

Crime Prevention Model

Xylem Water Solutions Chile S.A.



Introduction

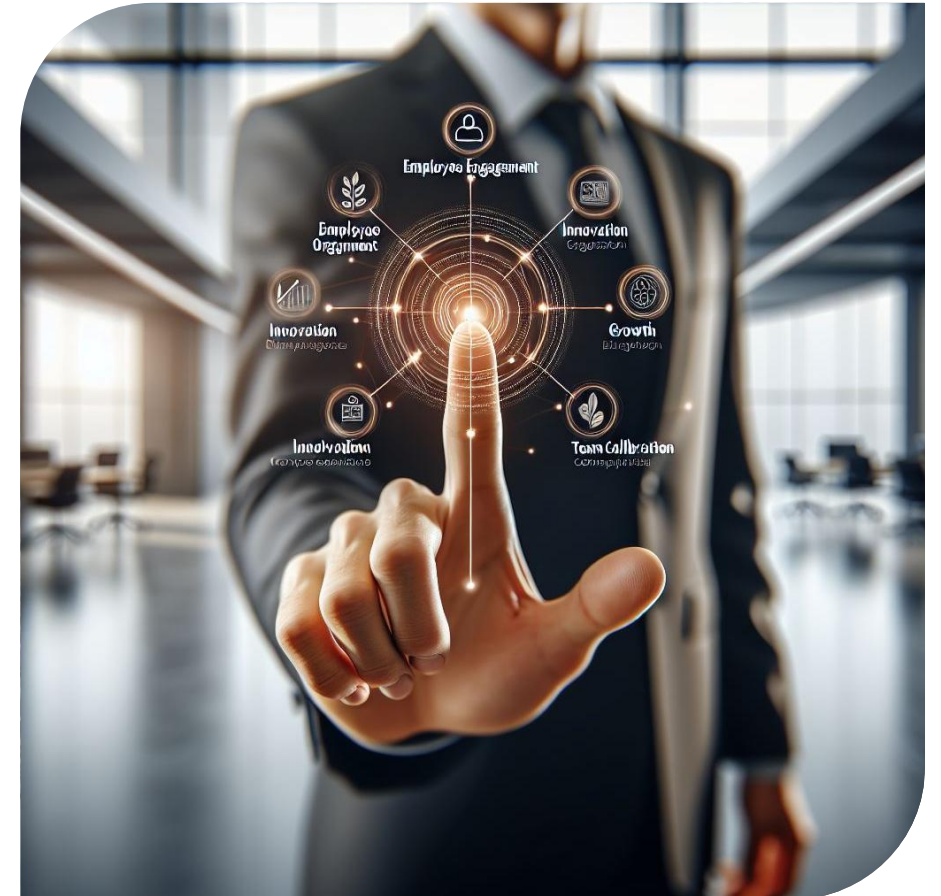
This document summarizes the elements of Xylem Water Solutions Chile S.A.'s (Xylem Chile) Crime Prevention Model, which is designed to prevent, deter and detect crimes defined by Chilean Law 20.393, as modified by Law 21,595. It reflects Xylem Chile's and its parent [Xylem Inc.'s](#) commitment to maintain a robust corporate ethical culture that guides the behavior and decision-making of the employees, executive officers, suppliers, and contractors.

Xylem is a global water technology company that empowers customers and communities to build a more water-secure world. Our innovative solutions and products deliver on our mission to solve the world's toughest water challenges. But our systems and services are nothing without the value-oriented and ethically-driven team of committed colleagues that stands behind them. Our [Code of Conduct](#) guides colleagues to act ethically everywhere, every day as we work together to advance our mission of creating a more water-secure and equitable world. It serves as the basis of our ethical framework and describes our policies and standards.

