



xylem

Blue and Green Finance Framework

May 2026

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Part 1 – Enabling a water-secure world

1.1 Company overview

Xylem is a Fortune 500 global water solutions partner committed to advancing sustainable impact and championing the people who make water work every day.

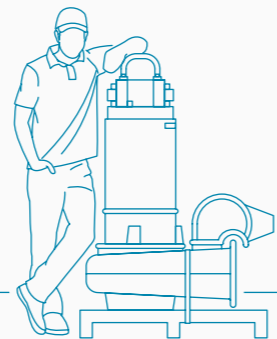
With ~22,000 employees worldwide, we collaborate with utilities, industrial manufacturers, building operators, and communities to solve the water challenges that matter most. We connect diverse capabilities, innovative technologies, and deep expertise to provide tailored solutions

across the entire water cycle. From moving, treating, and measuring water to optimizing and maintaining water systems, Xylem helps customers strengthen resilience, improve resource efficiency, and protect public health and the environment.

~22,000
employees as
of 2025



100+ years
of product excellence



Serving customers in
~150 countries



>\$226 million
million of research and
development expense
in 2025



>\$9 billion
in total revenue
in 2025



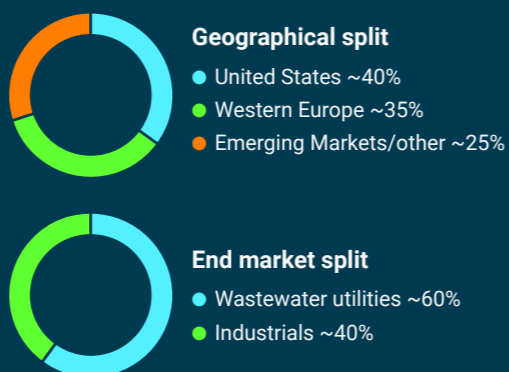
Our business segments

Xylem is a leading global water technology company. We design, manufacture and service highly engineered products and solutions ranging across a wide variety of critical applications in utility, industrial, residential and commercial building services settings.

Our broad portfolio of solutions addresses customer needs across the water cycle, from the delivery, measurement and use of drinking water to the collection, test, treatment and analysis of wastewater, to the return of water to the environment. Our product and service offerings are organized into four reportable segments that are aligned around the critical market applications they provide: Water Infrastructure, Applied Water, Measurement and Control Solutions and Water Solutions and Services.

Water Infrastructure

Water utility and industrial customers



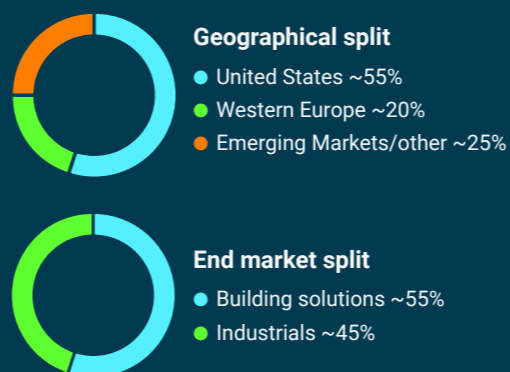
Water Infrastructure serves the water infrastructure sector with pump systems that transport water from aquifers, lakes, rivers and seas; with filtration, ultraviolet and ozone systems that provide treatment, making the water fit to use; and pumping solutions that move the wastewater and storm water to treatment facilities where our mixers, biological treatment, monitoring and control systems provide the primary functions in the treatment process.

Additionally, our offerings use monitoring and control, smart and connected technologies to allow for remote monitoring of performance and enable products to self-optimize pump operations maximizing energy efficiency and minimizing unplanned downtime and maintenance for our customers.

The Water Infrastructure segment also provides a range of highly differentiated and scalable products and technologies with product offerings in the filtration and separation, disinfection, and wastewater solutions, for municipal and industrial applications. In the Water Infrastructure segment we reach customers indirectly, through channel partners and distributors, directly and through our service capabilities.

Applied Water

Commercial, industrial, residential, and water utility customers

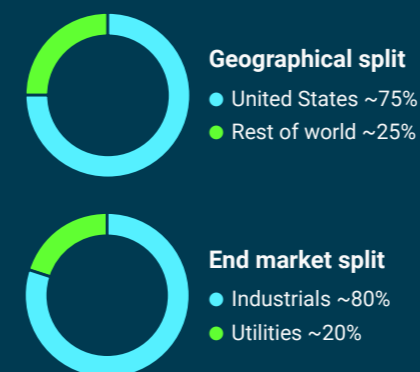


Applied Water serves the water usage applications sector with water pressure boosting systems for heating, ventilation and air conditioning, and for fire protection systems to the residential and commercial building solutions markets. In addition, our pumps, heat exchangers and controls provide cooling to power plants and manufacturing facilities, circulation for food and beverage processing, and boosting systems for agricultural irrigation.

In the Applied Water segment, we provide the majority of our sales through long-standing relationships with many of the leading independent distributors in the markets we serve, with the remainder going directly to customers.

Water Solutions and Services

Industrial and water utility customers

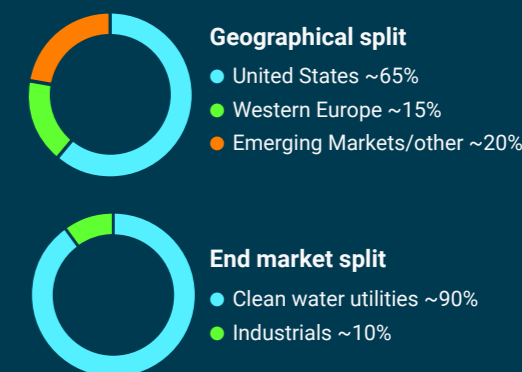


Water Solutions and Services provides tailored services and solutions, in collaboration with customers, including on-demand water, outsourced water, recycle/reuse, pipeline assessment services, specialty dewatering and emergency response service alternatives to improve operational reliability, performance and environmental compliance.

