xylem

2025 Climate Action Plan

Updated December 2025

About Xylem

Our purpose is to empower our customers and communities to build a more water-secure future. This includes working with customers on water's critical role in addressing the challenges of climate change and are dedicated to reducing greenhouse gas (GHG) emissions throughout our value chain. Together, we are helping to shape a net-zero future.

Document purpose

This Climate Action Plan summarizes our strategy for minimizing our value chain GHG footprint, 2024 TCFD analysis results, and climate-related risks and opportunities. This plan applies to all Xylem (XYL) businesses under our operational control, as well as how we interface with business partners, customers and other stakeholders.

In this document, we use the terms "legacy Xylem" and "legacy Evoqua," which refer to the business and operations of each legacy organization prior to Xylem's acquisition of Evoqua on May 24, 2023. Use of the term "Xylem" refers to the combined company.

Forward-looking statements

The statements included in this document and the materials or websites it cross-references regarding future performance and results, expectations, plans, strategies, priorities, commitments, and other statements, including those related to our social, environmental, and other sustainability goals, that are not historical facts are forward-looking statements within the meaning of the U.S. federal securities laws. Generally, the words "anticipate," "estimate," "expect," "project," "intend," "plan," "contemplate," "predict," "forecast," "likely," "believe," "target," "will," "could," "would," "should," "potential," "may" and similar expressions or their negative, may, but are not necessary to, identify forward-looking statements.

Forward-looking and other statements included or cross-referenced in this document regarding our environmental and other sustainability 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 are difficult to predict, often beyond and control, and that could cause actual results to differ materially from the forward-looking statements.

A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in "Item 1A. Risk Factors" in our Annual Report on Form 10-K, and include changes in legal and regulatory requirements, business conditions, and stakeholder expectations.

Readers of this document are cautioned not to rely on these forward-looking statements since there can be no assurance that these forward-looking statements will prove to be accurate. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, 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.

2024 Task Force on Climate-Related Financial Disclosures (TCFD) assessment

Our approach

We completed our first TCFD assessment in 2021. This assessment examined both transition risk (policy risk exposure) and physical risk under three climate pricing scenarios. Transition risks arise from decarbonization—such as policy or regulatory changes (e.g., carbon pricing, subsidies), technological shifts (e.g., adoption of renewables, electric vehicles), and societal pressures. Physical risks arise from climate-induced environmental changes, encompassing both chronic risks (long-term shifts in climate patterns, sea level rise, etc.) and acute risks (event-driven risks with increasing severity, such as floods, hurricanes, and wildfires).

In 2024, we completed our second TCFD assessment.[1] This assessment again evaluated both transition and physical risks across three climate pricing scenarios (low, moderate, and high) and two climate scenarios for physical risk (medium and high) with expanded scope. Our transition risk analysis now includes market and technology risk exposures, alongside policy risk exposure. We did not include reputational risk in our TCFD assessment due to the lack of established methodologies to quantify such impacts in a climate-specific and financially material way. We will continue to monitor stakeholder expectations and may incorporate reputational considerations in future disclosures as methodologies evolve.

Our physical risk assessment increased from 100 sites in 2021 to approximately 330 sites and now incorporates additional suppliers. Since the 2021 assessment, we have also set 2030 science-based targets, included in this review. Our 2030 science-based targets were officially validated by the Science Based Target initiative in December of 2024 and include an updated baseline to reflect our 2023 acquisition of Evoqua.

The 2024 TCFD assessment includes Scope 1, 2 and upstream Scope 3 emissions. While downstream Scope 3 emissions (Category 11, Use of Sold Products) are our largest category of emissions, we assumed risk related to emissions would be primarily absorbed by our customers and not included in the financial risk assessment detailed here. Nonetheless, partnering with our customers to reduce emissions related to the use of our products remains a key priority of our decarbonization strategy and is included in our 2030 and 2050 targets.

Low Price
IEA STEPS Scenario
2.4°C
The Stated Policies Scenario (STEPS) offers an overview of how energy systems are likely to evolve, based on a thorough analysis of current policies. The outcomes in the STEPS are shaped by a detailed review of policies and measures that are already implemented or are planned to begin soon.

High Price
IEA NZE Scenario
1.5°C
The Net-Zero Emissions by 2050 Scenario (NZE) outlines what actions are needed, by whom, and by when, across key sectors to achieve net-zero CO2 emissions from energy and industrial processes by 2050.

Moderate Price
IEA APS Scenario
1.7°C
The IEA Announced Pledges Scenario (APS) assumes that governments will fully and promptly deliver on all their announced climate commitments, including long-term net-zero targets and pledges outlined in their Nationally Determined Contributions (NDCs).

[1] Our 2024 assessment incorporated Evoqua Water Technologies Corp. into our analysis, following the acquisition of the company in 2023.

Identified climate-related risks and opportunities

A range of climate-related risks were assessed for potential adverse impacts on our business. Physical risks from climate change may be acute, stemming from intensified extreme weather events such as cyclones, droughts, floods, and fires, or chronic, involving longer-term shifts in precipitation, temperature, and variability in weather patterns, including sea level rise.

Climate-related risks can also be associated with the transition to a lower-carbon global economy. The most common of these relate to policy and legal actions, technology changes, market responses, and reputational considerations.

