Watts Water Technologies, Inc.

Sustainability
Report

2020

WATTS®
Watts Water Technologies, Inc.

About this Report

This Sustainability Report is the fifth annual publication of its kind for Watts Water Technologies, Inc. It highlights our company's commitment to sustainability, and provides information about the progress we are making at Watts to promote a sustainable and prosperous future through responsible business practices across each dimension of sustainability – namely, Environment, Social and Governance (ESG).

The disclosures we provide in each section of this report underwent extensive internal quality checks and are factual to the best of our knowledge at the time of reporting. As is standard practice at Watts, our 2020 Sustainability Report was formally reviewed by the following prior to its official release:

- Global Sustainability Task Force
- Executive Leadership Team
- EHS & Sustainability Steering Committee
- General Counsel

Additionally, we are proud to include a set of General Disclosures with key data points and information to meet the requirements of the Global Reporting Initiative (GRI) Standards "Core Option." A verification statement of GRI Standards Core compliance was provided by the Center for Sustainability and Excellence (CSE).

For More Information

Additional information about our ESG performance at Watts is available in our 2020 Annual Report, Form 10-K and Proxy Statement, and on our company website at watts.com/our-story/sustainability. We welcome your feedback about our sustainability efforts, so we can continue to improve our ESG reporting and provide the most relevant information to our stakeholders.

Please direct any questions or comments to:
sustainability@wattswater.com

Table of Contents

A Message from our CEO

Welcome to our fifth annual sustainability report. After a year that challenged us in many ways, I am proud that we never wavered in our commitment to protect and sustain the world's water supply through our diverse portfolio of water technologies and solutions.

As a responsible corporate citizen, we continued to make significant gains across each dimension of sustainability – Environment, Social and Governance – all while maintaining focus on meeting the needs of our stakeholders. In addition, we have taken an important step in our sustainability journey by appointing Kenneth Lepage, our General Counsel, to lead our sustainability efforts as our first Chief Sustainability Officer and by forming a Sustainability Steering Committee to lead the development of our long-term sustainability strategy.

For the second consecutive year, Newsweek magazine named Watts among "America's Most Responsible Companies." In total, only 400 companies, spanning 14 industries, made the final list and we are honored to be among them once again.

I am deeply grateful to all of our employees around the world for their perseverance and dedication to Watts and our customers throughout the COVID-19 pandemic. They protected themselves and each other – all while ensuring our customers' needs were met and remaining steadfast in their commitment to supporting the long-term goals of our business.

Environmental Stewardship

Climate change is a major global threat due to the unprecedented impact it has in scale and seriousness on our water, food and energy supplies. In water alone, the world faces the twofold problem of pollution and scarcity.

Severe weather events like hurricanes and wildfires, rapid urbanization and pollution, and other global threats like pandemics, droughts, and biodiversity loss are putting millions of lives and trillions of dollars of infrastructure at risk. For over 147 years, Watts has been committed to the belief that investing in technology can help solve the world's biggest challenges. The Internet of Things empowers us to transform components into smart and connected devices. Our smart and connected strategy is anchored by a promise to connect our customers to smart systems, control those systems for optimal performance, and conserve critical resources by increasing operability, efficiency, and safety.

At Watts, we believe that protecting the environment is good business and we are proud of the work we have done to minimize the environmental impact of our operations. In 2020, we reduced our global water consumption by 33% and our greenhouse gas emissions by 16%. We also enabled smart monitoring across 80% of our high water use facilities to promote early leak and surge detection and capitalized on investments in various energy reduction projects. With respect to Watts' product handprint, our high efficiency boilers and heaters have reduced over 110,000 metric tons CO_2e emissions globally — 4 times more than our own Scope 1 and 2 emissions in 2020.

We implemented employee-driven waste initiatives focused on waste delineation, re-zoning and waste stream elimination. Seven of our sites were certified to ISO 14001 for environmental management systems and we exceeded our sustainability savings target due, in large part, to more than 900 sustainability-related improvements submitted through our Quick Kaizen program.

Additionally, we set several new sustainability targets to reduce our water, GHG emissions and hazardous waste resource intensity by 3% per year starting from 2018 (our baseline year) through 2023. We have provided updates in our 2020 report, and look forward to continuing to report on this in 2021 and beyond.

Social Responsibility

At Watts, we strive for zero hazards and zero injuries by educating and training employees on safety best practices through awareness campaigns and related engagement initiatives, and we saw significant improvements in our safety performance in 2020.

Through our Near Miss and Safety Observation program, employees submitted over 4,000 near miss reports and recorded more than 13,000 safety observations. As a result, we reduced our Total Recordable Incident Rate by 29% and Lost Time Incident Rate by 37% compared to 2019. More than a dozen sites sustained zero recordable injuries last year, including our site in Nogales, Mexico, which celebrated 1 million hours without a recordable injury. Furthermore, five of our sites were certified to ISO 45001 for occupational health and safety.

We are also committed to providing a diverse, equitable and inclusive work environment and took several steps in 2020 to make Watts a more inclusive place to work for everyone. We launched a global Diversity, Equity and Inclusion (DEI) survey, the results of which we used to identify several key areas of focus. Throughout the year, we enhanced our talent recruitment processes with new hiring standards for diversity, and forged partnerships with five Historically Black Colleges and Universities (HBCUs) to help diversify our candidate pools.

We created several employee resource groups, such as "Black Matters at Watts" and "Women of Watts," which initiated awareness campaigns to reaffirm our commitment to providing a safe and inclusive workplace for our employees. In addition, we conducted a pay equity assessment to ensure fairness in our compensation programs and deployed training and development programs on unconscious bias, inclusive leadership and communicating about culturally sensitive issues.

We continued our commitment to continuous education for our employees by rolling out a robust e-course curriculum via our Learning Management System for those transitioning to remote work, including training on topics such as managing stress, balancing work and life, and navigating unexpected change. In all, employees completed more than 10,000 online courses – an 83% increase from 2019.

In response to the COVID-19 pandemic, we shifted our 2020 training offerings for our customers to 100% virtual programs through Watts Works Online and expanded our e-learning program outside the U.S. and Canada, and into Mexico, France and Italy. Customers and sales reps completed more than 100,000 on-demand virtual training courses.

We also made investments to improve the digital experience for our customers, implementing over 150 enhancements on Watts.com, improving the site's search capabilities and expanding our growing resource library with hundreds of new resources. We released new online specification tools, optimized websites across our family of brands and expanded our e-commerce offerings to better serve our customers.

Our partnership with Planet Water continued into its sixth year and we supported the installation of two water filtration systems in Aguascalientes, Mexico, providing 3,600 people with 10,000 liters of clean water daily. To date, our partnership with Planet Water has made clean water available to more than 30,000 people in the world's most disadvantaged areas.

Furthermore, we supported our local communities impacted by the COVID-19 pandemic. Through our "Ready to Serve" campaign in the U.S., Watts donated one dollar to the Restaurant Employee Relief Fund (RERF) for every Dormont Blue Hose® kit sold over the summer, totaling $17,000 in donations. RERF raised more than $21.5 million to help 43,000 restaurant workers in all 50 states.

Watts supplied front-line healthcare workers with surgical face masks, latex gloves and other personal protective equipment, and donated laptops and school supplies to students attending school remotely. We also donated smart and connected products to support various non-profit organizations, as well as military veterans and other families in need, including high-efficiency boilers, radiant heating systems and water filtration devices.

Our employees did their part as well, making charitable contributions to a range of social causes, and volunteering their time to clean up neighborhoods, pack meals for the hungry and mentor undergraduates pursuing careers in advanced manufacturing.

Corporate Governance

At Watts, our robust ethics and compliance programs help ensure we do business with integrity and according to the highest ethical standards. These programs are overseen by our Board of Directors and we regularly review the content and performance of our ethics and compliance programs with the Board. Additionally, we implemented Information Security and Ethics training for all employees, and provided regular communications on the impact of COVID-19 on our business and our employees.

Our Code of Conduct is now available in 15 languages to cover our global footprint, ensuring our employees, agents, suppliers and the public can easily access our standards and expectations of business conduct and understand what we mean when we say that we are committed to acting in an ethical manner, always. Our third-party due diligence reviews, risk assessments, non-retaliation policy, management oversight and issue escalation hotline also helped to drive ethics and compliance throughout our global organization last year.