Key offerings within this segment also include equipment systems for industrial needs (influent water, boiler feed water, ultrahigh purity, process water, wastewater treatment, and recycle/reuse), full-scale outsourcing of operations and maintenance, and municipal services, including odor and corrosion control services, as well as leak detection, condition assessment and asset management and pressure monitoring solutions. In the Water Solutions and Services segment, we leverage our internal and external partners, and extensive service branch networks across the globe, including a rental fleet of transfer and treatment assets to serve our customers.

Measurement and Control Solutions

Water and energy utilities and industrial customers



Measurement and Control Solutions primarily serves the utility infrastructure solutions and services sector by delivering communications, smart metering, measurement and control capabilities and critical infrastructure technologies that allow customers to more effectively use their distribution networks for the delivery, monitoring and control of critical resources such as water, electricity and natural gas.

We also provide analytical instrumentation used to measure and analyze water quality, flow and level in clean water, wastewater and outdoor water environments. Additionally, we offer software and services which have been further enhanced by our Xylem Vue platform to enable a holistic view of the water cycle for our customers through cloud-based analytics, remote monitoring and data management with the purpose of optimizing their operating efficiency.

In the Measurement and Control Solutions segment, we generate our sales through a combination of long-standing relationships with leading distributors and dedicated channel partners, as well as direct sales depending on the regional availability of distribution channels and the type of product.

Driving impact across our value chain

As a leading global water solutions company, we are dedicated to advancing sustainable impact by empowering the people who make water work every day and their communities. We focus our sustainability efforts on one of the world's most urgent sustainability challenges: responsible stewardship of our shared water resources.

Sustainability is at the heart of everything we do. We view it as a driver of long-term value and a catalyst for positive societal impact. By integrating sustainability into our decision-making and daily operations, we create lasting benefits for our shareholders, customers, employees, and the communities we serve.

We promote sustainable impact across our value chain through proven water solutions and strong, collaborative partnerships with customers, colleagues, suppliers, and communities that drive positive environmental and societal outcomes and long-term value creation.

Customers

We partner with utilities and industries to address water scarcity, quality, resilience, and affordability. Through our broad product portfolio and technical expertise, we empower utilities serving both major cities and remote communities to optimize water and wastewater systems, supporting public health and environmental protection. We also provide integrated solutions to treat, transport, manage, and optimize water systems and improve operational efficiencies for industry and essential services.

Company

We operate our business with integrity and accountability, focusing on reducing environmental impacts, enhancing product quality and sustainability, and maintaining high standards for safety, well-being, and inclusion. Our workforce and operating practices are central to delivering innovative, reliable water solutions across the value chain.

Communities

Through our technologies, expertise, and partnerships, we support water stewardship and sustainable development in the communities where we operate. Through Xylem Watermark, we collaborate with nonprofit partners, customers, suppliers, business partners, and colleagues to expand access to clean water, sanitation, and water education. These efforts contribute to resilient, water-secure communities and long-term societal and economic well-being.

Our value chain

▲ Upstream



► Our own operations



▼ Downstream



1.2 Approach to sustainability

Sustainability is at the core of our business strategy, reflecting our belief that advancing environmental stewardship and contributing to a more resilient society are closely linked to long-term value creation.

As water challenges—from scarcity to emerging contaminants and climate issues—intensify, communities, regulators, and businesses worldwide are placing greater emphasis on water security, resilience, and responsible resource management. These growing pressures influence customer demand, regulatory expectations, operational priorities, and investment decisions across our markets.

Xylem is uniquely positioned to respond. Through innovative technologies and services, we empower customers to deliver clean water, treat wastewater, strengthen infrastructure resilience, create water and energy efficiencies, and protect public health. In doing so, our growth strategy is closely aligned with the most significant sustainability-related impacts, risks, and opportunities affecting our business and stakeholders.

Sustainability strategy

Three sustainability pillars guide our actions to improve water security and focus our efforts where we can create the greatest impact.



Decarbonize the water sector

Growing environmental and infrastructure challenges represent both a material risk and an opportunity to drive innovation in the water sector. As a technology partner to utilities, industrial water users, and municipalities, we work to reduce sector-wide greenhouse gas emissions while supporting customers' net zero transitions. Our own science-based targets aim to cut Xylem's carbon emissions by 2030, with an ambition to reach net zero by 2050.

Through collaboration with stakeholders across the water sector, we share knowledge, resources, and standards for low-carbon operations, and we continuously assess and report the environmental footprint of our material products and solutions, from lifecycle performance to end-of-life impacts. By embedding emission-reduction targets into operational planning and decision-making, we align both our internal operations and our external solutions with the broader decarbonization goals we seek to advance across the sector.



Accelerate corporate water stewardship

Increasing pressure on water resources creates increased urgencies—both operational risks and opportunities for communities and industries to advance more responsible and efficient water usage. Xylem's technologies help utility and commercial customers manage and address growing water demands, enhance reuse, and minimize environmental impact. Within our own operations and across our supply chain, we are actively strengthening water stewardship practices, improving water efficiency, and reducing environmental risks.

At the same time, we collaborate with customers, industry partners, and cross-sector initiatives to advance water stewardship and thought leadership, enabling communities, organizations, and governments to manage water resources more sustainably and resiliently.



Advance access to water, sanitation, and hygiene (WASH)

Limited access to clean water and safe sanitation affects billions of people worldwide, creating societal challenges and risks for community resilience. Xylem addresses these challenges by investing in technologies, partnerships, and programs that expand access to climate-resilient WASH solutions. Through strategic collaboration with nonprofits, governments, and the private sector, we help increase resources and funding to support sustainable water access initiatives.

Our colleagues contribute their expertise and volunteer time to strengthen program delivery and community impact. By designing and implementing solutions that mitigate water scarcity, improve public health, and enhance resilience, we support sustainable development in water-insecure regions while advancing our mission to enable safe and reliable water for all.



Sustainability reporting

Transparent and consistent sustainability reporting is a core element of our sustainability strategy. We report on our sustainability performance through our [annual sustainability report](#), which presents our approach to managing, monitoring, and reporting on sustainability matters as identified through a double materiality assessment.