Our Code of Conduct also demonstrates our commitment to sustainability, strengthens our reputation of trust and our sense of purpose. Sustainability is at the core of everything we do – from our own operations to the solutions we provide customers that impact communities around the world. Setting high sustainability standards enables our growth and purpose: to build a sustainable and resilient company while advancing the smarter use of water and empowering our customers to solve global water challenges. More information about our Sustainability practices can be found [here](#).

1. Objective

By adopting Xylem Chile's Crime Prevention Model, we demonstrate our organizational commitment with the plans, guidelines, objectives and contents outlined herein. It goes beyond simple regulatory compliance, as it aims to strengthen the corporate ethical culture, which guides the actions and decisions of all employees when conducting business.



2. Scope

The rules and guidelines set forth in this Xylem Chile's Crime Prevention Model are mandatory and apply to directors, managers, shareholders, executives, employees, contractors, subcontractors, collaborators, external advisors, and third parties interacting with Xylem, in accordance with current legislation.

Xylem Chile's Crime Prevention Model shall be an integral part of each individual employment contract, and employees must strictly comply with its provisions.

Furthermore, it shall be part of all commercial contracts, purchase orders, and service orders. In the event of hiring external third parties to act on behalf of Xylem Chile with the Government or any other national or foreign individual or legal entity, the provisions of Xylem Chile's Crime Prevention Model shall apply to such third parties, as it will also form part of their contract, which they must acknowledge and follow.

Xylem Chile prohibits any illegal, illicit, or inappropriate conduct by its management, employees, service providers, contractors, subcontractors, advisors, or their dependents, especially activities carried out on behalf of or in the interest of Xylem Chile that are related to the commit any crime or offense contemplated in Law 20.393, as modified. Xylem Chile expects and demands a behavior that is upright, strict, and diligent in complying with the rules on Xylem Chile's Crime Prevention Model, Xylem's Code of Conduct and on our corporate policies in force.

3. Crimes covered under Law 20,393, as modified by Law 21,595

Following are examples of crimes covered. For more information see our Code of Conduct.

Bribery or corruption – offering, promising, giving, soliciting or receiving – directly or indirectly – money or anything of value to or from a third party to obtain or retain business or secure some other improper advantage

Money laundering – disguising financial assets so they can be used without detection of the illegal activity that produced them. Through money laundering, the criminal transforms the monetary proceeds derived from criminal activity into funds with an apparently legal source

Terrorist financing – requesting, collecting or providing funds to be used on the commission of a terrorist offense

Theft/Misappropriation – stealing, dishonestly and intentionally misusing money or data

Water pollution – discharging chemical, biological, or physical pollutants into the sea, rivers, lakes, or any other body of water, causing harm to natural resources

Any offense incorporated into Chilean Law No. 20,393 (as modified by Law 21,595), Securities Market Law (18,045), Tax Law (21,713), Corporations Act (18,046), Industrial Property Law (19,223), Anti-Money Laundering Act (19,913), Environmental Law (20,417), Anti-Corruption Law (21,121), and Decree-Law 211 on Free Competition.

4. Prevention



Law 20,393, as modified by Law 21,595, stipulates that a legal entity can avoid criminal liability for the crimes specified in Chilean law if it has effectively implemented an adequate crime prevention model. The law focuses on whether the perpetration of a crime was favored or facilitated by the lack of such an effective model.

Xylem Chile's Crime Prevention Model, along with Xylem's Code of Conduct and global Ethics and Compliance Program promotes a culture of prevention and compliance, with an integrated design that ensures and reinforces adherence to high ethical standards, which are essential throughout our organization.

Reviews are conducted regularly to assess the compliance and effectiveness of the Crime Prevention Model.

5. Risk Matrix

Xylem's Risk Matrix will be subject to periodic reviews.

The Crime Prevention Officer, other responsible parties and various areas of Xylem must identify, analyze and reassess the risks faced by Xylem. Additionally, they must conduct a periodic review of the application and effectiveness of current controls and propose new controls for processes that are new or have increased their risk due to reassessment.