Looking Ahead

As the COVID-19 pandemic begins to recede, we look forward to continuing our work to reduce our environmental impact, protect the health and safety of our employees and govern our company responsibly. We will do this while driving innovation and investing in ways to respond to the needs of our customers with high-quality products, systems and solutions for the conveyance, conservation, control and safe use of water.

Sincerely,

Robert J. Pagano, Jr.
CEO and President

Company
Overview

Watts Water Technologies, Inc. was founded by Joseph E. Watts as Watts Regulator Co. in 1874 in Lawrence, Massachusetts. Since then, Watts has grown to become one of the world's leading providers of water technologies and solutions that are designed to promote safety, energy efficiency and water conservation for commercial and residential buildings throughout the Americas, Europe, and Asia-Pacific, Middle East, and Africa (APMEA). Headquartered in North Andover, MA, USA, Watts was incorporated in Delaware in 1985 and trades on the New York Stock Exchange (NYSE) under the stock symbol WTS.

Organizational Profile

Watts Water Technologies, Inc. is a leading supplier of products and solutions that conserve water, and manage the flow of fluids and energy into, through and out of buildings in the commercial and residential markets of the Americas, Europe, and Asia-Pacific, Middle East, and Africa (APMEA). For more than 145 years, Watts has designed and produced valve systems that safeguard and regulate water systems, energy efficient heating and hydronic systems, drainage systems and water filtration technology that helps purify and conserve water.

Mission

To improve comfort, safety, and quality of life for people around the world through our expertise in a wide range of water technologies. To be the best in the eyes of our employees, customers and shareholders.

Vision

To be the global leader in providing innovative, high-quality products, systems, and solutions for the conveyance, conservation, control and safe use of water through a focus on customers, innovation and continuous improvement.

Values

Integrity and Respect
Doing the right thing in the right way, always

Accountability
Focusing on results; doing what you say you're going to do

Continuous Improvement & Innovation
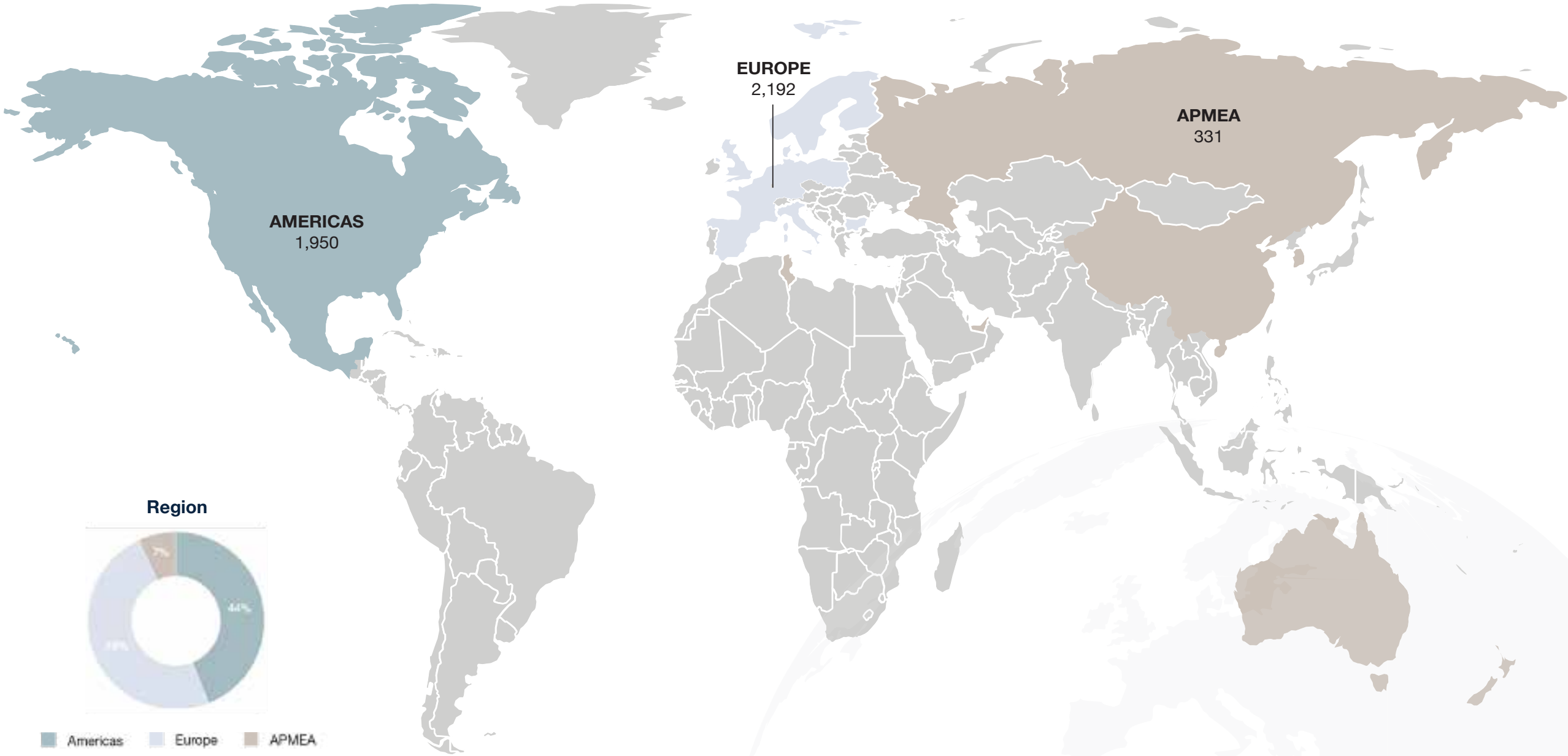Maintaining a customer focus; improving every day

Transparency
Demonstrating candor and openly sharing information

All Employees End of the Year Headcount

As of December 31, 2020

GLOBAL FOOTPRINT

At Watts, we believe that our employees are our greatest asset. In 2020, we employed a total of 4,473 people across 73 locations and in 23 countries. The tables provided below include a breakdown of our global workforce by country, gender, employment type and contract type.

EUROPE 2,192

APMEA 331

AMERICAS 1,950

By Gender

Full Time

2,770 — Male

1,550 — Female

73 — Unspecified

Part Time

16 — Male

63 — Female

1 — Unspecified

Region

44%

- Americas
- Europe
- APMEA

By Contract Type

Regular		Temporary		Americas – Regular		Americas – Temporary		Europe – Regular		Europe – Temporary		APMEA – Regular	
1,921	Americas	29	American	1,408	Male	15	Male	1,162	Male	8	Male	193	Male
2,160	Europe	32	Europe	513	Female	14	Female	945	Female	3	Female	138	Female
331	APMEA	0	APMEA					53	Unspecified	21	Unspecified		