We are taking a voluntary, phased approach toward compliance with the Corporate Sustainability Reporting Directive (CSRD) in advance of the effectiveness of these requirements, as applicable. Our reporting incorporates certain elements of the European Sustainability Reporting Standards (ESRS), including the principle of double materiality and structured disclosures on certain sustainability impacts, risks, and opportunities, though those disclosures are not yet comprehensive.

In addition, our annual reporting references the Global Reporting Initiative (GRI) Standards and is informed by the Sustainability Accounting Standards Board (SASB) standards, the recommendations of the Task Force on Climate related Financial Disclosures (TCFD), and the principles of the United Nations Global Compact. These frameworks guide the structure, comparability, and transparency of our sustainability disclosures.



For more information on our DMA process, scope, and identified material impacts, risks, and opportunities (IROs) please see pages 17–22 of our 2025 Sustainability Report.

Material topics

In early 2024, we completed our first double materiality assessment (DMA) in line with the requirements of the CSRD and the ESRS. The assessment identified and evaluated potential material impacts, risks, and opportunities (IROs) across our own operations and value chain. The terms “material” and “materiality,” as used in this framework are based on a different definition of materiality than that used in the United States federal securities laws.

Sustainability goals

Our sustainability goals translate our three strategic pillars into measurable, enterprise-wide commitments. They formalize how we address material impacts and risks, capture opportunities, and integrate sustainability across operations, innovation, and governance. By embedding these goals into planning, performance management, and accountability frameworks, we strengthen progress tracking and reinforce our long-term commitment to a sustainable, water-secure future.

In 2019, we set ambitious sustainability goals, called the 2025 Sustainability Goals. In response to a changing world with increasing resource demands, we have advanced our 2025 Sustainability Goals and established ambitious 2030 Sustainability Goals to expand our positive impact and strengthen resilience across our value chain. These goals include our 2030 science-based targets that were validated by the Science-based Target Initiative in December 2024. By broadening access to water solutions and deepening collaboration, we are embedding sustainability into everything we do while accelerating progress toward a more sustainable, water-secure future for all.

Xylem aligns its sustainability efforts with the United Nations Sustainable Development Goals (“SDGs”), a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The full SDG mapping is provided in the eligible project categories on pages 12–14 of this Framework.



Our 2030 sustainability goals



Decarbonize the water sector

42% reduction in absolute Scope 1 and 2 (market-based) emissions¹.



52% reduction in Scope 3 economic emissions intensity^{2,3}.



Reduce the economic emissions intensity associated with the use of our products by more than half, helping customers across the water sector decarbonize.



Publicly disclose lifetime environmental impacts for more than half of our products.



New Xylem products will be designed with sustainability embedded from the start.



Accelerate corporate water stewardship

Enable customers to reduce annual demand by at least 2 billion cubic meters.



Reduce Xylem's water economic intensity by 30%.



Reduce the water intensity of our supply chain through greater accountability of our high-impact suppliers.

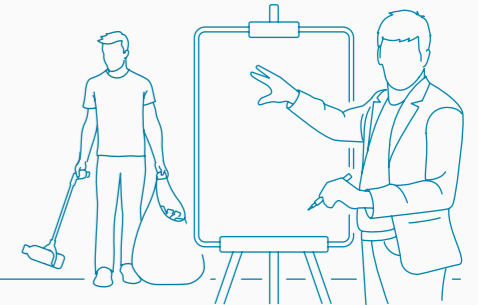


Advance access to water, sanitation, and hygiene (WASH)

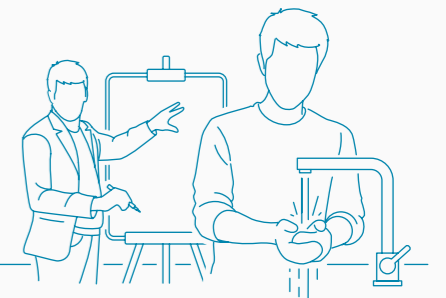
Improve water security for 80 million people by enabling climate-resilient WASH access and capacity-building in under-resourced, water-insecure communities by 2030.



Invest 30% of employee volunteering in applying employees' professional skills to build organizational capacity, developing our people while sharing expertise where it is needed most.



Engage strategic partners in more than 1,000 community activations that advance WASH access and resilience.



¹ 2030 science-based target validated by SBTi.

² 2030 science-based target validated by SBTi.

³ Scope 3 economic emissions intensity = Absolute Scope 3 emissions/Gross profit.

Sustainability governance

Robust governance structures are essential to the effectiveness and credibility of our sustainability programs, commitments, goals, and reporting. From our Board of Directors (Board) to our teams implementing sustainability across our businesses, we apply strong governance practices that provide oversight while remaining responsive to operational needs.

Xylem's executive leadership

Xylem's executive leadership, including the Chief Executive Officer (CEO), Chief People and Sustainability Officer, business Presidents, and other executives, lead execution of our sustainability strategy and progress toward related goals. The Chief People and Sustainability Officer oversees the implementation of sustainability commitments and reporting. The review of sustainability goals has also been integrated into the executive leadership's quarterly business reviews alongside financial and operational updates.

Sustainability performance is regularly reviewed through established governance committees:

- The **Sustainability Goal Deployment Committee** meets quarterly to review progress, challenges, and opportunities.
- The **Sustainability Reporting and Sustainable Finance Committee** advises on the green finance strategy and the refinement of sustainability reporting practices.
- The **Disclosure Committee** reviews proposed sustainability disclosures as part of the company's broader governance and oversight process.

