

Responsible and ethical business conduct extends to everyone we do business with across our supply chain.

To foster a safe and healthy work environment, uphold fair labor practices, and strengthen our commitment to sustainability, we continuously expand and enhance our partnerships with more than 12,000 suppliers.

Our Business Partner and Supply Partner Code of Conduct sets clear expectations for our suppliers regarding business integrity, social and environmental responsibility, and continuous sustainability improvement. It is embedded in our standard procurement terms and conditions and applies to all global suppliers. We also expect our suppliers to uphold these standards within their own supply chains.

Supplier audits and risk management

Supply chain risk management program

Over the past four years, we have built a comprehensive and scalable supply chain risk management program focused on identifying, assessing, and mitigating supplier risks. This program helps reduce overall exposure by proactively addressing potential concerns and responding swiftly to emerging risks. Our approach consists of two key phases: proactive risk management and reactive risk mitigation. Learn more about the phases on page 63 of our [2024 Sustainability Report](#).

Sustainability assessments of our suppliers

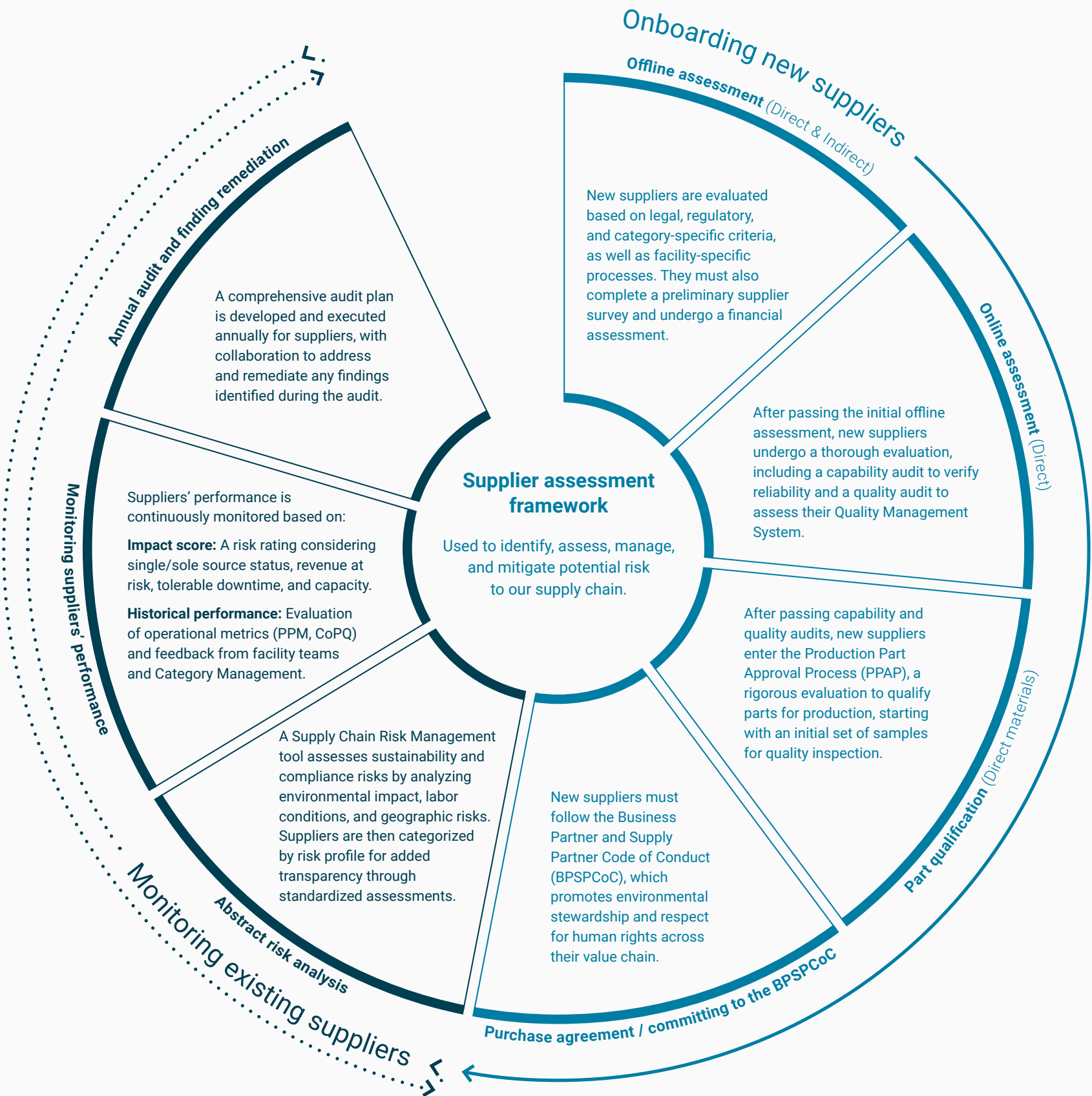
We use EcoVadis and similar sustainability assessments to evaluate our suppliers' performance in key areas, including labor practices, human rights, environmental protection, ethics, and sustainable procurement. These assessments help us identify both risks and opportunities while supporting our suppliers in tracking and improving their sustainability performance over time.

