

Independent Assurance Statement to Xylem Inc.

ERM Certification and Verification Services (ERM CVS) was engaged by Xylem Inc. (Xylem) to provide limited assurance in relation to specified 2017 environmental and safety data presented in the Xylem 2017 Sustainability Report (the Report) as set out below.

Engagement Summary	
Scope of our assurance engagement	<p>Whether the corporate 2017 data for the following selected indicators are fairly presented, in all material respects, in accordance with the reporting criteria:</p> <p>Environmental data:</p> <ul style="list-style-type: none"> • Total direct energy use (MWh) • Total indirect energy use (MWh) • Total Scope 1 (direct) GHG emissions (metric tons of CO₂e) • Total Scope 2 (indirect) GHG emissions (metric tons of CO₂e) • Total Scope 3 (business travel) GHG emissions (metric tons of CO₂e) • Total water withdrawal (mega-liters) • Total hazardous waste generated (metric tons) <p>Safety data:</p> <ul style="list-style-type: none"> • Total non-hazardous waste generated (metric tons) • Total waste to landfill (metric tons) • Injury frequency (medical + lost workday cases x 200,000/number of working hours) • Injury severity ((number of lost workdays x 200,000 / worked hours) • No. medical cases • No. lost work day cases
Reporting criteria	The EHS reporting program and specific metric definitions as prepared by Xylem.
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	<p>Xylem is responsible for preparing the data and for its correct presentation in the Report to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

Qualified conclusion

Based on our activities, with the exception of the matter described in the 'Basis for Qualified Conclusion' below, nothing has come to our attention to indicate that the corporate 2017 data for the selected indicators listed under 'scope' above are not fairly presented, in all material respects, with the reporting criteria.

Basis for Qualified Conclusion

Due to inconsistencies in the tracking and reporting of waste across the organization, we were unable to reach a conclusion on the completeness and accuracy of the 2017 waste data including Total non-hazardous waste generated, Total hazardous waste generated and Total waste to landfill.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Interviews with relevant staff to understand and evaluate the data management systems and processes used for collecting and reporting the selected data.
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation for the selected indicators.
- A visit to a manufacturing facilities at DuBois, PA (USA) and Shenyang (China) with further visits to the sales and services operations in the UK to review the local reporting processes and check samples of underlying source data for each selected indicator.
- A visit to Xylem's corporate office (Schaffhausen, Switzerland) to review the consolidation and reporting process including checking calculations, applied emission factors and the corporate data quality and assurance processes.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our Observations

We have provided Xylem with a separate management report. With reference to the conclusions presented above, we have the following observation:

- We recommend (with particular regard to reporting of waste metrics) attention is given during 2018 to improving internal controls by incorporating senior management approval mechanisms at site and business levels into year-end EHS reporting processes to ensure accountability for the identification, investigation and explanation of significant year-on-year site level variances.



4 June 2018

Jennifer Iansen-Rogers

Head of Corporate Assurance Services

ERM Certification and Verification Services, London

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS staff that have undertaken this engagement have provided no consultancy related services to this client in any respect.