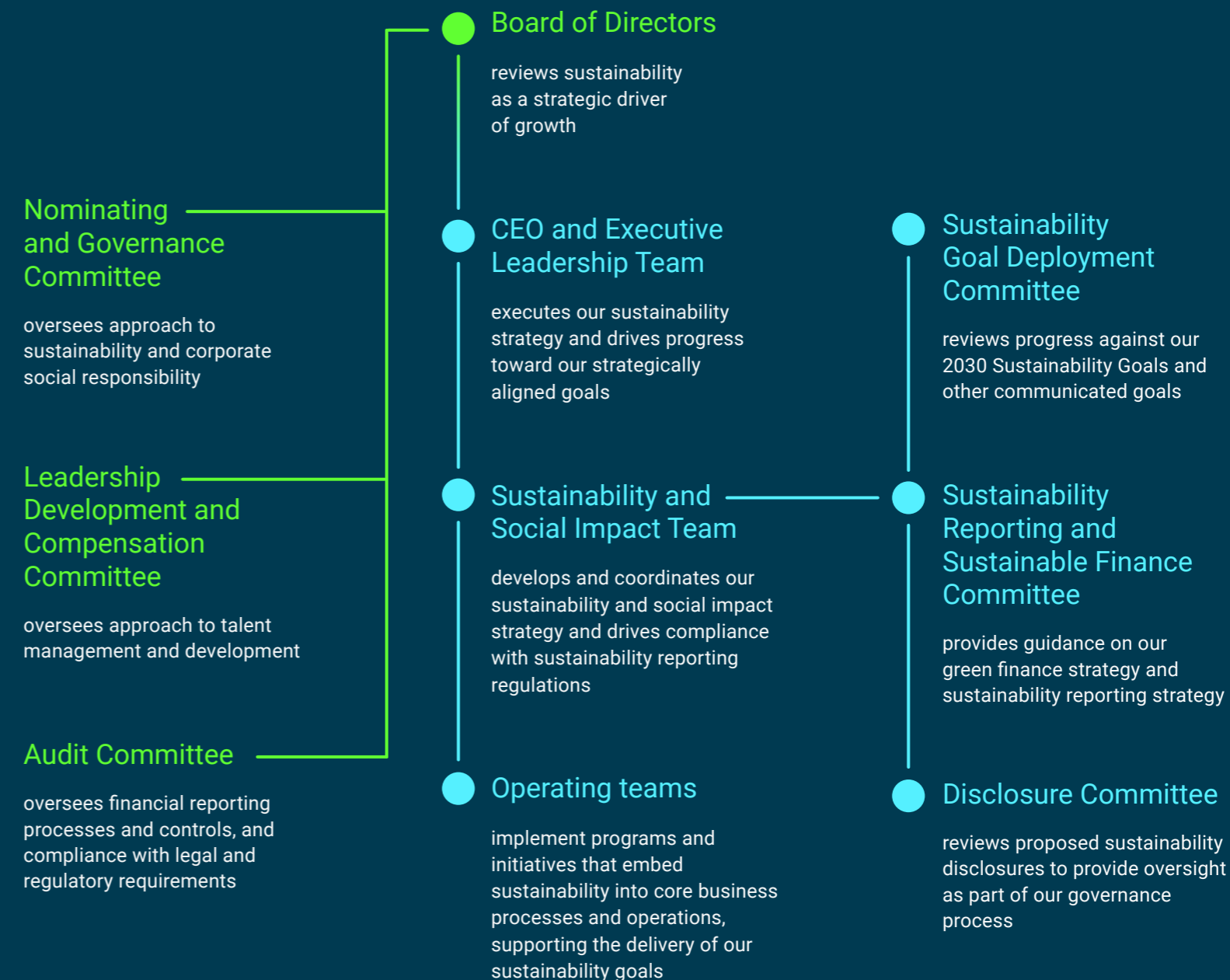
The CEO reports directly to the Board on sustainability matters. During the Board's annual strategy meeting, the CEO leads a detailed review of Xylem's strategic plans, including sustainability topics. Additional updates are provided during regular Board meetings. Sustainability informs strategy development across business operations, manufacturing, supply chain planning, and long-term resource considerations. The Board's Nominating and Governance Committee also reviews sustainability-related reporting strategies and progress toward sustainability targets and goals.

Xylem's Board

Strong sustainability governance starts with our Board. Our Board, primarily through its Nominating and Governance Committee, oversees Xylem's sustainability and corporate social responsibility programs. This committee also oversees business continuity, disaster recovery, crisis response, and compliance programs, including data privacy, conflict minerals, and environmental, health, safety, and security and trade compliance. The Leadership Development and Compensation Committee oversees executive compensation, including its linkage to sustainability performance, and our approach to human capital management. The Audit Committee oversees financial reporting processes and controls, compliance with legal and regulatory requirements, the business ethics and anti-corruption program, and the effectiveness of our [Code of Conduct](#).

Committees receive regular updates from management on matters within their purview and report their activities to the full Board. The full Board reviews sustainability as a strategic enabler of value creation and periodically reassesses committee responsibilities to maintain effective oversight amid evolving regulatory expectations. One Board meeting each year is dedicated to an in-depth review of Xylem's strategic plans, including our approach to sustainability and environmental, social, and governance (ESG) issues. At other meetings, the Board receives updates on strategy execution and sustainability progress.

Our sustainability governance structure



Existing sustainable finance commitment

Xylem has an opportunity to strengthen the connection between financial performance and sustainability through our sustainable financing initiatives. For more than a decade, we have worked to align positive environmental and societal outcomes with strong economic results, reinforcing our commitment to embedding sustainability at the core of our business strategy. In recent years, we have further advanced our sustainable financing programs and the key performance indicators that support them.

In 2021, we established a demand deposit account with yields linked to the achievement of our 2025 Sustainability Goals. In 2023, we entered into a five-year revolving credit facility featuring pricing adjustments tied to both Xylem's achievement of specific sustainability targets and our credit rating. Extending our commitment globally, we became an anchor investor in T. Rowe Price Emerging Markets Blue Economy Blue Bond Strategy fund in 2025, supporting water security initiatives aligned with our broader mission.

We continue to integrate sustainability into our supply chain finance agreements, providing incentives for participating suppliers to initiate or improve their EcoVadis or equivalent scores, further embedding environmental and societal considerations across our value chain.

These initiatives reflect Xylem's ongoing strategy to align capital deployment with sustainability outcomes, enabling measurable environmental and societal impact while maintaining strong financial performance.

We remain focused on identifying and expanding sustainable financing mechanisms that align with Xylem's mission, support long-term value creation, and accelerate positive impact across the communities and customers we serve.

