, we do not have enough information to evaluate and compare the specific carbon intensities of our different businesses, product categories and geographic locations.

**SC1.4**

**(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?**

Yes

**SC1.4a**

**(SC1.4a) Describe how you plan to develop your capabilities.**

Xylem has a culture of continuous improvement - improving efficiency, service quality and being able to help customers meet their environmental goals. We are constantly working on improvements to our overall GHG management programs. In the future, we plan to account for environmental impacts based on our businesses and products. For example, new products developed in Transport are bringing an average 0.2 percent average energy-efficiency improvement per year, leading to cumulative savings of 280,000 metric tons of CO2 equivalent between 2019 and 2025.

When we are able to account for the GHG footprint of each business and product category, we will also be able to more accurately allocate emissions to customers based on the products and services they use. We believe that improved understanding of the carbon intensity of our businesses and product categories will lead to better opportunities for collaboration on mitigation, and ultimately a better customer experience.

**SC2.1**

**(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.**

**Requesting member**

National Grid PLC

**Group type of project**

Change to provision of goods and services

**Type of project**

Other, please specify (recycled/renewable packaging materials)

**Emissions targeted**

Actions that would reduce our own supply chain emissions (our own scope 3)

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

500

**Estimated payback**

3-5 years

**Details of proposal**

Take our current goal of "Ensure packaging material consists of 75% reusable, recyclable or compostable content" from 75% to 100%; which would also support our "Achieve zero waste to landfill from processes at our major facilities" goal (embedded Scope 3 emissions would lower).

**Requesting member**

Aguas Andinas SA

**Group type of project**

Change to provision of goods and services

**Type of project**

Other, please specify (recycled/renewable packaging materials)

**Emissions targeted**

Actions that would reduce our own supply chain emissions (our own scope 3)

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

500

**Estimated payback**

3-5 years

**Details of proposal**

Take our current goal of "Ensure packaging material consists of 75% reusable, recyclable or compostable content" from 75% to 100%; which would also support our "Achieve zero waste to landfill from processes at our major facilities" goal (embedded Scope 3 emissions would lower).

---

**Requesting member**

Aguas Andinas SA

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Consolidated logistics

**Emissions targeted**

Actions that would reduce our own supply chain emissions (our own scope 3)

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

5000

**Estimated payback**

3-5 years

**Details of proposal**

Engage in supply chain order/route/delivery optimization to minimize delivery-miles and embedded Scope 3 emissions .

---

**Requesting member**

National Grid PLC

**Group type of project**

Reduce Logistics Emissions

**Type of project**

Route optimization

**Emissions targeted**

Actions that would reduce our own supply chain emissions (our own scope 3)

**Estimated timeframe for carbon reductions to be realized**

0-1 year

**Estimated lifetime CO2e savings**

5000

**Estimated payback**

3-5 years

**Details of proposal**

Engage in supply chain order/route/delivery optimization to minimize delivery-miles and embedded Scope 3 emissions .

---

**Requesting member**

Aguas Andinas SA

**Group type of project**

New product or service

**Type of project**

Other, please specify (product recycle/takeback program)

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings****Estimated payback**

Please select

**Details of proposal**

Engage in product takeback/recovery/CE programs with suppliers to encourage optimal next use for products at the end of useful life at Xylem.

---

**Requesting member**

National Grid PLC

**Group type of project**

New product or service

**Type of project**

Other, please specify (product recycle/takeback program)

**Emissions targeted**

Actions that would reduce both our own and our customers' emissions

---

**Estimated timeframe for carbon reductions to be realized**

3-5 years

**Estimated lifetime CO2e savings**

**Estimated payback**

Please select

**Details of proposal**

Engage in product takeback/recovery/CE programs with suppliers to encourage optimal next use for products at the end of useful life at Xylem.

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SC2.2

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**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**

Yes

SC2.2a

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**(SC2.2a) Specify the requesting member(s) that have driven organizational-level emissions reduction initiatives, and provide information on the initiatives.**

**Requesting member**

Please select

**Initiative ID**

Please select

**Group type of project**

Please select

**Type of project**

Please select

**Description of the reduction initiative**

**Emissions reduction for the reporting year in metric tons of CO2e**

**Did you identify this opportunity as part of the CDP supply chain Action Exchange?**

Please select

**Would you be happy for CDP supply chain members to highlight this work in their external communication?**

Please select

---

SC3.1

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**(SC3.1) Do you want to enroll in the 2019-2020 CDP Action Exchange initiative?**

No

SC3.2

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**(SC3.2) Is your company a participating supplier in CDP's 2018-2019 Action Exchange initiative?**

No

SC4.1

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**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

Submit your response

---

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

**Please confirm below**

I have read and accept the applicable Terms