



Corporate Governance Principles

The following principles have been approved and adopted by the Board of Directors (the “Board”) of Xylem Inc. (the “Company”). These principles, together with the Company’s Articles of Incorporation, By-laws and Code of Conduct and Charters of the Board Committees, provide the framework of governance for the Company. The Board reviews these principles regularly and will amend them as it considers necessary and appropriate.

I. Role of the Board of Directors

- A. The Board is elected by the Company’s shareholders to oversee how the Company’s employees and management conduct its business under the direction of the Chief Executive Officer and to assure that the interests of the shareholders in the long-term health, success and financial strength of the Company are being served. The core responsibility of the Board is to exercise its business judgment to act in what the Board reasonably believes are the best interests of the Company and its shareholders to build long-term sustainable value. The Board may consider, among other pertinent factors, the effect of its actions on the Company’s employees, customers, suppliers and communities in which the Company operates and the Board recognizes that the long-term interests of shareholders are advanced by responsibly addressing the concerns of these other stakeholders. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the shareholders.
- B. In addition to its general oversight of management, the Board performs a number of specific functions, including:
- selecting the Chief Executive Officer (the “CEO”), monitoring the CEO’s performance, reviewing and approving the CEO’s compensation and overseeing the CEO succession process;
 - providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
 - reviewing, evaluating and, where appropriate, approving the Company’s fundamental financial and business strategies, capital allocation process and major corporate actions;
 - overseeing the Company’s overall approach to sustainability and corporate citizenship;
 - ensuring processes are in place to maintain the integrity of the Company’s

financial reporting and other disclosures and the integrity of compliance with law and ethics; and

- overseeing the appropriate structure for identifying, assessing and managing the significant strategic, operational, financial and reputational risks facing the Company.

II. Board of Directors Selection and Composition

A. Size of Board

The Board determines the number of directors on the Board provided that there are at least three and not more than 25. The Board regularly reviews the size of the Board to ensure it is appropriate given the size and breadth of the Company and the need for diversity of Board views.

B. Membership Criteria

The Nominating and Governance Committee, which consists entirely of independent directors, is responsible for reviewing the qualifications of potential candidates to serve on the Board and selecting, or recommending to the Board, those candidates to be nominated for election or reelection to the Board. The Company's shareholders may also nominate candidates for election to the Board in accordance with the Company's By-laws. Directors should possess such skills, experience and attributes as are necessary in light of the Company's needs, strategy and global operations and should reflect a diversity of backgrounds and personal characteristics. Directors should be persons of the highest personal and professional ethics, integrity and values, with significant accomplishments and recognized stature, and should bring a diversity of perspectives to the Board and a commitment to representing the long-term interests of the shareholders. The Board is committed to actively seeking highly qualified women and individuals from minority groups to include in the pool of candidates from which Board nominees are selected as part of each Board search.

C. Majority Vote Standard

Except in a contested election of directors, directors are elected by a majority of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. In a contested election (*i.e.*, any election where the number of nominees exceeds the number of directors to be elected), directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. In any non-contested election of directors, any incumbent director nominee who receives a greater number of votes cast against his/her/their election than in favor of his/her/their election is required to immediately tender his/her/their resignation, and the Board will decide, through a process managed by the Nominating and Governance Committee and excluding the director nominee in question, whether to accept the resignation at its next regularly scheduled Board meeting or the date that is 90 days after certification of the shareholder vote, whichever is earlier. The Board will promptly publicly disclose its decision (by a

press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) and the reasons for its decision. If all directors receive less than a majority of the votes cast at the same election, the election will be treated as a contested election and the majority vote policy is inapplicable.

D. Service on Other Boards

1. Directors must be able to devote the requisite time for preparation and attendance at regularly scheduled Board and Board Committee meetings, as well as be able to participate in other matters necessary for good corporate governance.
2. Directors who are executive officers of public companies may not serve concurrently on more than a total of three public company boards simultaneously, including their own board and the Company's Board.
3. Other directors may not serve concurrently on more than a total of four public company boards, including the Company's Board.