Our key climate-related **risks** identified include:

Technology and competitive market changes

Our competitive position and future growth rate depend on our ability to provide innovative solutions that meet customer needs and market demands. Specifically, in relation to climate-related market changes, several factors could impact our competitive position. To overcome these challenges, we need to: (i) innovate, develop and maintain competitive and secure products and services, as well as business models and customer experience, to address emerging climate-related regulations and trends, (ii) continue to invest in our supply chain, operations and facilities to build resiliency to potential impacts from climate change, and (iii) continue to partner with an external ecosystem of partners and industry organizations to advocate for accelerated adoption of low-carbon energy solutions to power our technology in use.

Failure to adapt our technologies, products, or services to meet customers' climate-related needs, comply with new governmental regulations or policies, or address slower-than-expected customer adoption and investment could negatively impact our competitive position.

Carbon pricing mechanisms

Future implementation of carbon pricing mechanisms, such as emissions trading schemes, carbon taxes, and fuel taxes, whether through government regulation or voluntary markets, poses a potential risk to us. The uncertainty and variability in the adoption speed and levels of these carbon prices across different countries and regions could impact our greenhouse gas (GHG) reduction strategies. This variability may affect how we prioritize and pace our efforts to meet specific regional or category-based pricing mechanisms.

Supply chain disruptions (due to climate change)

Our facilities and operations depend on a complex, highly reactive global supply chain, including single- or sole-source suppliers, distributors, contract manufacturers, utility providers, logistics and critical business partners. Disruptions or delays within our supply chain may be caused by events such as natural disasters, extreme weather events or other impacts of climate change and may adversely affect our operations or those of our key partners.

Increased severity and frequency of extreme weather events

The increasing severity and frequency of extreme weather events and conditions, along with related government mitigation efforts, may introduce volatility to our markets, impacting our business, operations, and financial results. Globally, the frequency and severity of weather events are rising, leading to unpredictable conditions such as flooding, droughts, and temperature fluctuations. These conditions can have both positive and negative effects on different parts of our business. Severe weather and climate-related impacts have already caused, and may continue to cause, disruptions to our facilities and operations, and to those of our customers and suppliers.

Current and emerging regulations and reporting requirements

Unforeseen environmental issues could impact our financial position or results of operations. Our business operations, products and service offerings are subject to and affected by many federal, state, local and foreign environmental laws and regulations, including those enacted in response to climate change concerns. Changes in environmental laws or the implementation of mandatory climate-related reporting requirements have imposed and could further impose limitations on on our operations or increase compliance costs.

Sustainability goals, targets, and objectives

We have set and will continue to develop sustainability goals and objectives, including science-based targets aligned to the Paris Agreement, aimed at limiting global temperature rise to 1.5°C above pre-industrial levels by 2030 and achieving net-zero GHG emissions (Scopes 1, 2, and 3) by 2050. Meeting these commitments is likely to require evolving and innovating our product portfolio and sales mix to less energy-intensive product lines, expanding capital investments, and developing currently unavailable technologies. These efforts may lead to increased expenses or impairment charges. Additionally, there is also risk of reputational damage or financial loss resulting from stakeholders who may disagree with our climate initiatives. The process of researching, setting, achieving, and reporting on these targets involves operational, reputational, financial, legal, and other risks. Success depends on factors outside our control, including technological and infrastructure progress, widespread adoption of low carbon energy sources, access to funding, and suppliers that meet our sustainability standards.

Our key climate-related **opportunities** include:

Increased revenues resulting from increased demand for resilient solutions

The increasing frequency and severity of weather events may increase global demand for products and services related to flood and drought response. The growing threat of extreme weather also heightens the need to upgrade existing infrastructure to provide reliable water access during emergencies. As public and private entities prepare for climate challenges, demand for our water, wastewater, and resiliency solutions and services may grow. The transition to a low-carbon economy is likely to further drive the demand to modernize energy-intensive water and wastewater systems. Our customer base is diverse, spanning utility, industrial, and building solutions end users, who rely on our technology and expertise to address these challenges and mitigate climate change impacts on their water infrastructure.

Increased revenues through expanding markets

To the extent climate change disproportionately impacts regions with vulnerable water systems, it could create opportunities for us to expand in markets that need sustainable water infrastructure to adapt. Global trends, including stricter environmental regulations, population growth, and urbanization, are increasing the demand for efficient, resilient water solutions. These factors, combined with climate change-driven water scarcity and extreme weather events, are straining aging infrastructure and disrupting water supplies.

At Xylem, we believe that we are well-positioned to meet these challenges with solutions that improve water productivity, quality, and resilience. This includes advanced sensing technologies and data analytics to optimize water use and support sustainable infrastructure development, especially in climate-impacted emerging markets.

Sustainability goals, targets, and objectives

Xylem's sustainability commitments align with global efforts toward carbon mitigation and adaptation, enhancing our reputation as a leader in corporate responsibility. These goals may position us to attract investors, customers, and partners by offering solutions that help communities and industries adapt to climate change—such as advanced water management, flood control, reduced operational emissions and drought response systems. Ultimately, these sustainability goals may enable us to drive long-term growth in a rapidly evolving market, particularly in the transition to a low-carbon and climate-resilient economy.

Partnerships for climate action

Collaborating with public and private organizations focused on sustainability and climate adaptation allows us to play a central role in collective climate action, creating growth opportunities through joint ventures and strategic projects.

Water regulation

Stricter water quality regulations may create significant opportunities for us. These regulations drive the need for advanced treatment solutions, innovative monitoring systems, and more efficient water management technologies—areas where we excel. As our customers strive to meet higher compliance standards, the demand increases for cutting-edge technologies to advance safe, clean water, which may grow our business.