= 500 Employees

Annual Revenue

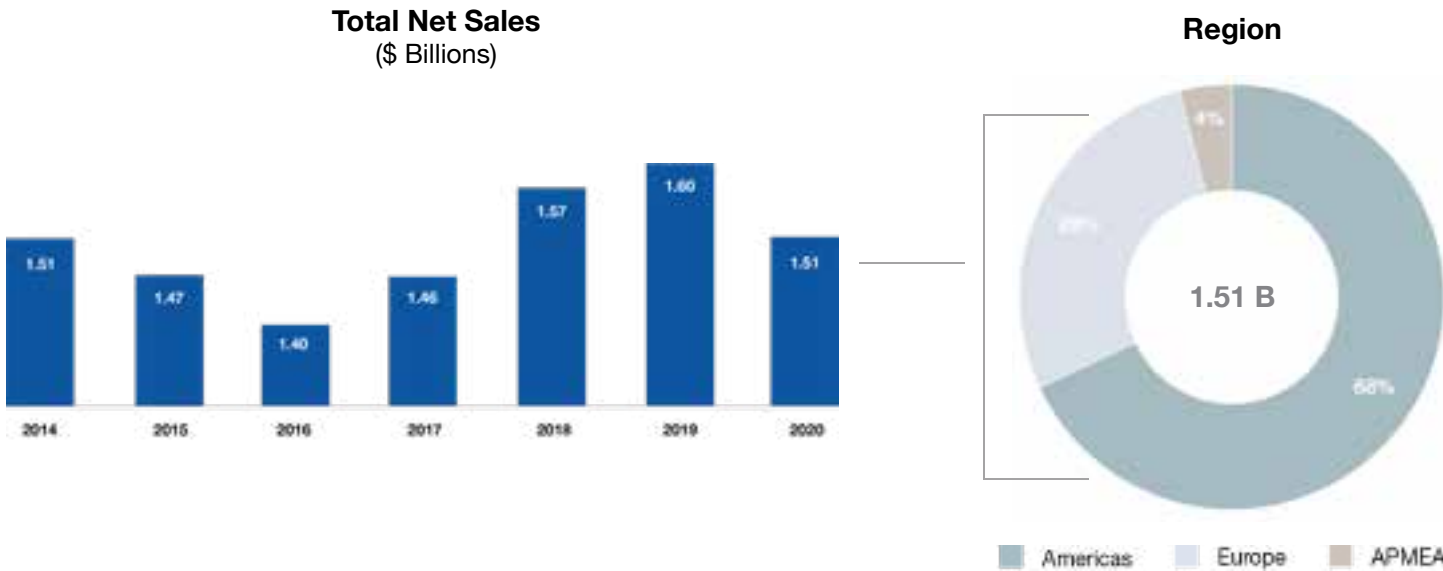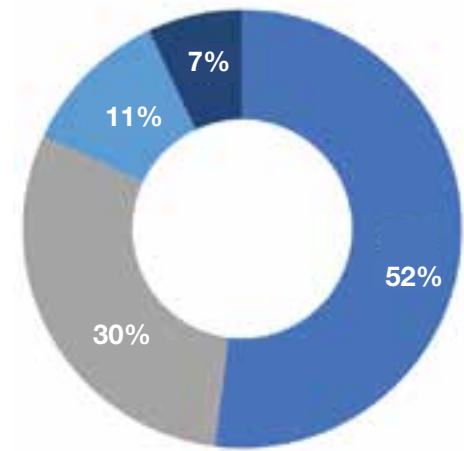We report on our annual net sales for each of the three geographic segments in which we operate our business globally. The infographics provided below represents total revenue for the reporting year 2020.

Total Net Sales
($ Billions)

Year	Sales
2014	1.51
2015	1.47
2016	1.40
2017	1.46
2018	1.57
2019	1.60
2020	1.51

Region

1.51 B

- Americas: 68%
- Europe: 28%
- APMEA: 4%

Major Brands

AERCO · AMES FIRE & WATERWORKS · APEX VALVES · AVG · bar · BLÜCHER · THE DETECTION GROUP · DORMONT · FEBCO · HF scientific · Lync · Mueller Steam Specialty · ORION · POWERS · Premier · PVI · SOCLA · SunTouch · tekmar · valpes · WATTS

Products

Product breakdown: 52%, 30%, 11%, 7%

Residential and Commercial Flow
- Backflow preventers, water pressure regulators, temperature and pressure relief valves and thermostatic mixing valves

HVAC & Gas
- Commercial high-efficiency boilers, water heaters and heating solutions
- Hydronic and electric heating systems for under-floor radiant applications
- Custom heat and hot water solutions, hydronic pump groups for boiler manufacturers and alternative energy control packages
- Flexible stainless-steel connectors for natural and liquid propane gas in commercial food service and residential applications

Drainage & Water Reuse
- Drainage products
- Engineered rainwater harvesting solutions for commercial, industrial, marine and residential applications

Water Quality
- Point-of-use and point-of-entry water filtration, conditioning and scale prevention systems
- Monitoring and metering products for commercial, marine and residential applications

Customers and Markets

Customer breakdown: 60%, 19%, 15%, 6%
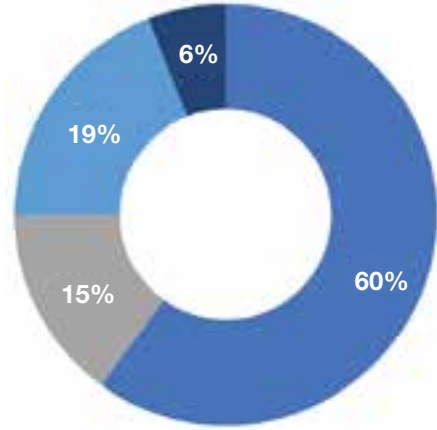
Wholesalers
- Wholesale distributors for commercial and residential applications

Specialty
- High-efficiency boilers and water heaters, water filtration and conditioning products, specialty floor and tile products, and food service products

Original Equipment Manufacturers (OEMs)
- Americas: Water heater manufacturers and equipment and water systems manufacturers needing flow control devices and other products
- Europe: Boiler manufacturers and radiant system manufacturers
- APMEA: Water heater, air conditioning and appliance manufacturers

DIY Chains
- Valves and a portion of our water quality products

Membership of Organizations

To advance its mission, Watts partners with a variety of industry organizations and associations around the world.
We participate as a member, on committees and / or provide additional funding beyond traditional membership dues
for the following:

Legend: 👤 Member · 👥 Committee Participation · $ Funding Beyond Membership Dues

Region	Americas	Europe	APMEA
3-A Sanitary Standards, Inc.	👥	👥	
Aicarr (Italian Association for HVAC, Heating)		👤	
Air-Conditioning, Heating & Refrigeration Institute	👤 👥 $		
Air-Conditioning, Heating, and Refrigeration Institute (Formerly GAMA)	👥		
American Backflow Prevention Association	👤		
American Fire Sprinkler Association	👥		
American Rainwater Catchment Systems Association	👥		
American Society for Testing and Materials	👤 👥		
American Society of Heating, Refrigerating and Air-Conditioning Engineers	👤 👥		
American Society of Mechanical Engineers	👤 👥		
American Society of Plumbing Engineers	👤		
American Society of Sanitary Engineering	👤 👥 $		
American Supply Association	👤 👥 $		
American Water Works Association	👤 👥		
Angaisa (National Association for Plumbing)		👤	
Anima (Italian Mechanical Association for Industry)		👤	
Anti-Backflow Technology Group			👤
A.S.A (Aqu Italia: Fluid Solutions association measurement)		👤	
ATTB (Associatie Thermische Technieken België)		👤	
BDH (Federation of German Heating Industry)		👤	
BFV (Bundesverband Flächenheizungen und Flächenkühlungen e.V.)		👤	
Canadian Institute of Plumbing & Heating	👤		
Canadian Standards Association	👥		
China Valve Industry Association			👤
China Data Center Committee			👤
China Association for Quality Inspection			👤
Confindustria (Italian Association of Industry)		👤	
Confindustria Trento (Industry for Trento area)		👤	
Council of Industry	👤		
C.T.I (Italian ThermoTechnical Association)		👤	
DDA (Dutch Datacenter Association)		👤	
Distretto Trentino Tecnologico (Area Trento District for Technology)		👤	

Region	Americas	Europe	APMEA
EL 20 Standards Committee			👥
EVOLIS		👤	
GCCP (Genie Climatique Couverture-Plomberie)		👤	
Gold Partners of the Master Plumbers Association			👤
International Association of Plumbing and Mechanical Officials	👤 👥 $		
International Code Council	👤		
Irrigation Association	👥		
Manufacturers Alliance for Productivity and Innovation	👤		
Master Plumbers Association			👤
National Fire Protection Association	👤		
National Fire Sprinkler Association	👥		
NSF International (National Sanitary Foundation)	👥		
ODE (Heating networks Flanders)		👤	
Opentherm Association		👤	
Plastic Pipe Institute	👤 👥 $		
Plumbing and Drainage Institute	👥		
Rockland Business Association	👤		
syndicat ACR (ancien MTA concept)		👤	
TMP (Technical Association for plastic material)		👤	
UNCP-FFB (Federation Francaise du Batiment)		👤	
Underwriters Laboratories	👥		
UNI (Italian Standard Unification)		👤	
Uniclima		👤	
USC Foundation for Cross-Connection Control and Hydraulic Research	👥		
VDMA - Machinery and Plant Engineering Association		👤	
VIZ - Verband der Installations-Zulieferbetriebe		👤	
Water & Sewer Distributors of America	👥		
Water Quality Association	👤		
WBT (Werkgroep Beveiligingstoestellen) - consultative institution for KIWA		👤	
Western Regional Backflow Conference	👥		
WS026 Australian Standards Committee			👥
WS026 Australian Standards Committee			👥

Approach to Sustainability

At Watts, we aim to integrate sustainable thinking into our business operations and our stakeholder relationships. We do all we can to empower our employees, customers, and partners in the innovation, development, and manufacturing of water technologies, systems, and solutions that protect our natural resources. Because clean, safe water matters.