We have updated the Framework to align the financing strategy with our three strategic pillars. We aim to turn water challenges into progress, a goal that directly aligns with the pillars of Blue Finance to support the global water cycle, as well as the activities and geographies that constitute the Blue Economy.

With this updated Framework, Xylem not only adheres to current market practice but also leads the way in financing solutions that address the world's growing water challenges. By doing so, we aim to act as a catalyst for thriving economies while ensuring reliable access to clean water for all.



Part 2 – Blue and Green Finance Framework

The Blue and Green Finance Framework (“the Framework”), is designed to align with the [ICMA Green Bond Principles of June 2025](#), the [LMA, APLMA & LSTA Green Loan Principles of March 2025](#) (together referred to as the “Principles”), and the [IFC’s Blue Finance Guidelines Version 2.0 of September 2025](#) where relevant and on a best-efforts basis.

Under this Framework, Xylem can issue **blue and/or green financing instruments** for which the net proceeds are earmarked to:

- **Eligible blue projects:** water-related expenditures covering water supply, water and wastewater collection and treatment, water security and efficiency, disaster preparation, resilience, and response, water monitoring, maritime activities, and aquatic biodiversity;
- **Eligible green projects:** low to zero carbon activities or activities that contribute to the decarbonization of operations and of the water sector;
- **A combination of both** eligible blue and green projects.

Blue and/or green financing instruments include public and private bond placements, and loans.

The Framework aligns with the 4 pillars of the Principles:

- **Use of proceeds**
- **Process for project evaluation and selection**
- **Management of proceeds**
- **Reporting**

2.1 Use of proceeds

An amount equal to the net proceeds from blue and/or green financing instruments issued by Xylem Inc. will be allocated to a portfolio of eligible projects across Xylem’s business segments and their respective products and services that are intended to provide clear environmental and economic benefits, contributing to five high-level environmental objectives as recognized by ICMA: climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.

The identified eligible categories and eligible projects align with Xylem’s sustainability strategy to address water challenges, and are organized into two macro-themes that reflect Xylem’s material strategic focus areas:

- 1 Water stewardship and access to water, sanitation and hygiene (WASH)**
- 2 Decarbonization of the water sector**

Eligible types of expenditures and investments:

- **Capital expenditures**
- **Operating expenditures**
- **Research and Development (“R&D”)** expenditures aiming at developing new products and solutions as per the eligible projects described in the Use of Proceeds section of the Framework
- **Equity investments for the acquisition of a controlling stake⁴** in “pure-players”⁵ whose shares are either not publicly traded, or that are newly issued in the primary markets

Lookback / Look forward period:

These projects can be new or existing projects that have been funded, acquired or developed within 3 years prior to issuance.

Xylem commits to allocate all net proceeds of any Blue and/or Green Financing Instruments within 24 months of issuance, on a best-efforts basis.








⁴ Exclusive or joint control on the acquired company, in which case Xylem establishes oversight of the acquired company and its assets. In the case of joint control, only Xylem’s share in the acquisition will be considered for allocation purposes.

⁵ Companies having at least 90% of revenue, or if not applicable, 90% of the balance sheet, derived from Eligible Projects described in the Use of Proceeds section of the Framework. The remaining 10% shall be consistent with the exclusion criteria stated in this Framework, or will be excluded following a pro-rata approach.



Eligible blue project categories








1 Water stewardship, and access to water, sanitation and hygiene (WASH)

Eligible category	ICMA category	Eligible projects and criteria	SDGs The following SDGs apply to all categories
Water and wastewater treatment	Sustainable water and wastewater management	<ul style="list-style-type: none"> Wastewater treatment and collection technologies, systems, equipment, and services within municipal, industrial, agri-business, commercial, and/or residential systems; Wastewater reuse projects demonstrating a reduction in water use/abstraction or prevent contamination of water bodies. <p>Such as: wastewater pumps and mixers; filtration, purification, and clarification systems and technologies; disinfection systems; monitoring systems.</p>	  
Water efficiency	Sustainable water and wastewater management	<p>Water efficiency technologies, systems, equipment, or services that reduce water footprint, optimize and improve water management and leakage control, and enable the recycling and reuse of water⁶.</p> <p>Such as: smart metering; digital platforms and sensors; close loop filtration; water leakage detection systems; water recycling solutions; etc.</p>	 
Water supply	Sustainable water and wastewater management	<p>Water supply technologies, systems, equipment, or services for:</p> <ul style="list-style-type: none"> Sustainable water extraction and supply; Sustainable desalination plants that protect groundwater depletion, promote the reduction of water abstraction, and do not create carbon lock-in. <p>Such as: technologies for efficient drinking water supply infrastructure, desalination technologies and services.</p>	 

⁶ Systems and technologies are intended to demonstrate an improvement of at least 10% per unit of service from a documented baseline, where feasible.








Water stewardship, and Access to water, sanitation and hygiene (WASH) *continued*

Eligible category	ICMA category	Eligible projects and criteria	SDGs
Pollution prevention and control	Pollution prevention and control	<p>Water supply technologies, systems, equipment, or services for:</p> <ul style="list-style-type: none"> • Decontamination or remediation of polluted soils groundwater, of surface water and its shores following accidental pollution, or of contaminated industrial plants or sites; • Material abatement of hazardous substances, mixtures or products; • Other specialised pollution-control activities; • Containment operations intended to limit or prevent migration of pollutants. <p>Such as: <i>removal of forever chemicals and contaminants.</i></p>	<p>The following SDGs apply to all categories</p> <p>6 CLEAN WATER AND SANITATION </p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE </p>
Transport and shipping	Pollution prevention and control; aquatic biodiversity conservation	<p>Maritime environmental technologies and systems for ballast water treatment, pollution prevention, recovery, and treatment at ports and terminals to prevent the improper discharge in marine ecosystems and the introduction of invasive species and/or marine growth.</p> <p>Such as: <i>ballast water treatment, bilge water pumping, dry dock drainage.</i></p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES </p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION </p>
Environmental monitoring	Environmentally sustainable management of living natural resources; aquatic biodiversity conservation	<p>Information systems, technology, and instruments deployed for monitoring, measuring, tracking, and reporting physical and chemical indicators of a water body to achieve, amongst others, water-related ecosystem restoration and disaster resilience or sustainable fishery and aquaculture management.</p> <p>Such as: <i>systems with drones, autonomous sailing vessels, autonomous underwater vehicles, and ocean buoys, among other technologies.</i></p>	<p>13 CLIMATE ACTION </p>
Disaster preparation and response	Climate change adaptation	<p>Technologies and systems that strengthen disaster preparation and remediation such as water availability monitoring, strengthening critical water infrastructure, safeguarding water security for communities in water-stressed regions, early warning systems, and flood control management.</p> <p>Such as: <i>reservoir and groundwater monitoring, decision intelligence platforms for flood modelling, stormwater pumps, portable pumps, etc.</i></p>	<p>14 LIFE BELOW WATER </p> <p>15 LIFE ON LAND </p>