Xylem will implement improvement mechanisms and disciplinary sanctions established by the Xylem's Global Ethics and Compliance Program. The main phases of this management process are detailed below:

- Risk identification
- Inherent Risk Assessment
- Residual Risk Assessment
- Determination of Risk Appetite
- Conclusions and Action Plan

In accordance with the indicated methodology, the Crime Prevention Officer will periodically verify that the controls established to mitigate the risks of committing crimes are current, adequate and sufficient.

5. Risk Matrix identification

Following are activities and processes that involve reducing risk of criminal conduct:

- Regularly and at least annually, we assess risks involving criminal conduct facing Xylem applicable to Chilean Law 20,393, as modified by Law 21,595. Such risks are closely monitored, and we have processes, policies, and training to mitigate them. Employees of Xylem Chile are assigned training informing about requirements of the Crime Prevention Model. Regular audits are conducted by our Internal Audit function to review compliance with our policies and laws. The ethics and compliance team in partnership with Xylem's Internal Audit function and the Enterprise Risk Management team perform risk assessments. The ethics and compliance program uses information from the risk assessments along with other data points (such as current regulations, data from the [Xylem Integrity Line](#), our due diligence platform, employee feedback and the results of audits) to continuously improve our program.
- The above-mentioned are actions and elements whose objective is to persuade people not to engage in conduct or omissions related to non-compliance with the obligations contained in the Crime Prevention Model and the commission of the offenses set out in Chilean Law No. 20,393, as modified by Law 21,595, as well as conduct that violates the rules set out in our policies and applicable laws

6. Protocols and Procedures

Following are examples of protocols and procedures to prevent and detect criminal conduct:

Xylem's Code of Conduct:

As evidenced in our [Code of Conduct](#), Xylem is committed to doing business with integrity and has zero tolerance for any form of corruption or other wrongdoing. We are vigilant and strive to maintain these high standards globally. Xylem's Global Ethics and Compliance Program is built on best practices and is designed to prevent, detect and respond to misconduct and to ensure business is conducted ethically and compliantly.

- Xylem's corporate policies outline our guiding principles, procedures and protocols. Many of the topics or areas covered at a high level in the Code of Conduct are also covered in more detail by a specific corporate policy. These policies include anti-corruption, fraud prevention, antitrust, data privacy, harassment prevention, insider trading, reporting concerns, preventing conflict of interest, trade compliance, cybersecurity, and travel and expense.
- Our internal Code of Conduct includes links to policies referred to in the relevant Code section.
- Our Code of Conduct and other policies and processes are routinely reviewed and updated to reflect current regulations and industry best practices.

All Xylem employees, directors and officers are accountable to adhere to the Code of Conduct, and other policies, and we expect our business partners to adhere to the same high standards.

6. Protocols and Procedures (continued)

Reporting Channels:

Xylem's employees are encouraged and expected to speak up if they have questions or concerns about our Code of Conduct, our policies, and applicable laws, how they apply or whether they are followed. Employee concerns are taken seriously, and we are committed to responding to every report. We proactively communicate the importance of raising concerns through our website, intranet, printed materials, online and instructor-led training and regular communications throughout the year, including employee town halls. In addition to raising a concern to the Crime Prevention Officer, employees and other stakeholders can raise concerns in several ways.

- [Xylem Integrity Line](#): This 24-hour confidential reporting portal is available to all employees, suppliers, and customers. Support is provided in all of Xylem's key languages. Reports can be made through the website or by phone and can be made anonymously through the same mechanisms.
- Integrity Ambassador Network: Globally, over 100 Integrity Ambassadors are trained to confidentially receive employees' questions and reports relating to ethics and compliance concerns and serve as local, trusted resources to promote ethics and compliance. Integrity Ambassadors are required to take all reasonable and legally permissible steps to protect the identity of all those who report potential violations in good faith.
- Management, Human Resources, Legal, Internal Audit, and Ethics and Compliance Teams (including the Chief Ethics and Compliance Officer). Employees are encouraged to raise concerns directly with any of these internal resources.
- Audit Committee of the Xylem Inc. Board: Concerns can be brought directly to this committee, which is independent of management