The EcoVadis assessment platform and its risk management tool, IQ, have enabled us to evaluate high-risk suppliers, industries, and regions. By the end of 2024, **42% of Xylem's global supplier base by spend had completed an EcoVadis assessment and maintained an active scorecard**. We continue to expand our supplier spend coverage over time.

We actively review scorecards with our suppliers and collaborate on corrective actions when performance falls below expectations. Our suppliers' average rating exceeds the EcoVadis network average across overall and individual module scores, with steady improvements since 2020.

Quality audits

Over the past four years, our dedicated Supplier Quality team has conducted more than 650 on-site supplier audits to identify and address supplier quality system risks and closed more than 1,800 findings, achieving an **approximately 80% closure rate**. These efforts have helped reduce risks within our supply chain while strengthening the quality capabilities of our suppliers. Audit findings and corrective actions are tracked as part of our supplier relationship management process to drive continuous improvement.



Conflict minerals management

Our annual conflict minerals review aims to enhance transparency in our sourcing practices, educate our supply chain on avoiding conflict minerals, and encourage suppliers to establish their own responsible sourcing programs. Our Conflict Minerals supply chain due diligence program is designed to align with the framework outlined in the Organisation for Economic Co-operation and Development's (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including its supplements for gold, tin, tantalum, and tungsten (the OECD Guidance). Consistent with our approach to Risk Management, we strive to continuously improve our annual campaign process and management of associated risks.

Conflict Minerals Policy Statement

As a manufacturer of industrial goods, we use tin, tungsten, tantalum, and gold (3TG) in a number of our products. For example, we source seals containing tungsten and electronics containing tin and gold. We fully support the objectives of the SEC's conflict minerals regulations and uphold these principles as outlined in our Conflict Minerals Policy Statement.

Engaging our suppliers on sustainability

Embedding sustainability into our sourcing strategies

In 2024, we continued to refine and mature our category-specific sourcing strategies, further integrating sustainability. Engagement in the early stages of contract awards has significantly increased and we regularly review and discuss sustainability initiatives as part of our business reviews.

As we focus on accelerating water stewardship in 2025 and beyond, we are actively engaging our suppliers to reduce their water intensity. This includes identifying the largest water users in our supply chain and collaborating with them to lower their water footprint through our innovative products and service offerings.

Key supplier engagement programs

CDP Supply Chain program

We continue to leverage the CDP Supply Chain program to support our suppliers' efforts to reduce their climate and water impacts. Our focus remains on expanding supplier participation, enhancing disclosure accuracy, and advancing climate and water risk mitigation through emissions data collection and reduction target setting across our supply chain. In 2024, we invited legacy Evoqua suppliers to **disclose their climate impact through CDP**, which increased the number of suppliers by 125% and led to a **64% disclosure rate**, well above the global CDP average of 42%. Notably, Chinese suppliers accounted for 51% of our expanded disclosures this year and we will continue prioritizing engagement in this region due to its evolving energy grid.

