



Finance, Innovation and Technology Committee Charter

I. Purpose

The purpose of the Finance, Innovation and Technology Committee (the "Committee") of the Board of Directors (the "Board") of Xylem Inc. (the "Company") is to assist the Board in its oversight of the Company's financing strategy and activities, investment policies and matters relating to the financial condition of the Company and to oversee and provide counsel on matters of innovation and technology.

II. Responsibilities

A. Finance Responsibilities

1. Annually review the Company's capital spending plan.
2. Annually review the Company's financial strategies, capital structure, liquidity and credit rating.
3. Annually review the performance of acquisitions valued in excess of \$25 million for the periods of the acquisition year and the next two calendar years. Annually evaluate the performance of, and returns on, approved capital expenditures in excess of \$15 million for the periods of the expenditure year and the next two calendar years.
4. Review and recommend to the Board changes to the Company's capital structure and short and long-term financing plans and programs proposed by management.
5. Review and recommend to the Board mergers, acquisitions, participations in joint ventures, divestitures and other similar transactions in excess of \$25 million.
6. Review and recommend to the Board capital expenditures in excess of \$15 million.

B. Technology & Innovation Responsibilities

Review the Company's technology and innovation strategy in the context of overall corporate strategy, goals and objectives. The Committee reviews the progress, results and effectiveness of the Company's proposed and ongoing major research and development activities relating to new products and businesses.

With respect to these activities, the Committee shall consider the following as it deems appropriate:

- a. the effectiveness of the Company's innovation system, including:
 - i. the processes for "customer listening" and competitive benchmarking on technology;
 - ii. the processes for identifying and prioritizing, and, as applicable, the development and commercialization of, innovative technologies that arise from within and outside the Company, and for determining key "white space" strategies; and
 - iii. the processes employed to measure and track the innovation process, project progress and commercial success, and R&D productivity;
- b. the allocation of the Company's resources to research and development overall, and selected major programs;
- c. the potential impact on the Company in the event that technology being, or proposed to be, developed is not developed or accessed by the Company;
- d. the Company's technological education, recognition and motivational programs and activities;
- e. strategic marketing activities and their relationship and alignment with the Company's innovation priorities and new product development;
- f. the Company's information technology strategy in the context of the Company's growth strategy; and
- g. the Company's strategy regarding the protection of intellectual property for new and existing technologies of the Company.

C. General Responsibilities

1. Periodically review its Charter and make recommendations to the Board for approval and adoption of the Charter, including any additions, deletions or modifications, as may be deemed appropriate.
2. Review and assess its performance on an annual basis.
3. Report regularly to the Board on its activities.
4. Any additional responsibilities as may be specified from time to time by the Board.

III. Membership and Organization

- A. The Committee shall be comprised of no fewer than three members. A majority of the Committee members shall be independent directors as defined by the New York Stock Exchange. All of the Committee members shall be financially literate.
- B. Each member of the Committee shall be designated by the Board of Directors annually and shall serve until such member's successor is duly designated or until such member's earlier resignation or removal. Any member of the Committee may be removed from the Committee, with or without cause, by a majority vote of the Board of Directors.
- C. The Chairperson of the Committee shall be designated by the Board of Directors. The Board will consider the rotation of the Chairperson of the Committee on a periodic basis.
- D. The Chairperson of the Committee shall be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Chairperson shall preside at meetings of the Committee.
- E. The Secretary or Assistant Secretary of the Company shall be the Secretary of the Committee unless the Committee designates otherwise.
- F. The Committee shall meet as often as may be deemed necessary or appropriate. The Committee may ask members of management or others to attend meetings or to provide relevant information.
- G. The Committee has sole authority to select, oversee and terminate any advisors, consultants and other outside counsel, as needed, to provide advice to the Committee. The Committee has sole authority to approve the advisor's fees and other retention terms. The Company will provide the Committee with appropriate funding, as determined by the Committee, for the payment of reasonable compensation to any such advisors obtained by the Committee.
- H. The Committee may delegate authority to act upon specific matters within determined parameters to a subcommittee consistent with the delegation of such powers to the Committee by the Board.
- I. The Board shall consider the dissolution of the Committee no later than the three year anniversary of the date of formation of the Committee based on an assessment of the Committee fulfilling its purpose.