2024 TCFD analysis results

Transition risk

Policy risk

Carbon pricing risk projections and our emission-reduction targets indicate that in 2030, carbon pricing from policy, taxes, or regulatory mechanisms could range from $18.32M (low carbon pricing scenario) to $28.07M (high carbon pricing scenario) per year for our company. As projected emissions continue to decrease, our carbon pricing risk exposure also decreases.

This compares to our 2021 risk assessment, which resulted in a range of $50M (low carbon pricing scenario) to $195M (high carbon pricing scenario) per year by 2030. The reduction in transition risk is primarily due to setting and progressing towards our 2030 GHG-reduction targets.

Our most significant carbon pricing risk is within our global supply chain. Upstream Scope 3 emissions account for approximately 86% of carbon pricing risk for us in 2025.[2]

Regionally, our direct operations in the United States have the highest exposure to potential carbon pricing risk, where our largest operational footprint, and therefore carbon footprint, exist. There is a low level of carbon pricing in place in the U.S. Future implementation of carbon pricing would therefore have the greatest financial impact in the U.S. relative to other regions where we operate.

Market Risk

Our market risk assessment identified the suppliers and customers that present the greatest market risk exposure to carbon pricing in 2030, measured in the percentage of Xylem's EBITDA at risk under carbon pricing scenarios. This analysis provides better visibility into potential supplier spend categories that may be at higher risk. As appropriate, we will be including this potential risk in conversations with suppliers and will co-develop mitigation efforts with our partners.

Technology Risk

Examples of climate-related technology risk include substitution of existing products and services with lower emissions options, and increased costs to transition to lower emissions technology. Technology risk analysis was based solely on publicly available information. Although examples of low-carbon and "green" products produced by Xylem were identified, overall results suggest this as an area of opportunity for us. We expect to see increased clarity regarding technology risk assessments as we continue to align to the EU Taxonomy in the coming years.

Physical risk

Our TCFD physical risk analysis considered two climate scenarios - medium and high emissions - over decadal intervals from the 2020s to the 2090s. The physical hazards we analyzed include coastal flooding, pluvial flooding, fluvial flooding, extreme heat and cold, tropical cyclones, wildfire, water stress, and drought.

Medium Emissions: Strong mitigation scenario in which total greenhouse gas emissions stabilize at current levels until 2050 and then decline to 2100. This scenario is expected to result in global average temperatures rising by 2.1–3.5°C by 2100.

High Emissions: Low mitigation scenario in which total greenhouse gas emissions triple by 2075 and global average temperatures rise by 3.3–5.7°C by 2100.

Our physical risk results indicate that our exposure to all climate hazards is expected to remain low through 2030 under both the medium- and high-emissions scenarios. As we approach 2050, exposure to drought and temperature extremes is expected to increase to a moderate level of risk exposure. Temperature extremes present the largest financial risk in the medium- and high-emissions scenarios, primarily in our manufacturing facilities within the U.S. Drought and water stress also are risk drivers, but to a lesser extent. Our top facilities by physical risk are in Australia, Chile, India, and the U.S. Overall, both the medium- and high-emissions scenarios confer low financial risk. We also evaluated our top 100 suppliers (by spend) for physical risk exposure under the same emissions scenarios used for our own operations. Most of our spending in 2023 went to suppliers with low physical risk.

In the 2030s, our expected average annual loss from climate hazards affecting our physical facilities or our revenue does not exceed 5% of total assets. We will continue to prioritize risk mitigation in our highest-impact facilities via our business continuity and risk management planning processes, and actively engage with suppliers who present higher physical risk.

[2] This TCFD analysis did not assess downstream carbon pricing risk as standard practice.

Climate governance

The Nominating and Governance Committee of our Board of Directors has oversight of Xylem's sustainability strategy and programs. The Committee reviews our sustainability strategy and performance against our internal and external commitments annually.

The Chief People & Sustainability Officer has operational oversight of our climate governance, while the Chief Executive Officer and all senior leaders are accountable for operational execution. We embed sustainability and climate oversight throughout our operations, tying targets and key performance indicators (KPIs) to the achievement of sustainability metrics and goals, which holds every area of our business accountable for our progress. This includes finance efforts tied to sustainability KPIs, a special one-time Performance Share Unit (PSU) grant for executives, and as appropriate, additions of sustainability-related KPIs in compensation.

Climate-related risk management

Our risks are managed through a comprehensive Enterprise Risk Management (ERM) program with five key components: Risk Appetite and Strategy, Governance and Organization, Policies and Procedures, Risk Management Process, and Monitoring and Reporting. This ERM program captures, assesses and monitors risks and mitigation plans on an ongoing basis.

Each risk is assigned a score for i) severity of impact, ii) likelihood of occurrence, iii) preparedness of controls/vulnerabilities, and iv) speed of onset. Each is then placed on a heat map to highlight relative importance. Each component is reviewed and updated periodically to determine if and how its intrinsic risk profile has changed as our business and strategy evolves. As appropriate, Risk Factors are disclosed in "Item 1A. Risk Factors" of our annual 10-K filing, or in subsequent SEC filings, in line with SEC requirements.

Sustainability- and climate-related risks are reviewed as part of the ERM process. Inputs from our TCFD analysis are considered in risk mitigation plans. We recently conducted a double materiality assessment in preparation for the European Corporate Sustainability Reporting Directive (CSRD) requirements. This process, guided by European Sustainability Reporting Standards (ESRS), helped us identify additional potentially relevant sustainability topics for our sustainability program. For more on our material topics, see our 2024 Sustainability Report.

