

Dear Strategic Supply Partner,

Xylem's Supply Chain Sustainability Strategy focuses on three key pillars: Community Engagement, Compliance, and Environmental Impact. The foundation of our Compliance pillar is built on our partnership with EcoVadis.

EcoVadis is a 3rd party platform that evaluates our supplier's internal governance in four areas:

- Human Rights and Labor
- Sustainable Procurement
- Ethics
- Environment

Over the past few years, EcoVadis has become an internationally recognized standard for Supply Chain transparency. As the regulatory environment is rapidly changing around these topics, Xylem and many other companies are utilizing EcoVadis to ensure compliance within the supply chain. As the EcoVadis platform works as a network, you only need to complete a single assessment, which can then be shared with customers, investors, and regulatory bodies. In addition to your ability to share the assessment with many stakeholders, completing an EcoVadis assessment offers many benefits to our Supply Partners:

- **An improved discount rate of Xylem's Supply Chain Financing Program:** Xylem has negotiated a tiered rate structure with our banking partners tied to EcoVadis performance. Completing the assessment allows you to access the 1st improved tier, with additional incentives based on performance.
- **Market competitiveness and commercial opportunity:** Many companies with a positive EcoVadis rating gain a competitive advantage against peers. As Sustainability and risk management continue to grow in importance for Procurement organizations, this assessment is an effective tool to demonstrate differentiated value for attracting prospective customers.
- **Risk & Opportunity Analysis:** EcoVadis allows our partners to evaluate the control environment within their organization and gain more insights into potential risks it presents and how they can mitigate those risks for continued durable growth.
- **Stakeholder Engagement:** As an output of the assessment, we find that our partners can have more meaningful conversations with external stakeholders about their performance and potential areas of improvement.

The EcoVadis program entails an annual assessment, which is co-financed by Xylem and you (Learn more at <https://ecovadis.com/plans-pricing>). Xylem believes that EcoVadis' collaborative platform will increase transparency, standardize reporting, facilitate improvement, and significantly reduce your overall sustainability workload.

We thank you in advance for your engagement in this strategic initiative for Xylem and look forward to continuing to grow our partnership!



Roger Lobo
Chief Procurement Officer



Katrina Thorogood
Senior Director, Procurement Sustainability & Compliance