STAKEHOLDERS AND MATERIALITY

Material Topics

The Materiality Principle is one of the core principles of the Global Reporting Initiative (GRI). In order to address the principle of materiality, a company should undertake a process of identifying its key material topics that have the greatest financial, environmental and social impact on its business, as well as those topics regarded as highly important by its key internal and external stakeholder groups. In order to identify such material issues, a company must actively involve its stakeholders. Watts has retained Ernst & Young, LLP to assist us in conducting a materiality assessment for 2021, the results of which will be included in next year's report.

In order to identify our key focus areas, Watts has selected and prioritized material topics using a materiality matrix. Through our regular communication and engagement with all our key stakeholder groups, as described in the following section, we have identified the material topics that are of highest relevance to them. In parallel, the material topics identified by other organizations have been taken into account through a benchmarking study focusing on sustainability reporting of peer companies in the Industrial and Building Water Product Manufacturing sector that use the principle of materiality to identify their highest priority topics. Upon completion of the above exercise, the following 15 topics were considered as material for Watts and are included in our Sustainability Report for 2020.

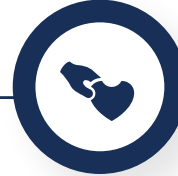|	Economic Topics	■ Governance ■ Compliance and Ethics ■ Responsible Supply Chain
	Social Topics	■ Health and Safety ■ Employee Engagement ■ Talent Management ■ Diversity and Inclusion ■ Community Engagement
	Environmental Topics	■ Water Consumption/ Security ■ GHG Emissions ■ Energy ■ Waste Management ■ Responsible sourcing / Conflict Minerals
	Market Topics	■ Product Safety ■ Product Innovation

Boundaries and Limitations of Materiality Issues

Material Topic	Internal Boundaries *(where the impact occurs)*	External Boundaries *(where the impact occurs)*
Governance	■ Employees ■ Board of Directors	■ Customers ■ Stockholders ■ Suppliers ■ Community ■ Regulating Authorities
Compliance and Ethics	■ Employees ■ Board of Directors	■ Customers ■ Stockholders ■ Suppliers ■ Community ■ Regulating Authorities
Responsible Supply Chain	■ Employees ■ Board of Directors	■ Customers ■ Suppliers ■ Community
Health and Safety	■ Employees ■ Board of Directors	■ Customers ■ Suppliers ■ Community ■ Regulating Authorities
Talent Management	■ Employees ■ Board of Directors	■ Community
Employee Training and Development	■ Employees ■ Board of Directors	■ Community ■ Suppliers
Diversity and Inclusion	■ Employees ■ Board of Directors	■ Community ■ Suppliers
Community Engagement	■ Employees ■ Board of Directors	■ Customers ■ Community ■ Suppliers
Water Consumption / Security	■ Employees ■ Board of Directors	■ Community ■ Suppliers ■ Regulating Authorities

Material Topic	Internal Boundaries *(where the impact occurs)*	External Boundaries *(where the impact occurs)*
GHG Emissions	■ Employees ■ Board of Directors	■ Suppliers ■ Community ■ Regulating Authorities
Energy	■ Employees ■ Board of Directors	■ Suppliers ■ Community
Waste Management	■ Employees ■ Board of Directors	■ Suppliers ■ Community ■ Regulating Authorities
Responsible Sourcing/ Conflict Materials	■ Employees ■ Board of Directors	■ Customers ■ Suppliers ■ Community ■ Regulating Authorities
Product Safety	■ Employees ■ Board of Directors	■ Customers ■ Suppliers ■ Regulating Authorities
Product Innovation	■ Employees ■ Board of Directors	■ Customers ■ Suppliers ■ Community

Key Stakeholders

At Watts, we recognize that water is a precious and limited natural resource, which is what keeps us inspired and focused on our mission. For more than 145 years, our company has built a reputation for protecting and sustaining the world's water supply through our diverse portfolio of water technologies and solutions. Fundamentally, our legacy cannot continue without people. Our diverse, cultural mix of key stakeholders around the world plays an integral role in the growth and success of our business today, as well as our commitment to create sustainable, long term value in the future. To that end, we regularly engage and interact with our key stakeholder groups in a variety of ways, as outlined in the table below.

	Employees	Customers	Stockholders and Debt Holders	Suppliers	Community	Regulatory Authorities	Board of Directors
Methods of Engagement	Annual performance management process; Branded social media channels; Career development programs; Code of Business Conduct; Collective bargaining agreements; Company policies and procedures; *connect* intranet; *connect* weekly email newsletter; Employee engagement committees; Employee handbooks; Employee recognition programs; Employee Resource Groups; Engagement surveys / pulse checks / focus groups; Ethics Hotline and posters; Executive site visits; Learning management system / LinkedIn Learning; Monthly operating reviews; Onboarding (for new hires); Other local / regional town halls; Quarterly CEO video; Quarterly *connect* Meetings; Strategic talent review; Total rewards programs; Unions / works councils; Volunteer opportunities; Work-life balance initiatives	Branded social media channels; Continuous Education Unit (CEU) courses; Direct engagement via sales teams; Direct marketing, live events, webinars; External website for Watts and its family of brands; In-person training Watts Works Learning Centers; Trade shows and other live events; Voice of customer surveys / focus groups; Watts Works Online learning management system; White papers and case studies	Annual Report / 10-K; Annual Shareholders Meeting; Annual Sustainability Report; Company filings with the U.S. SEC; Investor meetings and conferences; Investor Relations website; Quarterly earnings conference calls; Quarterly earnings release; Other press releases	Code of Business Conduct; Direct engagement with sourcing, global commodity leaders, buyers, supplier quality engineering teams; Harrington Quality Management System; Kaizen events; Site visits; Supplier Code of Conduct; Supplier Quality Manual; Terms and conditions on purchase orders	Company website; Educational partnerships; Local outreach via donations and volunteerism; Planet Water partnership; Scholarships; Social Media	Direct engagement; ISO audits and permit application	Quarterly Board meetings; Quarterly and ad hoc committee meetings; Annual meeting; Mid quarter CEO board letter
Samples	Career advancement; Company culture, values and recognition; Company performance, strategy and goals; Compensation and benefits; Community involvement and impact; COVID-19 response; Individual performance management / feedback; Training and professional development	Energy efficiency challenges / solutions; Heating challenges / solutions; Leak detection concerns; Water challenges / solutions; Wastewater challenges / solutions	Economic value; ESG performance and social responsibility; Stock performance	Supply and demand logistics	Education and training opportunities; Environmental impacts	ESG performance; Product compliance	Governance oversight

Environmental
Stewardship

At Watts, our reputation for quality, safety and reliability is known worldwide from the vast portfolio of differentiated technologies we manufacture to meet the needs of our customers. We are committed to minimizing the impact of our global operations on the environment, improving health, wellness and safety of our employees, and protecting the communities in which we operate. As respectful environmental stewards, we engage in business practices that reflect our values, and advance our efforts to promote an economically, socially and environmentally sustainable future.

Operational Sustainability

Sustainability is fundamental to who we are. Our management approach and framework to advance sustainability is focused on:

Our Footprint — Taking responsibility for our water, energy, carbon and waste footprints across our manufacturing and business operations, and ensuring a safe working environment for our employees while manufacturing products that create value for our customers.

Our Handprint — Creating innovative products and smart solutions to protect, control and conserve critical resources by increasing operability, efficiency and safety. Our goal is to deliver powerful water, energy and cost savings solutions to our customers and the communities they serve.

Our Communities — Identifying and prioritizing risks across Watts' value chain that impact our governance, strategy, supply chain, social aspects, and management of climate-related risks and opportunities.

We aim to enhance social value by providing quality education to our employees, customers and other stakeholders to raise awareness and effect stewardship of water-related challenges.