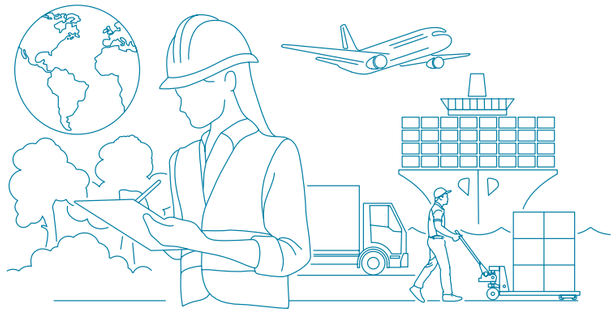
Site-specific risks are reviewed via our Business Continuity Planning process, completed by each site. This process includes incorporating climate-related risks as appropriate.

Our sustainability strategy

Sustainability flows through every aspect of our business—from our own operations to the solutions we provide customers that impact communities around the world. Setting high sustainability standards enables our business growth and the achievement of our purpose to empower customers and communities to build a more water-secure world.

Supply Chain

Collaborating with suppliers to build a responsible, resilient and transparent supply chain, while supporting their sustainability efforts.

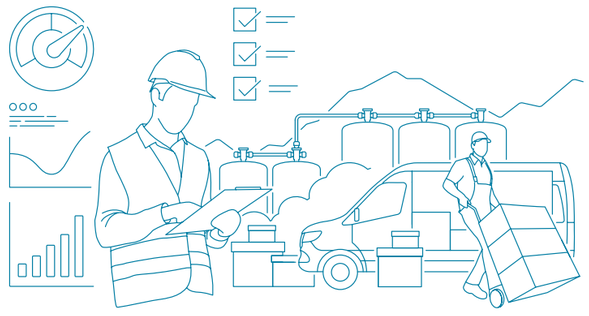


Operations

Operating with integrity, reducing our environmental impact, prioritizing health, safety and well-being, and fostering employee growth in a respectful and inclusive workplace.

Product

Delivering products that enable our customers to reduce their environmental impact, while upholding our commitment to product safety and lowering our product's environmental footprint.



Customers

Enabling our customers to reduce water scarcity and loss, while optimizing water systems to make water more affordable through our wide range of products and application expertise.

Sustainable finance

Leveraging our leadership in sustainability to develop attractive and sustainable financial strategies.

Communities

Promoting sustainability and water stewardship globally through thought leadership, innovative solutions, technical expertise, community partnerships, and a commitment to youth education.

Climate mitigation, metrics, and targets

Climate change is contributing to increasing risk of water insecurity for communities and businesses. We have set commitments intended to help mitigate climate change and accelerate adaptation practices.

In 2019, we announced wide-ranging 2025 sustainability goals. In 2024, we announced 2030 water goals that showcase our commitment to advancing a more water-secure future. Our 2030 goals comprise three strategic pillars: decarbonize the water sector, accelerate corporate water stewardship, and advance WASH (Water, Sanitation, and Hygiene) access for all.

We will continue to evolve these commitments, focused on how we can advance the sustainability of Xylem and our customers and communities.

Our sustainability goals and commitments are detailed in our 2024 Sustainability Report.

Our 2023 five-year revolving credit facility is tied to performance against our 2025 Sustainability Goals. Targets include measuring and reducing greenhouse gas emissions across the company's operations and supply chain and enabling customers' carbon footprint reduction with Xylem products.

Our strategic pillars

Three strategic pillars guide our actions to achieve Xylem's ambitious sustainability goals. They address some of the greatest challenges our stakeholders face and highlight where Xylem and our solutions play a unique role in creating lasting, positive impact.

Decarbonize the water sector

We believe the water sector has a key role in supporting global efforts to reduce GHG emissions. Striving to lead by example, we developed **1.5°C-aligned 2030 science-based targets for Xylem's Scope 1, 2, and 3 GHG emissions** and are committed to reaching **net-zero by 2050**. In 2024, our science-based targets were validated and approved by the Science Based Targets initiative (SBTi).

Accelerate corporate water stewardship

Our role in supporting the efficient use of critical water resources across industries is reflected in our ability to help customers reduce water demand in their operations. By the end of 2030, we aim to **enable our customers to reduce at least 2 billion cubic meters of annual water demand.**

Additionally, we are committed to **reducing our own water intensity by 30% and driving greater accountability among high-impact suppliers to lower water intensity across our supply chain.**

WASH access and capacity building

Through technology, expertise and partnerships, we aim to improve water security for **80 million people by the end of 2030** by enabling **climate-resilient WASH access and capacity building** in under-resourced, water-insecure communities.

Metrics and targets to manage climate-related risks and opportunities

We remain committed to achieving net-zero emissions by 2050 and meeting our interim science-based targets by 2030 for Scopes 1, 2 and 3, aligned to the 1.5-degree scenario.[3]

Our SBTi-approved 2030 science-based targets are as follows, against a 2023 baseline:

42%

Scope 1 and 2 absolute reductions

52%

Scope 3 economic intensity reduction[4]

To enable us to achieve both our interim 2030 science-based targets and 2050 net-zero commitment, there are a few primary drivers of reduction. The following section details our mitigation efforts to address Scopes 1, 2, and 3.