6. Protocols and Procedures (continued)

Internal Sanctions in Case of Noncompliance:

- Matters are often raised through the Xylem Integrity Line (integrity.xylem.com), but no matter how an issue is raised to the Ethics and Compliance team, it is taken seriously, investigated accordingly and responded to appropriately. Reports can be made anonymously.
- Following our triage process, an Ethics and Compliance team member reviews each report received, determines what level of escalation is required and whether an investigation is needed.
- An investigator is then assigned, based on the expertise necessary to conduct the confidential investigation. Sometimes additional colleagues with specific expertise are consulted.
- Anyone who participates in an investigation has an obligation to respect confidentiality.
- Employees have a duty to cooperate in investigations and provide thorough and honest information.
- All internal investigations are kept strictly confidential.
- After the confidential investigation is conducted, an investigation report is prepared that includes conclusions and recommendations for next steps, including discipline, if necessary. The contents of the report are held in strict confidence and are only shared with people who must be informed for business reasons (a highly scrutinized need-to-know basis).

We do not tolerate retaliation of any kind, and colleagues who raise concerns in good faith will not suffer retaliation.

6. Protocols and Procedures (continued)

Communication of Protocol and Procedures to Employees:

- Employees are required to complete annual compliance training giving our colleagues insight into our values, the behaviors, actions and decisions that support these values, and guidance to help them comply with relevant laws. Such training materials are regularly reviewed and updated based on internal data such as reports to the Xylem Integrity Line, ethics and compliance trends, company and industry-wide developments and relevant regulations. Training addresses topics such as our Code of Conduct, raising concerns, preventing harassment, respect in the workplace, anti-corruption and due diligence, complying with our travel and expense policy, complying with our gifts, hospitality, travel and charitable contributions policy, antitrust, attorney-client privilege, substance abuse prevention, data privacy, avoiding conflicts of interest, fraud prevention and cybersecurity. With our global training initiatives and targeted training for specific functions, we regularly achieve a completion rate of near 100% for our training modules. In addition to training our own employees, we also provide training to key commercial partners on various topics including anti-corruption and Code of Conduct topics.
- Employees are required to confirm that they understand and will adhere to the Code and our policies.
- The Ethics and Compliance team communicates at least monthly with all colleagues about compliance-related topics and speaking up there is an ethics or compliance concern.
- Information about how to report concerns and who to go to for help is posted at each facility.
- Integrity Ambassadors share information about the ethics and compliance program and important initiatives with their local teams.
- Production employees receive in-person training at least once every two years and receive regular communication on following our Code, our policies, and the importance of reporting misconduct.

6. Protocols and Procedures (continued)

Incorporation of internal regulations in employment and service provision contracts:

- Certain agreements or contracts with third parties contain language requiring compliance with applicable laws, including specifically anti-bribery and anti-corruption laws, regulations and statutes.
- Employees must certify compliance with our Code of Conduct and policies.



7. Responsible for implementation

Assignment of a Crime Prevention Officer in Chile:

- Law 20.393 requires the appointment of individual(s) responsible for implementing the Crime Prevention Model, known as the Crime Prevention Officer (CPO).
- The appointment of the CPO has been approved by the Xylem Water Solutions Chile, S.A board of directors.
- The CPO is responsible for implementing a crime prevention system through Xylem's Crime Prevention Model, in collaboration with Xylem Ethics and Compliance Program.
- The CPO embodies Xylem's values through their actions. Additionally, they have comprehensive knowledge of: (i) the functions and responsibilities of each department within Xylem; (ii) the legislation and regulations issued by legitimate and competent regulatory authorities; (iii) Xylem's Code of Conduct, the CPM, the corporate policies, and other internal directives of Xylem.