ENVIRONMENT HEALTH AND SAFETY

We believe that protecting the environment is good business. Together, our Environment, Health and Safety (EHS) Management System, and EHS & Sustainability Policy set the standard for operational excellence at Watts. Our Environmental Management System (EMS) is a key component of this global integration. It provides the framework from which we deliver best-in-class performance, while ensuring our facilities operate safely, efficiently, and in an ethical and environmentally responsible manner. Through our EMS, we take a strategic, risk-based approach to proactively manage our environmental risk and footprint. These practices are anchored by lean manufacturing principles and methodologies, and serve to drive quality, continuous improvement and accountability.

Energy Management System

Our energy policy is committed to promote sustainable development and low-carbon business practices globally throughout the organization. We actively reduced our environmental footprint by evolving the way in which we operate. Our enhanced data collection, monitoring and internal stakeholder engagement activities enable us to better report, understand, identify and implement solutions to minimize our impact and maximize a positive return for our company and the planet.

Watts' Energy Management System continuously collects and analyzes energy and water consumption, waste generation, utility costs and carbon emissions data globally across our manufacturing and business operations. Our cloud-based utility data management service enables us to audit bills, address consumption anomalies, and provide standardized resource data.

Led by an interdisciplinary team, our environmental footprint reduction goals are established annually, and performance is tracked throughout the year to gain insights and drive material savings across the company. During review cycles, our gross consumptions, emissions, resource intensities and reduction opportunities are thoroughly analyzed to ensure we're reducing our environmental footprint.

In 2020, seven manufacturing sites maintained their ISO 14001 certification, representing 27% of our global manufacturing footprint. Seven additional sites submitted applications for certification for 2021.

Governance and Oversight

At Watts, environmental leadership starts at the top. We believe it sets an example for our employees, and reflects the commitment to sustainability that our customers, business partners and shareholders rightfully expect. The EHS & Sustainability Executive Steering Committee meets quarterly with the CEO and other Global Leadership Team members. Together, they are charged with spearheading the EHS and ESG programs at Watts, which encompass all geographies, brands and employees. Led by our CEO and executive management team, committee members review the company's EHS and sustainability performance, and discuss trends and issues, key business drivers, progress on goals and targets, and actions for continued improvement. These same topics are also presented at meetings with our Global Leadership Team and Board of Directors. Periodically, the Audit Committee exercises its oversight duties to perform "health checks" to evaluate our EHS practices and performance at Watts.

Compliance

Watts strives to comply with all applicable international declarations, conventions and treaties, as well as all national, regional and local regulations, and require the same of our supplier partners. As part of our commitment to environmental compliance, we routinely conduct environmental audits and risk assessments at the corporate level, by third-party assessors and / or by our internal audit teams. During COVID-19, there was an increase in engagement with our manufacturing plants worldwide.

In 2020, we conducted audits at 12 of our manufacturing sites, focusing on environmental management and occupational health and safety. In 2021, Watts joined The Water Council's Corporate Water Stewardship Accelerator with the intention to pursue certifying our key manufacturing sites to the Alliance for Water Stewardship Standard v2.0.

Business Continuity Planning

In 2020, the coronavirus pandemic reinforced the importance of identifying, managing and mitigating enterprise risk through effective business continuity planning. We refined our business continuity framework, policy and governance to ensure recurring and continuous assessment of our risks. Championed by our CEO, and President of the Americas and Europe, we use a "Plan-Execute-Improve" model to identify and mitigate risks throughout the year, driving accountability throughout the organization.
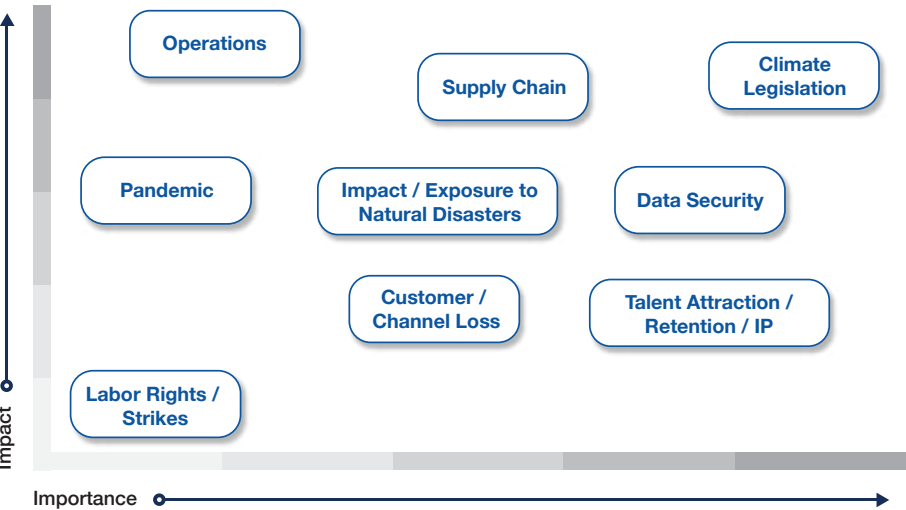
Step	Activities
Plan	■ Risk identification and awareness; business impact analysis; technology and business strategy; and plan development and documentation
Execute	■ Exercise and testing; sustainability and maintenance; training and awareness
Improve	■ Program review

Using the above approach, a comprehensive risk assessment and business impact analysis was conducted at Watts using guidance from the Task Force on Climate Related Financial Disclosures, as well as industry standards and methodologies, with a special emphasis on climate-related risks and opportunities.

Climate related risks included forest fires, floods and storms, carbon related rules / trends, and social impacts related to climate issues.

Climate-related opportunities for Watts include repair or replacement of water products caused by freeze events.

Impact and Importance of Climate-Related Business Risks and Opportunities

Impact / Importance chart with items: Operations, Supply Chain, Climate Legislation, Pandemic, Impact / Exposure to Natural Disasters, Data Security, Customer / Channel Loss, Talent Attraction / Retention / IP, Labor Rights / Strikes
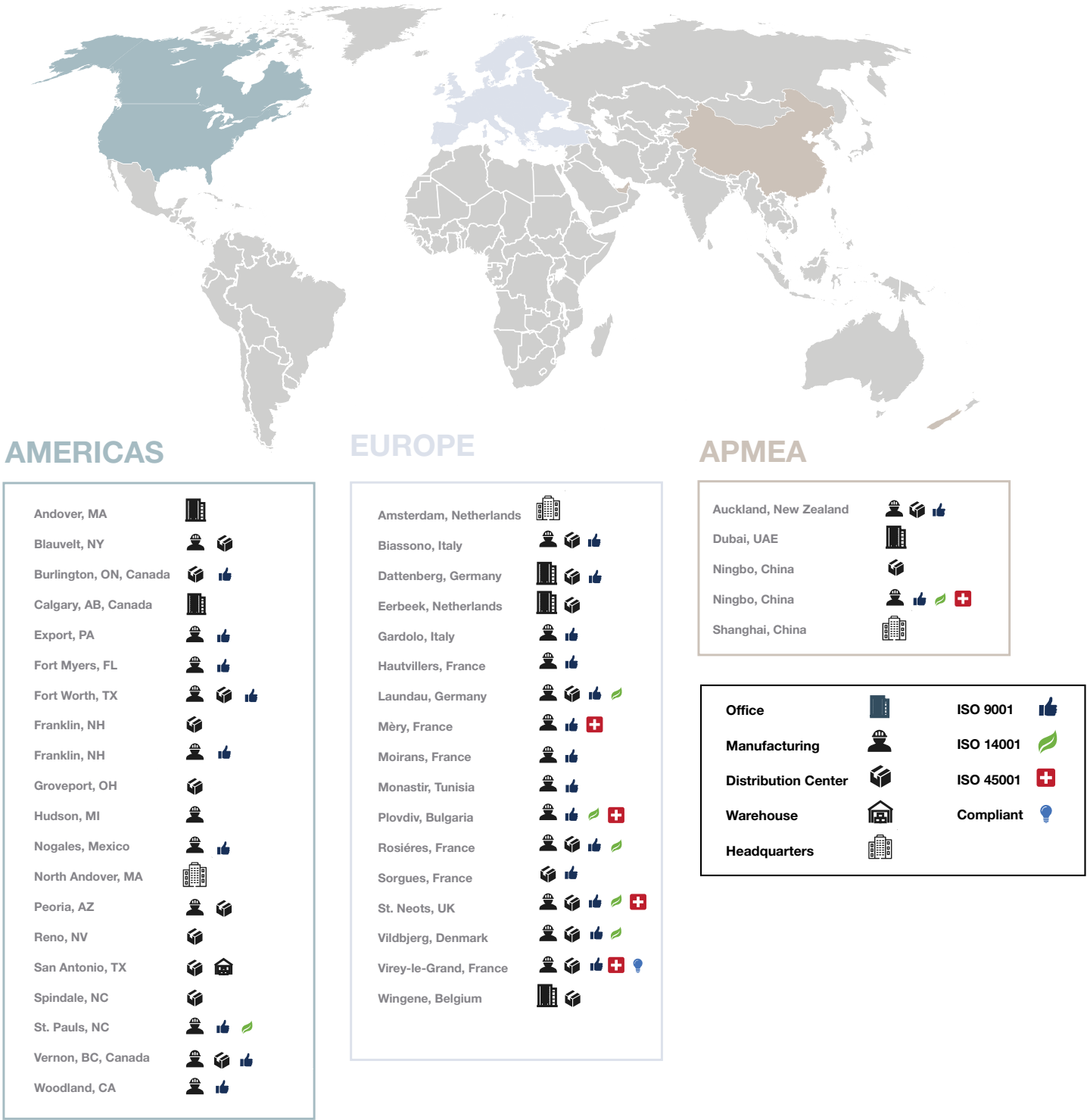
ENVIRONMENTAL PERFORMANCE