E. CEO and Other Management Directors

1. If the CEO or other management director retires, resigns or tenders a resignation to the Company, he/she/they is required to tender his/her/their resignation as a director effective as of the same date he/she/they resigns, retires from, or otherwise ceases to be an employee, of the Company.
2. The Nominating and Governance Committee will consider the appropriateness of continued membership on the Board and make a recommendation to the Board whether to accept or reject the tendered resignation.

F. New Directorship, Change in Affiliations, Retirement or Change in Principal Occupation

1. Before accepting an invitation to serve on the board of directors of another entity, a director must advise the Corporate Secretary and the Chair of the Nominating and Governance Committee (if the invitation involves the Chair of the Nominating and Governance Committee, the Board Chair and other members of the Committee) of the invitation.
2. Directors are also expected to be sensitive to any changes in, or new, affiliations, including relevant changes in the business of a company for which a director serves on the company's board of directors. Directors must advise the Corporate Secretary and the Chair of the Nominating and Governance Committee (if such changes in, or new, affiliations involve the Chair of the Nominating and Governance Committee, the Board Chair and other members of the Committee) in advance of any potentially relevant affiliation, or as soon thereafter as reasonably possible.

3. The Corporate Secretary will evaluate any new or proposed directorships and changes in, or new, affiliations, and advise the Chair of the Nominating and Governance Committee and Board Chair, and any other directors, as necessary, with respect to conflicts, potential conflicts or other concerns. In considering each director's ability to properly discharge his/her/their duties, the Nominating and Governance Committee will review each director's time commitments, including his/her/their principal occupation, service on public company boards, and committee memberships and leadership positions on such boards, as well as service on private company boards and non-profit boards.
4. When a non-management director retires, or his/her/their principal occupation or job responsibilities significantly change, or the non-management director proposes a directorship or affiliation that presents a potential conflict of interest as determined by the Corporate Secretary, the director is required to offer to tender his/her/their resignation to the Chair of the Nominating and Governance Committee for consideration by the Nominating and Governance Committee (if such change involves the Chair of the Nominating and Governance Committee, the Board Chair and other members of such Committee). The Nominating and Governance Committee will consider the continued appropriateness of membership on the Board and make a recommendation to the Board whether to accept or reject the tendered resignation offer.

III. Director Independence

A majority of the Board is required to meet the independence requirements of the New York Stock Exchange (the "NYSE"). The Board makes an affirmative determination at least annually as to the independence of each director. The Company defines director independence in accordance with Section 303A.02 of the NYSE's Listed Company Manual. No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with the Company. The NYSE independence definition includes a series of objective tests, such as that the director is not an employee of the Company and has not engaged in various types of business dealings with the Company.

IV. Expectations of Directors

The Board has developed a number of specific expectations of directors, as set out below, to promote the discharge of their responsibilities and the efficient conduct of the Board's business.

A. Commitment and Attendance

All directors are expected to make every effort to attend all meetings of the Board, meetings of the Committees of which they are members and the annual meeting of shareholders. Directors are encouraged to attend Board meetings and meetings of Committees of which they are members in-person, but may also attend those meetings

by telephone or video conference.

B. Participation in Meetings

Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to participate actively and effectively in the deliberations of the Board and of each Committee on which he/she/they serves. Management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its Committees and should arrive prepared to discuss the issues presented.

C. Loyalty and Care

In their roles as directors, all directors owe duties of loyalty and care to the Company. Directors are expected to act ethically at all times and to adhere to the Company's Code of Conduct.

D. Confidentiality

The proceedings and deliberations of the Board and its Committees are confidential. Each director is required to maintain the confidentiality of information received in connection with his/her/their service as a director.

V. Board Operation and Structure

A. Executive Sessions

Non-management directors will meet in executive sessions on a regular basis during the year with no members of management present. In addition, an executive session including only independent directors will be held at least twice a year.

B. Performance Assessments

With oversight from the Nominating and Governance Committee, the Board maintains mechanisms to assess annually its contribution in governing the Company, whether it, its Committees and individual directors are functioning effectively, and how to enhance performance and contribution. Each director will be asked for his/her/their observations and recommendations as part of the annual assessments. Results of the assessments will also be used in evaluating skills and attributes desired in potential director candidates and in the renomination process. On a periodic basis, the Nominating and Governance Committee engages an independent facilitator to assist with the assessment process.