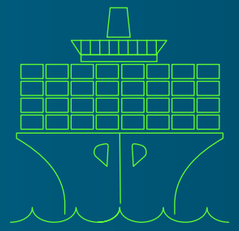
Decarbonizing our value chain

Upstream **Scope 3** (indirect)

Purchased goods and services

Capital goods

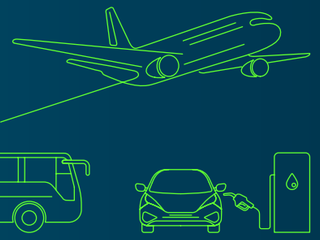
Fuel and energy-related activities



Upstream transportation & distribution

Waste generated in operations

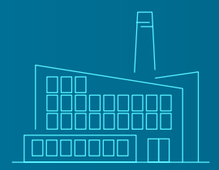
Business travel



Employee commuting

Our own operations **Scope 1** (direct) **& 2** (indirect)

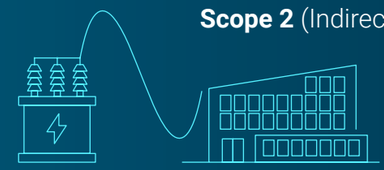
Scope 1 (Direct)



Xylem facilities

Xylem fleet

Scope 2 (Indirect)



Purchased electricity

Purchased heat

Downstream **Scope 3** (indirect)

Downstream transportation and distribution

Use of sold products

End-of-life treatment of sold products

Downstream leased assets

Investments

[3] Following the acquisition of Evoqua in 2023, we resubmitted our 2030 targets with a 2023 baseline. Our 2030 science-based targets have been validated and approved by the Science Based Target initiative (SBTi) as of December 2024.

[4] Scope 3 economic intensity = absolute Scope 3 emissions/gross profit.

Scope 1 & Scope 2 emissions

Scope 1 emissions are direct GHG emissions from sources controlled or owned by Xylem (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles, etc.). Scope 2 emissions are indirect GHG emissions from energy purchased by Xylem. We report both Scope 2 location- and market-based calculation methodologies, and our science-based targets are tied to market-based reporting. Most Scope 1 emissions originate from our vehicle fleet, while Scope 2 emissions are primarily due to purchased electricity.

To achieve a 42% reduction in our Scope 1 and 2 emissions, we expect that we must transition our fleet to greener alternatives and increase use of renewable energy at our facilities. To see our latest emissions data, please refer to our 2024 Sustainability Report.

Scope 1

Mitigation techniques:

- Most Scope 1 emissions reside within our fleet. Transitioning to a lower-emissions fleet would include leveraging EVs/hybrid vehicles, reducing vehicle size as appropriate, and identifying alternative fuels. These mitigation techniques are expected to be critical to our achievement of our 2030 science-based targets.

Challenges:

- As part of our strategy to increase water services for customers, we have a growing number of heavy-duty commercial vehicles to provide essential services. Our acquisition of Evoqua included a sizable services business, significantly adding to our vehicle fleet. These heavy-duty vehicles are currently more difficult to transition to EV or hybrid options.
- Our fleet transition is well-advanced in Europe and other regions. Following the acquisition of Evoqua, however, much of our fleet is now located in North America, where charging infrastructure is more limited. If the availability of EV/hybrid vehicles slows in the U.S., and/or charging infrastructure does not significantly improve, this may challenge our ability to reduce Scope 1.

Priorities to 2030:

- Increase adoption of fleet telematics, providing more detailed data on driving habits and emissions.
- Where appropriate, downsize fleet options to vehicles that meet customer needs with lower associated emissions (i.e., downsize a sales vehicle from a pickup to an SUV).
- Adopt EV/hybrid vehicles while still meeting customer needs.
- Investigate and pilot alternative fuel sources.

Scope 2

Mitigation techniques:

- We use renewable electricity, including solar, hydro, or wind power, that is either direct (generated on-site) or indirect (purchased from the grid). We also use renewable heat and renewable energy credits (RECs). We purchase certified RECs, which support renewable electricity development, for our facilities where renewable energy purchase or on-site generation is not presently achievable due to regulations or geography. These RECs are purchased to reduce Scope 2 emissions in our footprint.
- With strategic renewable energy purchases, we have effectively greened our energy profile in a cost-effective manner, particularly at facilities lacking access to renewable energy sources.
- In 2024, nearly 80% of our total electricity came from renewable sources.

Challenges:

- Challenges remain relating to reducing the emissions associated with heat production at facilities. REC options for these facilities may be far more limited, or price prohibitive.
- We made significant strides in reducing Scope 2 emissions from 2019 to 2024. However, to incorporate Evoqua in our 2030 targets, we have moved our baseline year from 2019 to 2023, essentially losing the gains already made. The most challenging sites comprise the areas of reduction that remain.
- Need for consistent renewable energy resources.

Priorities to 2030:

- Continue wide spread adoption of renewable energy across facilities, including particular focus on legacy-Evoqua sites.
- Further development and adoption of a company-wide energy procurement policy to support local purchasing teams' efforts to find renewable options beyond RECs where available and appropriate.

Scope 3 emissions

Scope 3 emissions are indirect GHG emissions occurring from assets not owned or controlled by Xylem but directly affected by our value chain. Emissions from customers' use of our products (Scope 3, Category 11) account for over 95% of total emissions across our value chain, as of 2024. The most significant portion of Scope 3 emissions arises from the use of sold products (Category 11).

Scope 3, Category 11 is our largest category, and is directly tied to our revenue. A significant portion of our portfolio is designed to treat, move, and manage water resources, delivering critical benefits such as environmental protection, clean drinking water, and sanitation. These products predominantly rely on electricity to operate, often running for many hours daily and typically having long life cycles, exceeding 10 years.

Following the GHG Protocol's methodology, the majority of Category 11 emissions are calculated based on the average power draw (kW) and time of use (hours per day). These factors are multiplied by the emissions factor of the country where the products are sold.