Environmental data collection, analysis and reporting play a critical role in supporting transparency, accountability and business decisions that help to advance our sustainability efforts at Watts. Throughout our operations and facilities, we continually take proactive measures to ensure the quality, integrity and security of our data, and to promote consistency in our processes. In partnership with our utility vendors we vastly improved our environmental data collection capabilities. Through a secure, web-based environmental data management system, we collect resource usage and utility costs automatically every month, which is managed and audited by an independent third party. This approach provides a holistic view of our overall consumption, thereby accelerating our ability to identify operational efficiencies, cost savings and opportunities for continuous improvement to meet our sustainability goals.

Scope of Data Reporting

Each of the 42 facilities listed below are within our operational boundaries for environmental performance in 2020, which represents 95% of our global workforce. Water consumption and GHG emissions data was reviewed and verified by an independent 3rd party auditor in accordance with GRI Disclosure Guidance 102-56, World Resources Institute (WRI) and World Business Council for Sustainable Development, "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard," March 2004, revised May 2013, and ISO 14065:2013 "Requirements for Greenhouse Gas Validation and Verification Bodies for use in Accreditation or Other Forms of Recognition." Please visit the Appendix for more information.

AMERICAS

- Andover, MA
- Blauvelt, NY
- Burlington, ON, Canada
- Calgary, AB, Canada
- Export, PA
- Fort Myers, FL
- Fort Worth, TX
- Franklin, NH
- Franklin, NH
- Groveport, OH
- Hudson, MI
- Nogales, Mexico
- North Andover, MA
- Peoria, AZ
- Reno, NV
- San Antonio, TX
- Spindale, NC
- St. Pauls, NC
- Vernon, BC, Canada
- Woodland, CA

EUROPE

- Amsterdam, Netherlands
- Biassono, Italy
- Dattenberg, Germany
- Eerbeek, Netherlands
- Gardolo, Italy
- Hautvillers, France
- Laundau, Germany
- Mèry, France
- Moirans, France
- Monastir, Tunisia
- Plovdiv, Bulgaria
- Rosiéres, France
- Sorgues, France
- St. Neots, UK
- Vildbjerg, Denmark
- Virey-le-Grand, France
- Wingene, Belgium

APMEA

- Auckland, New Zealand
- Dubai, UAE
- Ningbo, China
- Ningbo, China
- Shanghai, China

Office		ISO 9001	
Manufacturing		ISO 14001	
Distribution Center		ISO 45001	
Warehouse		Compliant	
Headquarters			

WATER AND EFFLUENTS

At Watts, we believe access to clean water is a fundamental human right. Climate change will affect the availability, quality and quantity of water for basic human needs. To be part of the solution in addressing the world's imminent water crisis, we are committed to reducing the amount of water we use and discharge to manufacture our products. As responsible water stewards, we believe in universal access to water that is clean, safe and affordable, and we will continue to ensure our business practices serve to protect the water quality and supply in the communities in which we operate around the world.

Since 2014, Watts has made important progress in dramatically increasing the accuracy, immediacy, and understanding of water-use across facilities. Upon selecting 2018 as the baseline year for water intensity reduction targets, we significantly advanced our data collection process by implementing an automatic bill collection system for all utilities across 42 sites every month. Watts 2020 water consumption data, collection and reporting methodology was reviewed and verified by a third party. Please visit the Appendix for more information.
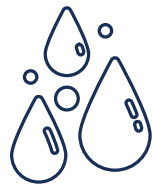
PROGRESS TO DATE

Deep Infrastructure Upgrades and Capital Improvements

Completed at 2

of our Largest Consuming Plants in 2020

Reduced Water Usage by

63 Million Liters

in 2020

Committed to Annual Water Intensity

Reduction of 3%

in M3/$M

Smart Monitoring Enabled

Across 80%

of our High Water Use Sites

Centralized Utility Data Collection & Analysis

Across 42 Sites

2020 Water Highlights

Biassono, Italy — After spotting an uptick in water consumption, we discovered underground pipes in an advanced state of corrosion. We completed a comprehensive infrastructure upgrade, replaced pipes and installed an in-line water meter with remote control capabilities to address leaks and surges in real-time. We replaced the underground pipes with overhead pipes, eliminating additional energy that was being consumed by the pumping system.

This capital improvement project reduced the plant's water consumption by 67% and avoided 86,400 kWh in pump energy.

Export, PA, USA — Our plant saved over 1 million liters of water by leveraging data and insights from a smart water monitoring device which helped detect invisible leaks occurring behind various water faucets and fixtures across the facility, allowing Export to complete targeted upgrades and maximize savings.

Sunnyvale, CA, USA — Watts committed to advancing the future of water solutions by investing in The Detection Group (TDG), a leading provider of wireless, cloud IoT enabled, water leak detection and monitoring systems of large commercial and residential facilities. TDG's core products include sensors for water alarm notifications, valve controllers to remotely shut off or manage flow, and the first and only FM-approved cloud-based platform for advanced metering, temperature and humidity sensing, and data analytics. TDG products are currently installed in over 400 buildings in the U.S., protecting an overall property value of over $40 billion.

THEDETECTIONGROUP®

A WATTS Brand

Management Approach

Watts understands that water is a shared resource — the amount of water withdrawn and consumed, and the quality of discharges from our manufacturing operations can impact the functioning of local ecosystems in numerous ways. We are committed to the preservation of water resources and being good stewards, i.e. the use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process.

In early 2021, Watts joined The Water Council's Corporate Water Stewardship Accelerator Program in support of our continued commitment to:

- Identify regional stakeholders and address localized water issues, i.e. pollution, balance, quality and scarcity
- Enact a corporate policy in compliance with Alliance for Water Stewardship Standard v2.0
- Complete an enterprise-wide watershed risk assessment, and review practices that impact how water is procured, used and discharged from direct operations
- Promote the transparency and disclosure of action plans, goals and timeline for implementing the AWS standards at high risk sites

In 2020, using the Aqueduct Water Risk Atlas developed by the World Resource Institute (WRI), we conducted a comprehensive water risk assessment to gain a better understanding of our water use in each region where major manufacturing plants, distribution centers and offices are located. The results from this analysis indicated that 100% of our facilities are located in low or medium water-risk areas, as defined by both stress and scarcity levels.

While carbon is a global pollutant and emission reduction and removal projects can be sourced anywhere, water is a local resource. Due to the success of our water data collection and reporting efforts this past year, our 2021 commitments to improve water conditions will be aligned specifically with where and how our facilities are using and sourcing water.

Although most of our water is municipally sourced, Watts has developed an internal operating system to build awareness at the site level on local watershed issues. This, coupled with enhanced data collection, monitoring and continuous water withdrawal and discharge reporting, will be crucial for driving impactful improvements.