C. Term Limits; Retirement Age

The Board has not established term limits. The Board believes long-term,

experienced directors provide continuity of leadership, valuable perspective and insight into the complex business of the Company, and that a range of tenures balances historical and new perspectives, enhancing board performance. To ensure that the Board remains comprised of high functioning directors, the Nominating and Governance Committee assesses (i) the qualifications and performance of each incumbent director before recommending the nomination of that director for an additional term and (ii) the strengths and needs of the Board as a whole. In addition, no director will be nominated for election to the Board after he/she/they has reached the age of 72.

D. Board Compensation Review

The Leadership Development and Compensation Committee (the “LDCC”) periodically reviews the level of compensation for the Company’s non-management directors in relation to director compensation of companies of comparable size, industry and complexity and recommends changes to the Nominating and Governance Committee. Recommended changes to compensation will be reviewed by the Nominating and Governance Committee and proposed to the Board for consideration. Director compensation should be structured to align directors’ interests with the long-term interests of the Company’s shareholders, composed in meaningful part of equity compensation, and targeted at a level commensurate to compensation paid to directors of companies of comparable size, industry and complexity.

E. Reporting Concerns to the Independent Directors or the Audit Committee

Shareholders may contact the Company’s independent directors or Audit Committee with any comments or concerns by e-mail at Independent.Directors@xylem.com or by regular mail to the attention of the Corporate Secretary at the Company’s headquarters at 301 Water Street SE, Washington, DC 20003. The Corporate Secretary’s Office will forward the e-mail or letter to the designated recipient(s). For any audit, accounting or internal control comments, complaints or concerns, shareholders or other interested parties can also follow the procedures that are set forth in our Code of Conduct and on the Company’s website at: <https://www.xylem.com/en-us/investors/governance/>.

F. Director Share Ownership Requirements

The Board has established director share ownership requirements for non-management directors. The targeted ownership level is at least five times the annual cash retainer amount, which level may be attained over a five-year period. The required ownership level for the CEO is six times the annual base salary, which level may be attained over a five-year period.

G. Director Orientation and Continuing Education

The Board has established several channels for providing directors with information about the Company and their responsibilities as directors. New directors participate

in a director orientation program when they join the Company's Board. Directors are also provided opportunities for continuing education through site visits and briefing sessions on special topics, and are encouraged to attend continuing education courses of their choosing. The Company pays for all expenses reasonably incurred by the directors with respect to continuing education.

H. Board Authority to Hire Advisors, Counsel or Experts; Consultation with and Access to Management

The Board and its Committees are authorized to retain outside counsel, independent advisors or other experts and to consult with any members of management, as necessary, to assist the Board in fulfilling its responsibilities. Any meetings or contact that a director wishes to initiate with management may be arranged through the CEO or the Corporate Secretary or directly by the director.

VI. Meeting Procedures

A. Selection of Items for Board Agenda

The Chair of the Board, with input from the CEO and/or Corporate Secretary, establishes the Board agenda for Board meetings. Each year, the Board sets a schedule of agenda items to be discussed during the coming year, including corporate strategy, annual operating and capital plans, including research and development budget, as well as senior management succession planning and enterprise risk matters. Agenda items include those items required for good corporate governance and sound strategic and operational oversight. All directors are encouraged to suggest topics for the agenda.

B. Board Material Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and business related topics will be distributed sufficiently in advance of the meeting to permit prior review. Management should structure material provided to the Board to assure it is concise and to the point. Highly confidential or sensitive matters may be presented and discussed without prior distribution of background material. It is desired that material be distributed one week before the Board meeting.

C. Board Meeting Frequency and Schedule

The Board should meet frequently given the size and complexity of the Company's business. The Board believes that the number of scheduled Board meetings should vary with circumstances and that special meetings should be called as necessary. Scheduled meetings will be determined sufficiently in advance to accommodate directors' calendars.