The approximate share of emissions for each of our reportable business segments may fluctuate annually based on factors such as sales volume, product mix, and the execution of large projects. In our reported emissions for 2024, our Applied Water and Water Infrastructure segments comprise most of our Scope 3, Category 11 emissions. Notably, the Custom Pump portfolio within our Water Infrastructure segment can contribute more than 20% of total Category 11 emissions in a given year (based on 2024 emissions). This set of solutions includes very large pumps, often deployed in large-scale projects in regions such as China or India. A small handful of projects can significantly influence total Category 11 emissions. The Water Solutions and Services segment and the Measurement and Control Solutions segment make up a small portion of these emissions (less than 5%).

Emissions associated with Scope 3, Category 11 account for the destination country of our products sold, and regional emissions factors can significantly affect use-phase emissions of our products. For instance, a large installation in India, with its higher regional emissions factor, will have a much bigger emissions footprint compared to the same project installed in certain parts of Europe or other regions with lower emission factors.

We continue to identify opportunities to enhance the accuracy of our Scope 3, Category 11 emissions reporting by refining the values and methods used in our calculations, leveraging the best available equipment usage data. As available, we will update values to reflect improvements in methodology towards more precise and reliable reporting.

Intensity-based target:

Our Scope 3 reduction target is based on economic intensity reduction, committing to a 52% reduction in economic intensity, or [absolute Scope 3 emissions] / [Xylem gross profit].

For a detailed breakdown of Scope 3 categories, please see our 2024 Sustainability Report.

Scope 3

Mitigation techniques:

- To address our most significant emissions source, the use of sold products (Category 11), we are focused on reducing the absolute emissions of our products by a) accelerating development and adoption of higher-efficiency motorized products, b) accelerating adoption of variable-frequency drives and digitally enabled solutions that reduce the operating load of installed products, and c) in the future partnering with customers on procuring low-carbon energy to operate our solutions.
- For upstream emissions, we are working with key suppliers to monitor and reduce their operational emissions.
- Additionally, we will continue to engage in advocacy for low-carbon energy adoption, which ultimately should reduce the regional emission factors used to calculate Scope 3, Category 11. We anticipate a significant percentage of our Scope 3 intensity target to be linked to the availability of low-carbon energy.

Challenges:

- Given the large project nature of some of our solutions, a few large projects can have outsized impact to our Scope 3, Category 11 portfolio.
- Delayed transition to low-carbon energy solutions, slowing reduction in global electricity grid emissions factors.
- Should economic conditions change, such that high-margin, low-emission solutions (such as digital products and services) do not grow as anticipated across our enterprise, our economic intensity target may not reduce at the pace required.

Priorities to 2030:

- Continue research and investment in higher-efficiency motors and digitally enabled solutions to reduce operational emissions.
- Research opportunities to partner with customers in procuring low-carbon energy sources to run our solutions.
- Leverage partnerships to continue advocacy for global low-carbon energy adoption.

Our path to net zero

Actions pre-2020

In 2014, we committed to reduce operations-related emissions by 20% by 2019. A reduction of 28.3% was achieved during this time.

In 2019, we committed to an ambitious set of 2025 Sustainability Goals, identifying 22 major facilities to focus on to reach the company's net-zero commitment. In addition, we made commitments to green large portions of our fleet and continued to report on Scope 1, 2, and 3 emissions.

Actions 2020–2030

Legacy-Xylem sites reduced absolute Scope 1 and 2 (market-based) emissions by 40% in 2023 vs 2019. In 2021, we committed to setting science-based targets aligned to a 1.5°C reduction scenario by 2030 and achieving net-zero by 2050.

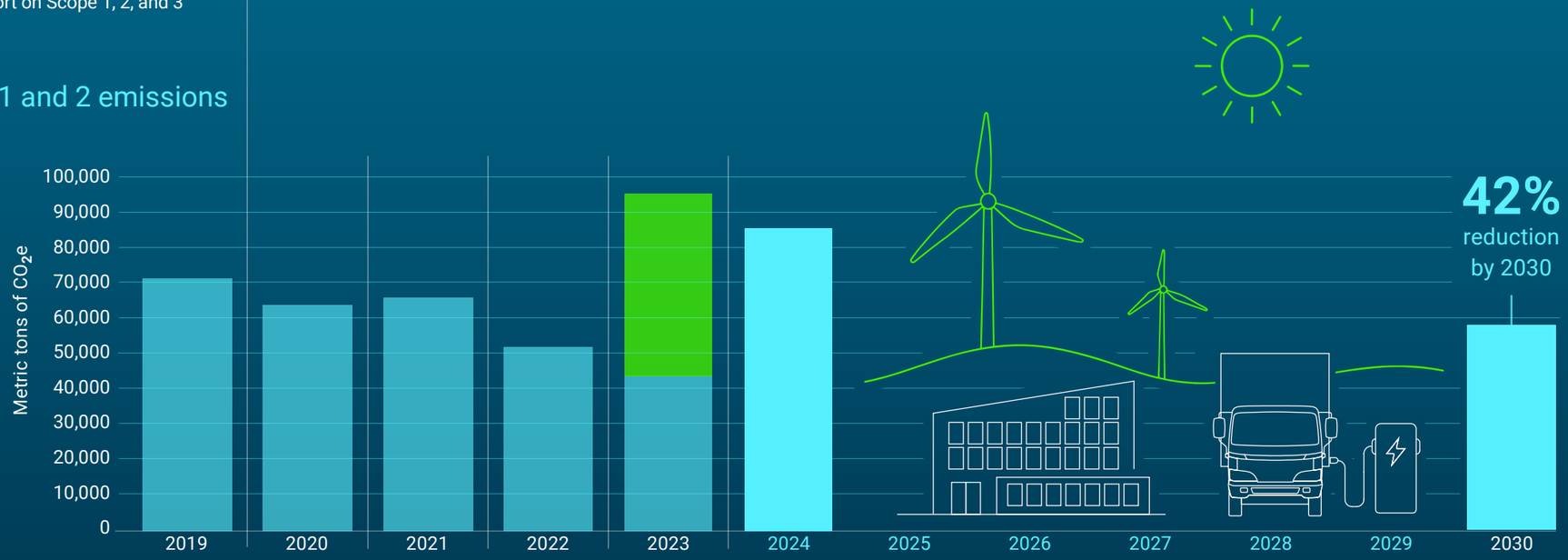
After the acquisition of Evoqua in 2023, the combined company's Scope 1, 2 and 3 emissions footprint was recalculated and reported in the 2023 Sustainability report. In 2024, we resubmitted our 2030 science-based targets to SBTi, based on the updated 2023 baseline of the combined company. Our 2030 science-based targets were validated and approved by the SBTi in December 2024.