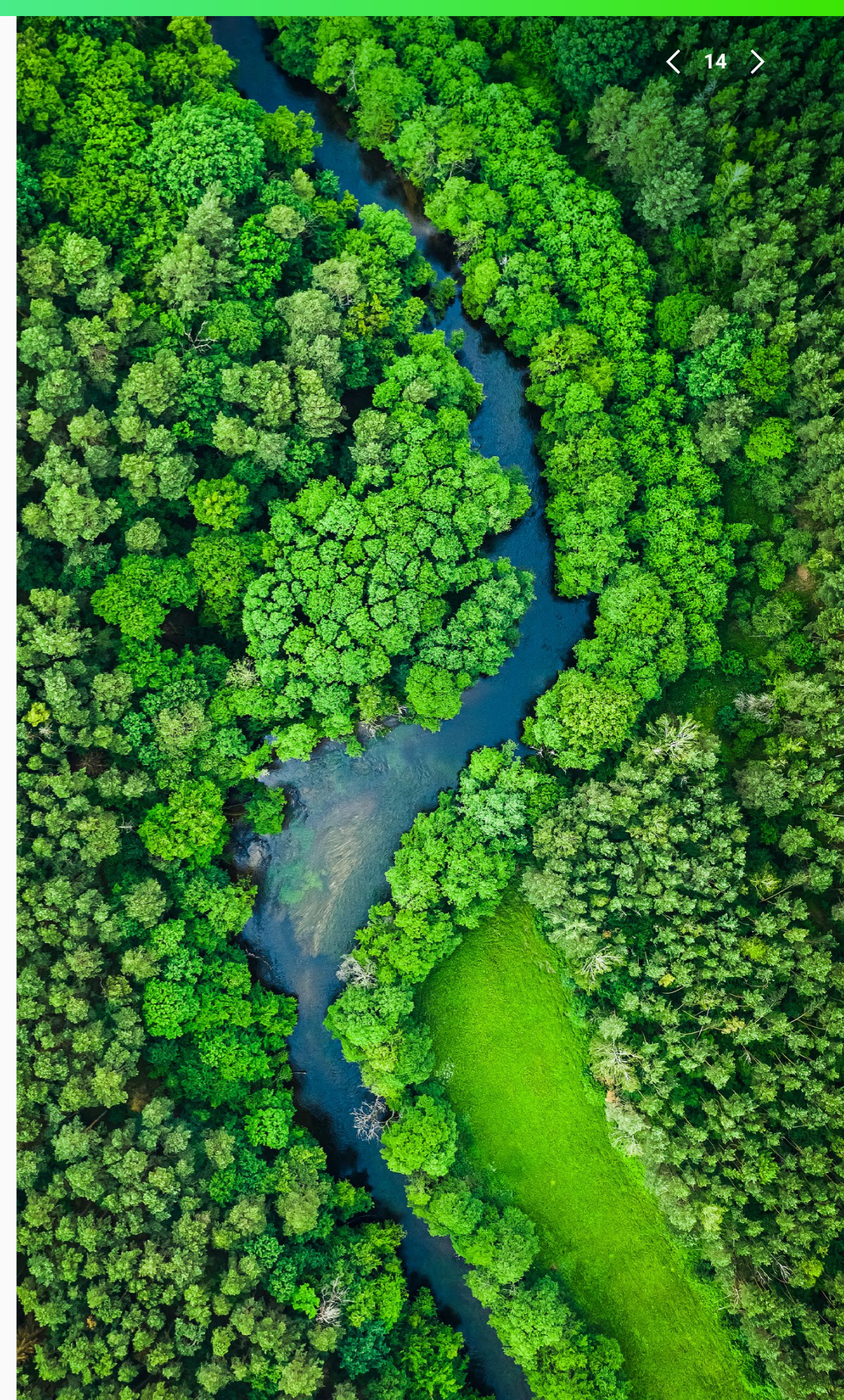
Eligible green project categories

2 Decarbonization of the water sector

Eligible category	ICMA category	Eligible projects and criteria	SDGs The following SDGs apply to all categories
Renewable energy	Renewable energy	Installation, maintenance and/or repair of renewable energy technologies and related equipment; procurement of renewable energy. Such as: solar, wind, hydropower that is either small-scale, run-of-river and/ or not exceeding 100 gCO ₂ /kWh.	6 CLEAN WATER AND SANITATION 
Energy efficiency	Energy efficiency	Equipment and technology that increase energy efficiency, reduce energy consumption, or reduce GHG emissions, or projects that help manage and store energy. Such as: application of LED lighting fixtures, heating, ventilation, and air conditioning (HVAC) optimization, building upgrades, heat recovery systems, vacuum distillation.	7 AFFORDABLE AND CLEAN ENERGY 
Clean transportation	Clean transportation	Procurement, operation and maintenance of dedicated low-carbon transport assets. Such as: zero-emission vehicles, hybrid-electric vehicles with emissions below the threshold of 50g CO ₂ /passenger-km, supporting clean transportation infrastructure such as electric charging stations.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
Circular economy	Circular economy adapted products, production technologies and processes	Projects which reduce and recycle waste recovered from manufacturing or processing to promote the circular economy. Such as: wood crushing sourcing, diversion of waste from landfills.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
			13 CLIMATE ACTION 

Expenditures or investments related to fossil fuels production and refining, and power generation from fossil fuels, controversial weapons, and tobacco are excluded from the scope of this Framework⁷.