D. Management Presentations and Participation

Management presentations and participation at Board meetings and other venues of director engagement with the Company are encouraged to allow directors to gain additional understanding and insight into the Company's business, and to obtain exposure to high potential employees. In addition, selected management representatives will function as liaisons for each of the Committees for which they have subject matter expertise.

VII. Board Leadership and Relationship to Senior Management

A. Selection of Board Chair and the CEO

The Board is responsible for selecting the Chair of the Board and the CEO in any way it considers in the best interests of the Company and periodically evaluates whether or not the roles should be separate or combined. The CEO is accountable to the Board for the overall performance of the Company.

B. Lead Independent Director

To promote robust independent leadership on the Board, if the individual appointed as Chair of the Board is not an independent director, the independent directors will appoint a Lead Independent Director. The Lead Independent Director coordinates the activities of the independent directors and is authorized to call meetings of the Board and independent directors. In addition, the Lead Independent Director will: (i) preside at executive sessions of the independent directors; (ii) preside at Board meetings in the Board Chair's absence; (iii) review and approve Board agendas, (iv) act as a liaison between the independent directors and the Board Chair; (v) be available for consultation and direct communication with shareholders if requested; and (vi) perform such other duties as assigned to him/her/them from time to time by the Board.

C. Annual Compensation Review for the CEO and Other Executive Officers

The LDCC oversees the design, development and implementation of the compensation programs for the CEO and executive officers and regularly updates the Board on these programs. The Board will be provided with a detailed annual review of the compensation for the CEO and will be apprised of the compensation actions for the other executive officers.

D. Annual Goal Setting and Evaluation of the CEO

Following review and concurrence by the Board's independent directors, the LDCC approves the CEO's performance goals and objectives for the upcoming year. The Board's independent directors perform an annual evaluation of the CEO's performance against these previously established goals and objectives and consider the CEO's compensation. The goals include objective criteria, such as business performance, accomplishment of long-term targets and development of management succession plans. Results of the annual evaluation by the Board's independent directors are reflected, as appropriate, in the CEO's annual compensation approved

by the LDCC. One independent director will be selected by the independent directors to provide the evaluation results and compensation to the CEO.

E. Succession Planning and Leadership Development

The CEO, working with the Board and the relevant Committees, is responsible for developing and maintaining processes and programs for succession planning and leadership development with respect to the CEO and other senior management positions. Based upon the recommendation of the LDCC, which has primary responsibility for assisting the Board in developing and evaluating potential internal candidates for these positions, the Board regularly reviews succession planning and leadership development. These reviews include discussions of leadership assessments, leadership development plans, and other relevant factors. In coordination with the relevant Committees, the Board also (1) regularly reviews and establishes criteria for the CEO position that reflect the Company's strategy and needs and (2) regularly reviews and maintains emergency succession plans for the CEO and other senior management positions.

VIII. Board Committees

A. Number, Structure and Responsibilities of Standing Committees

There are currently three standing committees: Audit Committee, the LDCC, and Nominating and Governance Committee. Other committees may be established from time to time by a resolution passed by the Board. Each standing Committee maintains a written charter setting forth its membership criteria, purpose and responsibilities.

B. Independence of Committee Members

Members of the Audit, LDCC, and Nominating and Governance Committees are required to be independent directors. Members of the Audit Committee and the LDCC must meet additional independence criteria required by the NYSE and the Securities and Exchange Commission, as well as additional criteria required under the relevant Committee's charter.

C. Committee Agendas

The Chair of each Committee, in consultation with Committee members, the CEO, the Corporate Secretary and management liaison, establishes the Committee agenda. Each Committee reports regularly to the Board summarizing the Committee's actions and any significant issues considered by the Committee.

D. Assignment and Rotation of Chairs & Committee Members

The Nominating and Governance Committee is responsible for recommending directors to the Board who are qualified to fill vacancies on any Committee.

Committee Chairs and membership should be rotated periodically to provide fresh points of view. Committee Chairs and members will be reviewed and approved by the full Board.

E. Frequency and Length of Committee Meetings

The Committee Chair, in consultation with Committee members, the CEO, the Corporate Secretary and the management liaison, will set the frequency and length of Committee meetings.