Expanding supplier disclosures — in both volume and quality — has strengthened our Scope 3 Category 1 emissions reporting. We integrate actual supplier emissions data with a spend-based estimate to calculate emissions for a more accurate hybrid emissions accounting approach. We will continuously enhance this approach by improving data quality and increasing the use of supplier-reported emissions in our Scope 3 calculations.

We also expanded **water-related disclosures** by requesting that suppliers report on water impacts alongside climate disclosures, leading to an **overall disclosure rate of 64% in 2024**. We also developed an internal Water Impact Score, leveraging CDP's water-intensive industries data, WRI Aqueduct's water scarcity assessments, and proprietary inputs to identify high-impact areas within our supply chain.

EcoVadis engagement

We request that suppliers report to EcoVadis, evaluating their performance across four key areas: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. In 2024, we expanded the program to include legacy Evoqua suppliers, building on strong year-over-year growth. With **42% of supplier spend reporting through EcoVadis**, we can measure and enhance social impact across our supply chain while reinforcing responsible sourcing practices. To further strengthen supplier accountability, we are utilizing EcoVadis' Corrective Actions

to incentivize suppliers' score improvements, particularly in human rights and labor practices.

We also employ multiple strategies to increase supplier participation on EcoVadis, emphasizing regulatory compliance, strategic partnerships, and incentive-based engagement. A key example is our award-winning supply chain finance program with ING, which offers suppliers improved borrowing rates and payment terms in exchange for compliance with sustainability standards. This mutually beneficial model enhances supplier financial flexibility while supporting Xylem's sustainability and compliance objectives.

Carbon Border Adjustment Mechanism (CBAM) readiness

In 2024, we **partnered with an external expert to prepare for the Carbon Border Adjustment Mechanism (CBAM)**, EU legislation that extends the carbon price imposed on EU products to imported goods and requires EU businesses to collect direct and indirect emissions data from their suppliers. We established a task force, co-led by the Procurement and Trade Compliance team, to support supplier and legal entity reporting readiness. We have launched a targeted campaign engaging key suppliers responsible for more than 80% of imported emissions. We hosted virtual awareness sessions for non-EU suppliers, educating them on CBAM's significance and guiding them in providing the necessary emissions data for accurate reporting. As we refine our approach, we aim to automate processes wherever possible to enhance data quality and accuracy.

Strengthening our supplier base

We are committed to attracting a high-caliber supply chain, including small businesses and suppliers that reflect the broad spectrum of markets we serve. Our Supplier Opportunity Program focuses on generating economic value, creating job opportunities, and fostering innovation through increased competition, strategic sourcing, and building relationships with a range of businesses across the United States. We have also **grown our Tier 2 supplier program, reinforcing collaboration among organizations that share our commitment to having an inclusive procurement process and promoting opportunity for all.**

In 2024, **our supplier-focused efforts included the incorporation of legacy Evoqua's supplier base into our program.**

WASH4Work

In 2024, we continued to emphasize the importance of WASH in the workplace across our supply chain. **43% of our global supplier base by spend is committed to WASH4Work**, an initiative that mobilizes and supports corporate action on improving access to WASH in workplaces, supply chains, and communities. We expect all suppliers to uphold basic working conditions, including providing essential WASH facilities for employees. When suppliers identified gaps through WASH4Work's self-assessment, we supported them in finding and implementing remedial solutions to improve conditions.

Volunteering events with suppliers

Volunteering with suppliers through Xylem's Watermark program has proven to be a powerful tool for promoting water education and raising awareness of global water challenges. Discussions around the WASH4Work pledge have also reinforced the value of community engagement among our suppliers through programs like Watermark. In 2024, **we organized more than 100 Watermark events with suppliers**, strengthening our partnerships while making a tangible impact in local communities.



[Learn more on pages 63–66 of our 2024 Sustainability Report.](#)