Plans for 2025 and beyond include increasing renewable energy use at legacy-Evoqua facilities, reducing fleet emissions, and optimizing our portfolio and customer engagement to reduce downstream Scope 3 emissions intensity.

Actions 2030–2050

We are committed to achieving net-zero emissions by reducing absolute greenhouse gas emissions across our operations, including our facilities, fleet, and supply chain. We will continue to work with our customers to reduce emissions associated with the use of our products, but supporting their operational and sustainability goals.

Xylem Scope 1 and 2 emissions



The emissions represented for Scope 2 in this graph are Scope 2 market-based emissions, which aligns to our approved science-based target.

Climate and the water sector

The water-energy nexus

Water and energy systems are deeply interdependent: many methods of energy production require significant water resources, while water management is highly energy-intensive. For instance, water and wastewater utility operations alone contribute over 2% of global greenhouse gas (GHG) emissions, and water use and management—including movement, treatment, and agricultural applications—account for approximately 10%.[5]

We recognize both the critical need and the significant opportunity to lead in this area, leveraging our products, solutions, and expertise to drive change. This is why addressing the water-energy nexus is a key priority for us and central to our commitment to help "Decarbonize the Water Sector." For example, we are working on reducing the water intensity of fuel and electricity production by implementing advanced cooling technologies in power plants that significantly cut down water usage.

Additionally, we are focusing on reducing the energy intensity of water management by deploying energy-efficient pumps and optimizing treatment processes to lower energy consumption. These initiatives not only help in reducing GHG emissions but also contribute to sustainable water management practices.

By implementing these sustainable practices, we not only contribute to environmental goals but also help our customers significantly lower their operational costs. For instance, energy-efficient treatment processes reduce electricity consumption, and predictive maintenance minimizes costly repairs and downtime. This dual benefit of sustainability and cost savings underscores our commitment to creating value for our customers while driving positive environmental impact.

Our commitment to our customers

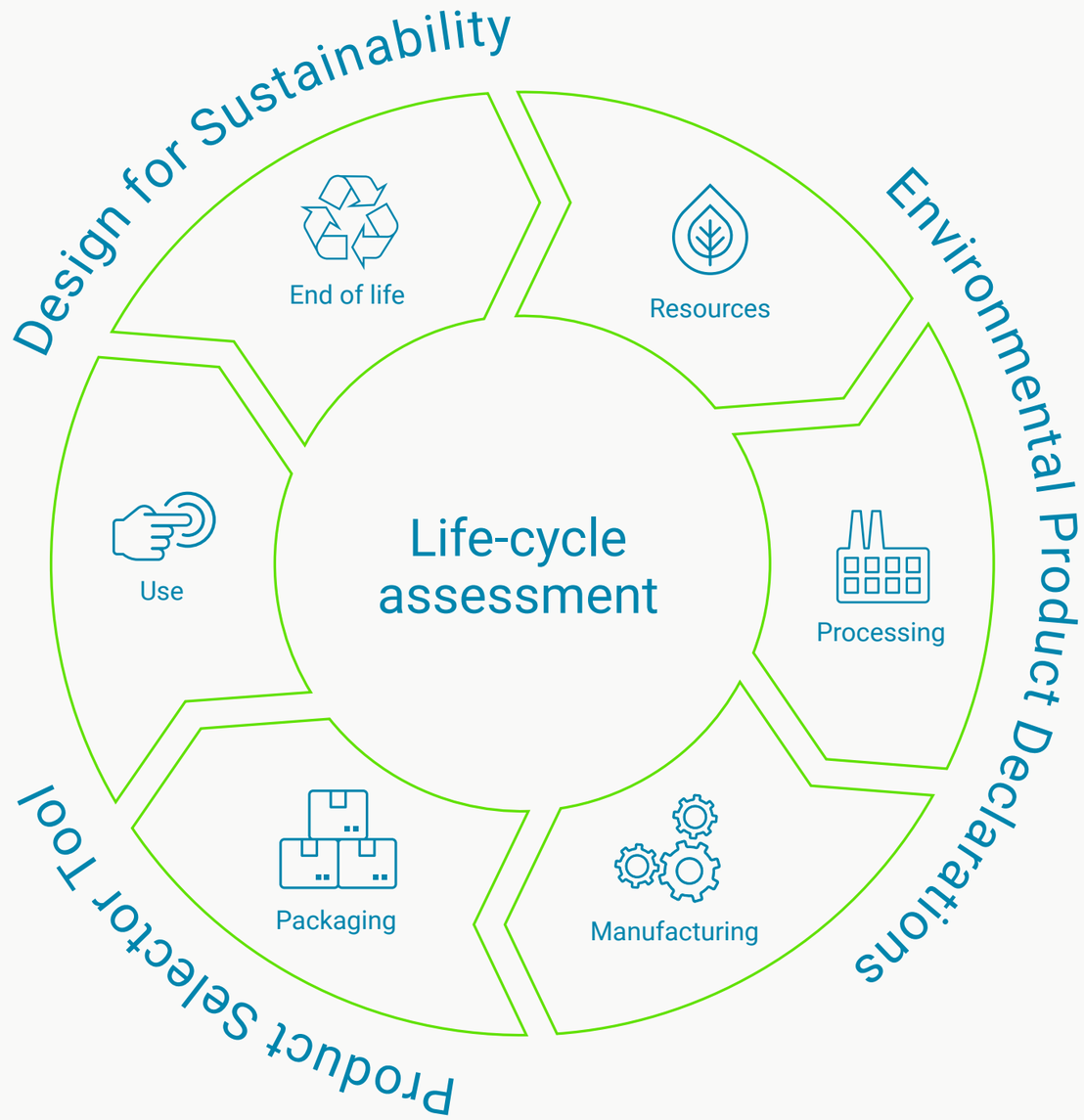
At Xylem, we recognize our unique position to drive the adoption of innovative technologies that propel the water sector toward net-zero emissions. By collaborating closely with utilities, we help them meet their climate targets, leveraging technologies such as digitalized water management, energy-efficient treatment processes, and advanced data analytics for leak detection and predictive maintenance. Our solutions span the water life-cycle, positioning us as leaders in promoting net-zero ambitions in the water utility sector, worldwide.