CPO Responsibilities:

- Ensure the proper development, implementation, and operation of the CPM.
- Ensure that all members of Xylem are knowledgeable about the CPM to prevent improper business conduct.

7. Responsible for implementation (continued)

CO Responsibilities (continued):

- Operate independently in the performance of their duties, allowing them to exercise their powers autonomously.
- Conduct investigations, when necessary.
- Access to necessary information to: (i) conduct specific investigations; (ii) facilitate the monitoring of the CPM; (iii) request and review the information necessary for the performance of their duties.
- Update the CPM when required according to changes in applicable rules and legislation.
- Direct access to report on implemented acts, measures and plans.
- Report on the status of the CPM and other relevant matters within their competence and management.
- Properly escalate issues so that Additionally, necessary measures can be taken.

7. Responsible for implementation (continued)

Role of our Chief Ethics and Compliance Officer:

- Our Chief Ethics and Compliance Officer (CECO) has overall oversight responsibility for our global ethics and compliance program and is responsible for meeting all applicable legal and regulatory requirements.
- Our CECO has overall oversight responsibility for our global ethics and compliance program and ensures that the program aligns with legal requirements and regulatory expectations.
- Together with the ethics and compliance staff, the CECO oversees, manages and promotes the program, setting the tone for ethics and compliance at Xylem.
- The CECO updates the relevant committees of Xylem's headquarters Board of Directors at least once a year to discuss our program and meets with corporate and regional Ethics and Compliance Review Boards at least quarterly.
- The Ethics and Compliance Review Boards are comprised of senior cross-functional leaders and others who assist the CECO and the ethics and compliance team in supporting the program and managing ethics and compliance risks.

7. Responsible for implementation (continued)

Provision of necessary resources:

- Xylem employs full-time compliance experts, including legal counsel who supports compliance in the Latin American Region.
- The Ethics and Compliance Team is responsible for administering our multi-factored program. The team members are subject matter experts in investigations, anti-corruption/ bribery, trade compliance, data privacy and antitrust. They support the Ethics and Compliance Review Boards, administer the Integrity Ambassador program, oversee resolution of ethics and compliance allegations, develop policies, communicate and train on compliance topics and policies and are a channel for speaking up and seeking help.
- Xylem has a global Integrity Ambassador Network consisting of over 100 employees (including an Integrity Ambassador located in Chile) who serve as direct liaisons to the support the corporate Ethics and Compliance Program. They are trained to confidentially receive employees' questions and reports relating to ethics and compliance concerns and serve as local, trusted resources to promote the Ethics and Compliance Program.

8. Evaluations and updates

Provision for periodic evaluations by independent third parties:

- We have adopted an anti-corruption due diligence framework to identify higher risk third parties. As part of our screening process, third parties meeting the framework must confirm alignment with our Code of Conduct and agree to comply with all applicable anti-corruption and anti-bribery laws. Higher risk third parties must complete online anti-corruption training via our due diligence platform. Our due diligence review process is repeated at regular intervals based on a risk ranking algorithm.
- The due diligence includes background searches to uncover instances of corruption and illegal activities (including potential fraud, money laundering, corruption, antitrust violations, trade issues and terrorist activities). Identified issues must be remediated before commencing work with a third party.

Mechanisms for improvement or updating based on such evaluations:

To continuously enhance Chile's Crime Prevention Model and overall ethics and compliance program, we regularly reviews current regulations as well as data from the Xylem Integrity Line, our due diligence platform, employee feedback and the results of audits and risk assessments. Company policies are regularly reviewed, updated, and communicated, and ethics and compliance related training is conducted annually, with many of our training modules requiring colleagues to certify that they will comply with our policies.

Xylem will implement periodic evaluations and establish mechanisms for improvement or updating the CPM based on such evaluations.

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