⁷ Xylem's products and services serve a broad range of markets and industries. In cases where the end-users and beneficiaries of Xylem's eligible projects is not traceable, Xylem will allocate proceeds using a pro-rata approach based on the revenue generated from each industry vertical. Use of such pro-rata approach and the related methodologies for qualifying investments will be disclosed in Xylem's allocation report.



2.2 Process for project evaluation and selection

The Sustainability Reporting and Sustainable Finance Committee (the “Committee”) oversees the governance of the Blue and Green Finance Framework and the evaluation, selection, and monitoring of Xylem’s portfolio of eligible projects. The Committee is chaired by Xylem’s Sr. Director, Sustainability & Social Impact, and includes senior representatives from:

- Treasury
- Accounting
- Legal
- Sustainability
- Communications

Other representatives of Xylem may attend as required.

The Committee will report to, and be overseen by, Xylem’s Disclosure Committee. The Committee will seek to:

- Identify eligible projects in line with the criteria of this Framework;
- Review and monitor the ongoing compliance of eligible projects;
- Exclude eligible projects that no longer comply with the eligibility criteria or have been postponed, cancelled, divested, and replace them as soon as reasonably practicable, on a best-efforts basis;
- Monitor the internal processes to identify known material social and environmental risks/impacts associated with the eligible projects, and appropriate mitigation measures where required;
- Monitor and approve the annual blue and green financing reporting processes, external verification, and publication; and
- Review and approve the Framework and any changes proposed or made to it.

The Committee meets at least once per quarter.

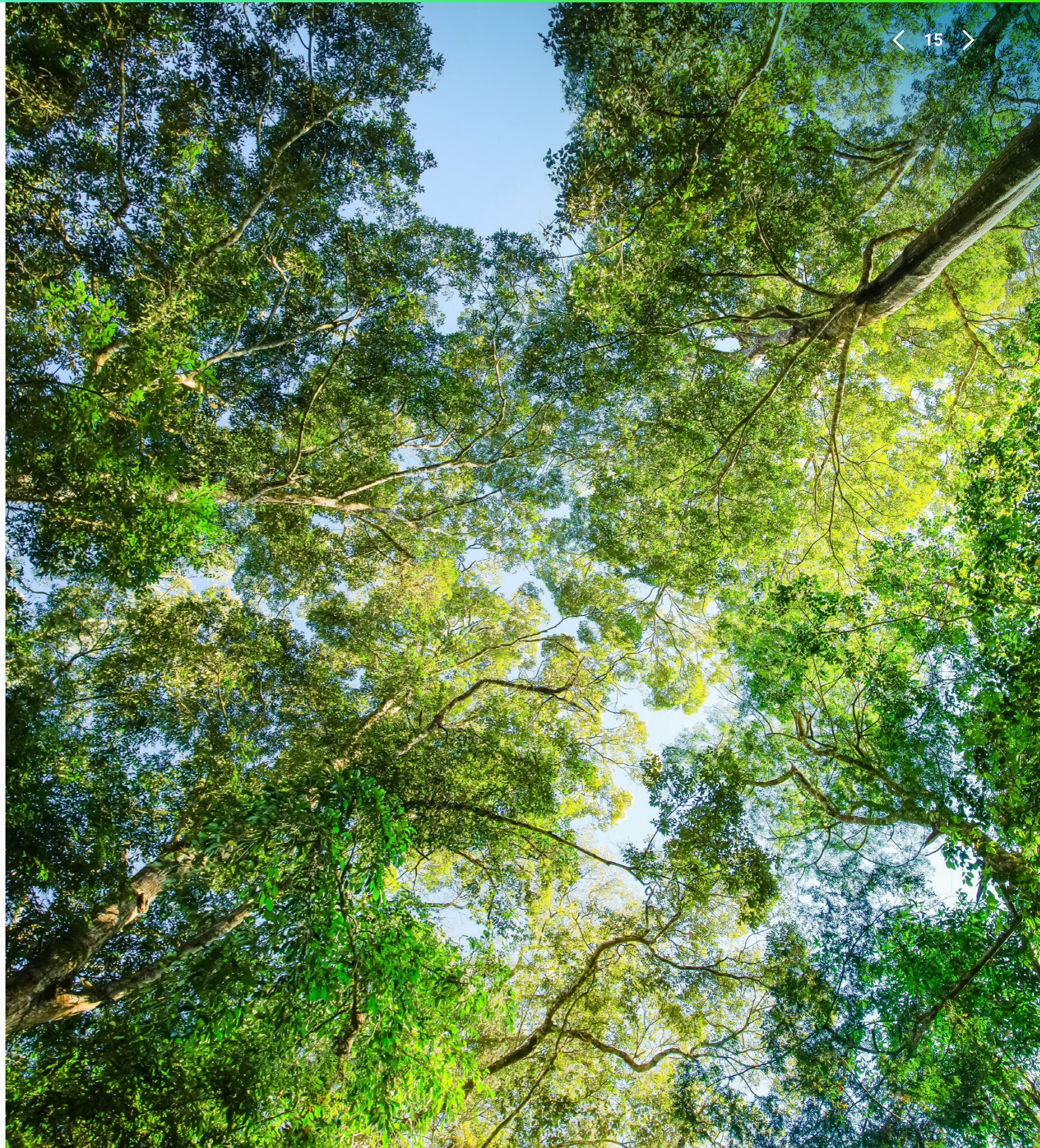
Xylem’s management conducts an enterprise risk management (“ERM”) program, which is an evergreen process using a widely accepted framework to identify, assess, monitor and communicate Xylem’s strategic, operations, financial, compliance and reputational risks, including sustainability risk. Xylem’s Board and its committees work with management, our independent and internal auditors, as well as other external advisors, to incorporate ERM into corporate strategy, including sustainability and business operations, including eligible projects. A discussion of how our Board oversees risk at Xylem can be found in our [2026 Proxy Statement](#).