Product emission disclosure

Increasingly, our customers are asking for greater detail about the emissions associated with specific products–both upstream footprint, as well as use-phase emissions. This is an excellent opportunity to engage customers and differentiate our solutions. With life-cycle analysis and a focus on circularity, we aim to reduce environmental impacts across the product life cycle—from material selection and manufacturing to end-of-life recycling and reuse.

Our engineers create new products and enhance existing solutions to continue increasing customer value while promoting resource efficiency. We continue to invest in our ability to measure, report and improve product-specific emissions.

See more examples of how we are supporting our customers' net-zero journeys on our Race to Zero webpage



5 Net Zero: The Race We All Win

How we advance our climate commitments

We know that advancing sustainability and creating shared economic value takes teamwork, which is why we partner globally with companies, governments, NGOs, industry leaders, and academic institutions. Together, we're making meaningful strides toward our climate commitments.

Partnerships

We proudly support global initiatives including:

- United Nations Global Compact (UNGC), CEO Water Mandate
- United Nations Framework Convention on Climate Change (UNFCCC)
- Race to Zero Campaign
- American Business Act on Climate Pledge

For our complete list of signatory commitments and partnerships, see our 2024 Sustainability Report.

Investing in water and decarbonization

Xylem Innovation Labs, our corporate innovation and venture investing initiative, strengthens our climate commitments by fostering partnerships with startups, universities, and industry leaders to develop breakthrough water technologies. Through these collaborations, we address urgent water challenges, enhancing sustainability, efficiency, and resilience.

By aligning innovations with customer needs, Xylem Innovation Labs scales solutions that reduce water-related emissions, improve water access, and build climate-ready infrastructure, reducing the economic burdens for our customers and their communities. Xylem announced an expansion of our corporate venture capital investments to $50M in 2024, targeting our customers' most pressing challenges of water scarcity, quality, and decarbonization.

Thought leadership

At Xylem we use thought leadership both to amplify our own climate commitments and to invite others to join us in addressing global climate and water challenges. Thought leadership involves being recognized as an expert in a specific field and influencing others through innovative ideas and knowledge. As an example, we have participated in the Water for Climate pavilion at UN COP gatherings.

These efforts enable us to share best practices, support policy advancements, and promote innovative solutions that accelerate the transition to a more sustainable water sector. Through thought leadership, we amplify our climate commitments, inspiring others to join us in addressing global climate and water challenges.

Policy engagement

Through our efforts to advance water on various government policy agendas, we have been able to highlight the close ties between water management and emissions, and where appropriate, advocate for further investment in climate mitigation across water.

This includes advocating with partners for the EU Wastewater Directive, which requires Europe-based utilities to start measuring and reducing emissions associated with their operations.

"At Xylem, we believe that tackling the world's most pressing climate and water challenges requires bold collaboration and innovation. By forging meaningful partnerships, investing in transformative solutions, and leading with purpose, we're not only advancing our climate commitments but inspiring a collective global shift toward a more sustainable and resilient future."

Claudia Toussaint
Chief People and Sustainability Officer, Xylem

TCFD Index

Governance

Disclose the organization's governance around climate-related risks and opportunities.

a. Describe the board's oversight of climate-related risks and opportunities.

P. 6

b. Describe management's role in assessing and managing climate-related risks and opportunities.

P. 6

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

P. 3–5

b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

P. 3–5

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

P. 5

Risk management

Disclose how the organization identifies, assesses, and manages climate-related risks.

a. Describe the organization's processes for identifying and assessing climate-related risks.

P. 6

b. Describe the organization's processes for managing climate-related risks.

P. 6–12

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

P. 6

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

P. 6–12

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

P. 9–12 See our historical GHG emissions in our 2024 Sustainability Report.

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

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xylem

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