Data Collection, Reporting and Reviews to Drive Water Savings

In 2020, in accordance with our water strategy, we addressed and overcame several key challenges specific to water data, which was often segmented and siloed within our organization. Watts deployed monitoring solutions and applications to continuously track and measure our water consumption and to report water intensity throughout the year.

Many of our large water-use sites have access to real-time consumption data via smart water meters installed across the facilities. Several of our manufacturing sites have focused their efforts on reducing consumption via leak detection, water infrastructure upgrades and rain water harvesting.

Throughout 2020, Watts routinely engaged with EHS, Operations and Corporate personnel across all levels of the organization to increase awareness and drive actions to reduce our water intensity.
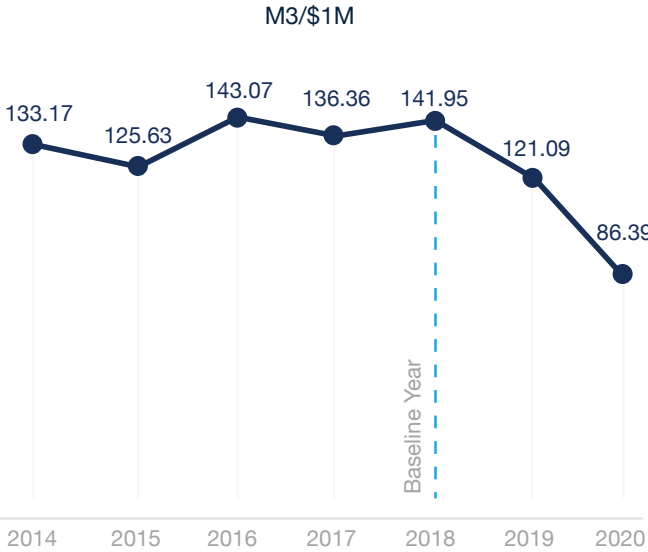
Sustainability Targets

To accelerate our responsible water management efforts, we have committed to a goal to reduce our water intensity by 3% annually. As part of this commitment, we recognize the risk of runoff and sewage spills caused by neglecting wastewater management. To that end, all Watts facilities meet national and local requirements for the return of clean and safe wastewater back into public water streams. Since 2018 (baseline year), Watts has reduced its water intensity by 39%.
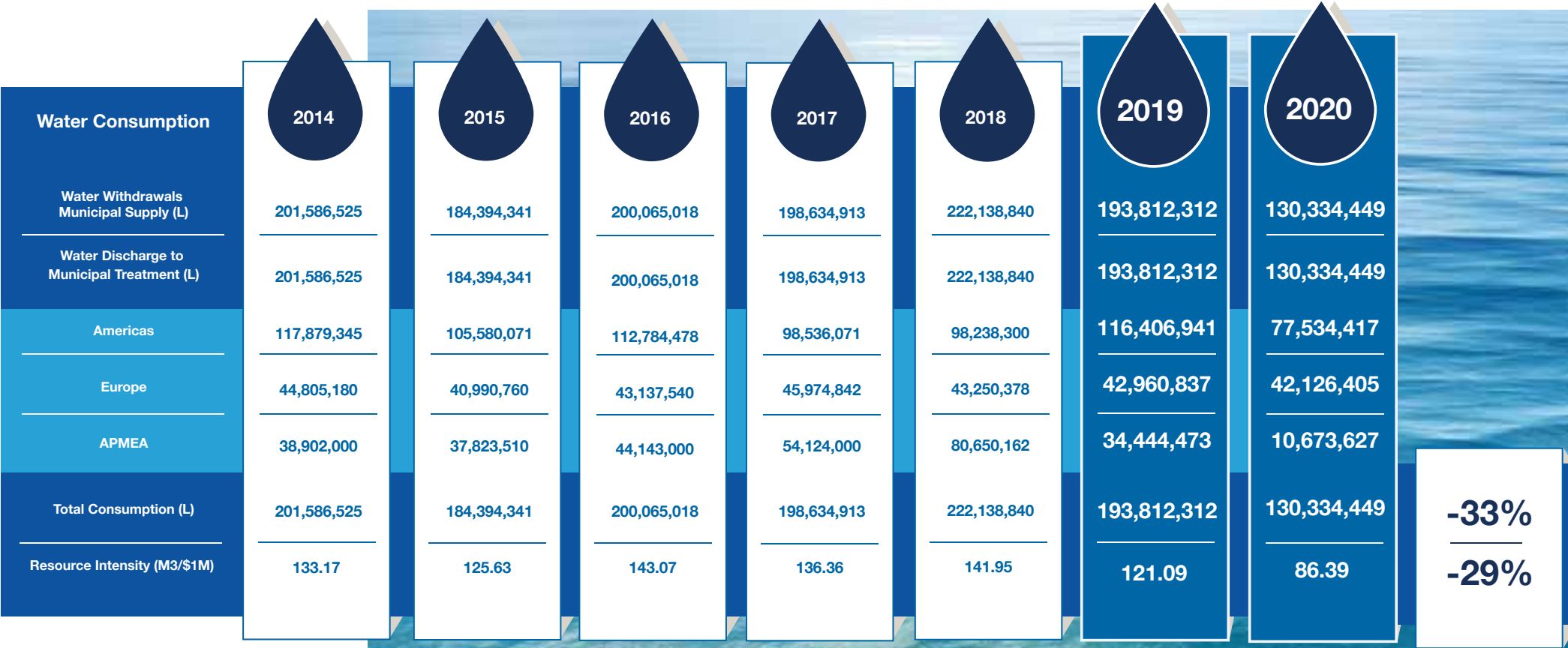
Our focus in 2021 is to:

- Implement best practices aligned with the Alliance for Water Stewardship Standard v2.0 for our high water-use sites
- Engage stakeholders in an open and transparent manner
- Respect water-related rights, ensure appropriate access to safe water, and sanitation and hygiene for all workers in all premises under the site's control (WASH pledge)
- Support and coordinate with public sector agencies in the implementation of plans and policies, including working together towards meeting the human right to water and sanitation
- Continually improve and adapt the site's water stewardship actions and plans