2.3 Management of proceeds

Xylem intends to allocate an amount at least equal to the net proceeds from any Blue and/or Green Financing Instruments to a portfolio of Eligible Projects, selected in accordance with the criteria outlined in this Framework. The portfolio of Eligible Projects is tracked via an internal register.

Xylem will strive to allocate an amount at least equal to the net proceeds to Eligible Projects within 24 months of issuance. Xylem will substitute any projects that are no longer eligible as soon as practical once an appropriate substitution option has been identified, on a best-efforts basis. New Eligible Projects will be added to the Company’s portfolio to the extent required.

Pending the full allocation of the net proceeds from any Blue and/or Green Financing Instruments, Xylem will hold and/or invest the balance of net proceeds in its treasury liquidity portfolio, or in cash or other short-term and liquid instruments.



2.4 Reporting

Xylem will report the allocation of the net proceeds and the impact of the portfolio of eligible projects (“Blue and Green Financing Report”) within one year from the issuance date in the case of bonds and within one year from first drawdown in the case of loans, in both cases annually until the proceeds have been fully allocated, and as necessary in the event of material developments.

The Blue and Green Financing Report will be available on [Xylem’s website](#).

Allocation reporting

Xylem intends to report the allocation of the eligible projects at least at the category level, and to provide information on:

- The total amount of investments and expenditures in the eligible project portfolio, including a split by type of investments;
- The aggregated amount allocated to the eligible projects at category level;
- The regional distribution of eligible projects, if applicable;
- The balance of any unallocated proceeds;
- The share of financing and refinancing.

Impact reporting

Xylem intends to report on relevant environmental impact indicators and will include information on the methodology and assumptions used to evaluate such environmental impacts. Xylem intends to follow the recommendations outlined in the [ICMA Handbook – Harmonized Framework for Impact Reporting Green Bonds \(June 2024\)](#) and IFC Blue Finance Guidelines, on a best-efforts basis.

Examples of impact indicators that may be reported include but are not limited to the metrics on this page. Other impact measurements may be reported if needed.

2.5 External review

Pre-issuance review: Second party opinion

The Framework has been reviewed by Sustainable Fitch, which has issued a Second Party Opinion. The Second Party Opinion and the Framework are available on [Xylem’s website](#).

Post-issuance review: Report verification

Xylem intends to request for each Blue and Green Financing Report a verification report from an independent party on the allocation of the proceeds to Eligible Projects defined under the Framework.

Amendments to this Framework

We may review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market. The updates, if not minor in nature, will be subject to the prior approval of any qualified provider of Second Party Opinions. The updated Framework, if any, will be published on our website and will replace this Framework as to any subsequent blue and green financing.

Theme	Impact indicator
1 Water stewardship and access to WASH	<ul style="list-style-type: none"> • Water saved (m³ or kgal) • Wastewater treated (m³) • Reduction in water usage (%) • Water recycled or reused (%) • Sustainable or certified products produced (#) • Water collected and/or treated (m³) • Vessels with systems that include biodiversity-protection technology (#) • Improvements in water quality indicators • Stormwater treated (m³) • Area with monitoring systems (km) • Social co-benefit: # of people provided with clean water and sanitation solutions • Social co-benefit: # of beneficiaries benefiting from climate change adaptation solutions and/or newly implemented warning systems
2 Decarbonization of the water sector	<ul style="list-style-type: none"> • Installed capacity (MWh) • Annual GHG emissions reduced or avoided (ktCO₂e) • Annual energy savings (MWh or %) • Number of low carbon vehicles procured (#) • Waste collected, reused, recycled and/or diverted from landfills (tons or lbs.) • Materials that can be recycled at end-of-life (%)

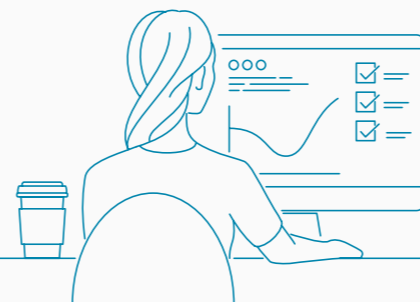
Disclaimer

The statements included in this document and the materials or websites they may cross-reference regarding future performance and results, expectations, plans, strategies, priorities, commitments, and other statements, including those related to our societal, environmental, and other sustainability goals, which are not historical facts are forward-looking statements within the meaning of the United States federal securities laws. Generally, the words “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “contemplate,” “predict,” “outlook,” “forecast,” “likely,” “believe,” “target,” “goal,” “objective,” “will,” “could,” “would,” “should,” “potential,” “may,” and similar expressions, or their negatives, may, but do not necessarily, identify forward-looking statements.

Forward-looking and other statements included or cross-referenced in this document regarding our environmental and other sustainability efforts, plans, and goals are not an indication that these statements are necessarily material to investors, to our business, operating results, financial condition, outlook or strategy, to our impacts on sustainability matters or other parties, or are required to be disclosed in our filings with the Securities and Exchange Commission (SEC) or other regulatory authorities, and are not intended to create legal rights or obligations. In addition, historical, current, and forward-looking social, environmental, and sustainability-related statements may be based on standards for measuring progress that are still developing; internal controls and processes that continue to evolve; third-party data, review, representations, or certifications; information from acquired entities, which may be subject to ongoing review, may not yet or ever be integrated into our reporting processes, and may not be reconcilable with our processes; and assumptions that are subject to change in the future.

Forward-looking statements are based upon current beliefs, expectations, and assumptions and are subject to significant risks, uncertainties, and changes in circumstances that are difficult to predict, often beyond our control, and that could cause actual results to differ materially from the forward-looking statements. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is provided in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025 and in subsequent filings we may make with the SEC, and includes changes in legal and regulatory requirements, business conditions, and stakeholder expectations. Readers of this framework are cautioned not to rely on these forward-looking statements since there can be no assurance that these forward-looking statements will prove to be accurate. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, and despite any historical practice of doing so. The information and statements in this document speak only as of the date of this document and are subject to change without notice.

Have a question?
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