Water Intensity Trend
M3/$1M

133.17 | 125.63 | 143.07 | 136.36 | 141.95 | 121.09 | 86.39
Baseline Year

2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020

Water Withdrawal, Consumption & Discharge Data

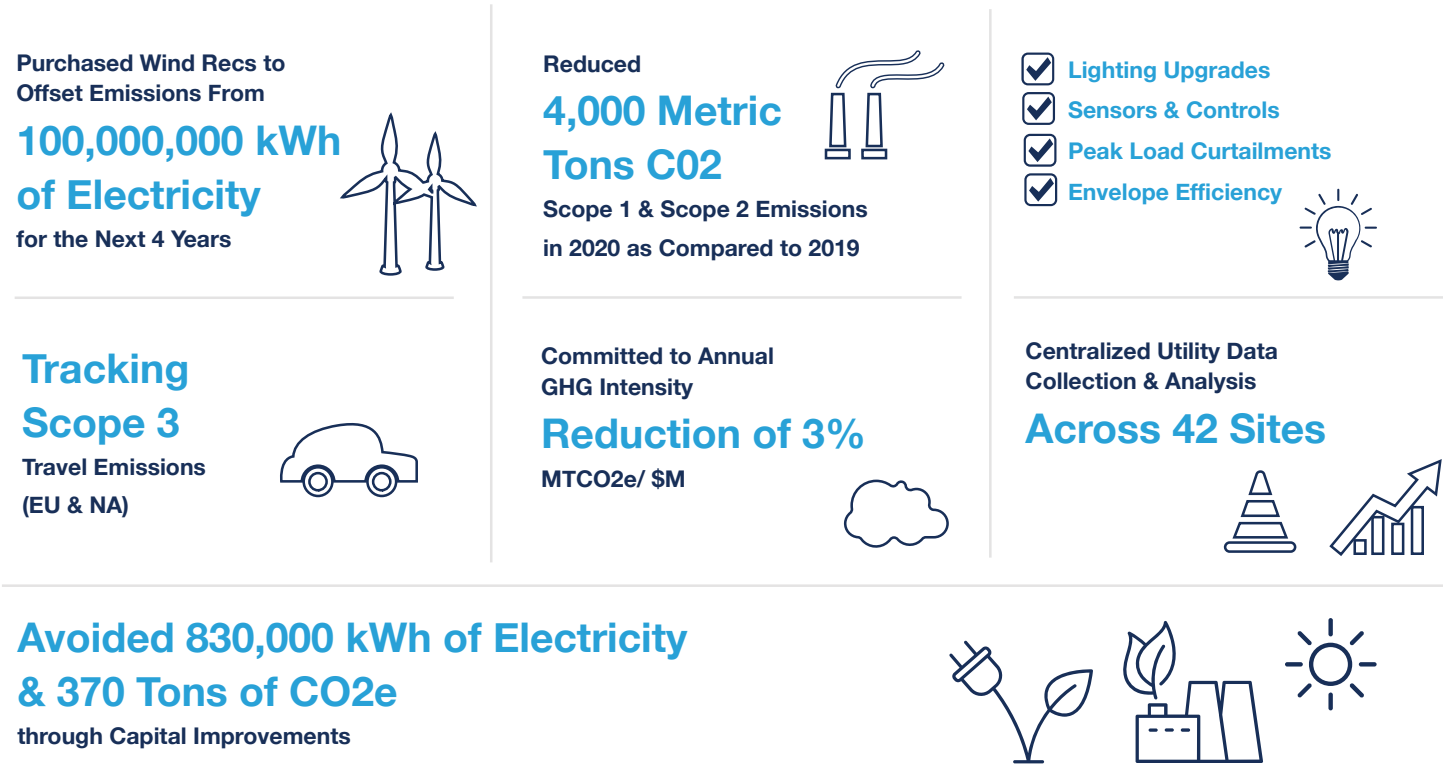| Water Consumption	2014	2015	2016	2017	2018	2019	2020
Water Withdrawals Municipal Supply (L)	201,586,525	184,394,341	200,065,018	198,634,913	222,138,840	193,812,312	130,334,449
Water Discharge to Municipal Treatment (L)	201,586,525	184,394,341	200,065,018	198,634,913	222,138,840	193,812,312	130,334,449
Americas	117,879,345	105,580,071	112,784,478	98,536,071	98,238,300	116,406,941	77,534,417
Europe	44,805,180	40,990,760	43,137,540	45,974,842	43,250,378	42,960,837	42,126,405
APMEA	38,902,000	37,823,510	44,143,000	54,124,000	80,650,162	34,444,473	10,673,627
Total Consumption (L)	201,586,525	184,394,341	200,065,018	198,634,913	222,138,840	193,812,312	130,334,449
Resource Intensity (M3/$1M)	133.17	125.63	143.07	136.36	141.95	121.09	86.39

-33%

-29%

ENERGY AND EMISSIONS

Watts recognizes the increasing urgency around climate change, and we are committed to reducing the amount of energy we use and the carbon emissions that we release into the atmosphere across all our facilities. The science is clear — to avert the worst effects of the changing climate, the world needs to rapidly decarbonize. As responsible environmental stewards, we believe in using energy more efficiently while reducing our carbon footprint.

Since 2014, Watts sites have been tracking their various energy sources on an annual basis. Starting late in 2019, significant progress was made by implementing automatic bill collection of all utilities across 42 sites every month. This allowed us to increase interest and engagement across sites to identify and implement the highest return on investment projects to help meet our sustainability and financial targets.

In 2020, Watts' energy and emissions data, emissions calculations methodology, corporate inventory management and GHG reporting procedures relating to energy and utility data collection were reviewed and verified by a third party. Please visit the Appendix for more information.

PROGRESS TO DATE

Purchased Wind Recs to Offset Emissions From

100,000,000 kWh of Electricity

for the Next 4 Years

Tracking Scope 3

Travel Emissions (EU & NA)

Reduced

4,000 Metric Tons C02

Scope 1 & Scope 2 Emissions in 2020 as Compared to 2019

Committed to Annual GHG Intensity

Reduction of 3%

MTCO2e/ $M

☑ **Lighting Upgrades**
☑ **Sensors & Controls**
☑ **Peak Load Curtailments**
☑ **Envelope Efficiency**

Centralized Utility Data Collection & Analysis

Across 42 Sites

Avoided 830,000 kWh of Electricity & 370 Tons of CO2e

through Capital Improvements

Management Approach

Watts' energy policy and management approach is rooted in existing UN frameworks and climate science. We recognize the increasing urgency around climate change and are committed to making investments, developing new technologies within our portfolio, and changing the way we serve our customers while advancing environmental and societal objectives. Long-term resources and investments are needed to address climate change to reduce emissions, help mitigate impacts that are already occurring, and to build resilience.

Since 2018, Watts prioritized using energy more efficiently and lowering our annual greenhouse emission across all our sites. In 2020, we expanded our energy and emissions management and reduction efforts by continuously encouraging and engaging our employees across our company to identify our highest emitting activities, implement efficient solutions, and adopt an emissions intensity mindset.

So far in 2021, our approach to reducing emissions has focused on shifting to cleaner electricity powered by renewables. Watts' goal is to help support our local communities by investing in the transformation of the grid toward a low carbon future.

Watts made significant progress toward this goal by investing in the purchase of 100% certified renewable energy. Powered by wind, this will offset the annual electric consumption at eight of our US sites. Our investment will avoid the carbon emissions of over 100,000,000 kWh of electricity consumed by those sites for the next four years. For 2021, this is projected to reduce Watts' carbon emissions by 25%.

Data Collection, Reporting and Reviews to Drive Energy Savings and Reduce Emissions

Our Energy Management System is committed to reducing our carbon footprint through implementation of sustainable manufacturing and business practices. Since 2014, Watts has been centrally collecting and managing our energy utility data for all sites. In 2020, we implemented a monthly global operating and review system to track and manage our energy performance and greenhouse gas emissions intensity.

Watts employees across Facilities, Operations, EHS, Finance and Supply Chain have real time access to their utility consumptions, costs and emissions data via our centralized data collection and analytical data management service. Key energy performance indicators such as electricity, natural gas and other fuel consumptions are monitored through this system to identify and address anomalies and opportunities to reduce our GHG intensity.

Watts' SVP of Global Operations and the Sustainability Team are responsible for overseeing the reduction of resource intensities across all sites on a routine basis. We attribute the achievement of our 2020 emission intensity reduction actions largely to employee engagement, maintaining a robust pipeline of energy efficiency projects and encouraging employee initiatives.

Watts' data collection, along with our monthly operating and review systems, helped us reduce our carbon footprint through collaborative learnings, power of data and digital technology. Meaningful engagement with our employees, contractors and utility vendors has always been important to increase awareness and drive actions. Since 2018, Watts has increased its routine interactions with EHS, Operations and Corporate personnel across all levels of the organization.

Our 2020 Energy Intensity was impacted by a decrease in revenue due to the pandemic. We expect a reduction in 2021 due to planned energy-saving projects across the company.

Energy Consumption, Emissions & Scope Data

Energy Usage	2014	2015	2016	2017	2018	2019	2020	
Electricity (kWh)	78,888,704	75,679,370	71,583,480	72,681,696	67,933,680	62,568,448	61,309,093	
Natural Gas (M3)	5,729,747	6,454,121	6,716,075	6,368,092	5,697,142	5,546,331	5,753,167	
Propane (Liter)	132,452	204,171	203,614	196,826	160,095	123,110	134,158	
Diesel (Liter)	81,745	74,710	50,281	63,548	52,160	30,303	18,554	
Acetylene (M3)	2,946	4,300	2,889	402	311	113	12	
Propylene (Liter)	89	0	7,735	10,847	9,780	15,357	11,844	
Total Energy (MWH)	141,600	146,600	145,000	142,500	130,200	127,647	123,593	-3%
Resource Intensity (MWH/$1M)	93.55	99.88	103.69	97.82	83.20	79.75	81.93	3%

Sustainability Targets

Reducing the carbon blanket enveloping the earth while efficiently using energy is one of the most complex, challenging and important issues our planet faces. To accelerate our responsible energy and emissions management efforts, we are committing to a goal to reduce GHG emissions intensity by 3% annually. Since 2018 (baseline year), Watts has reduced its GHG emissions intensity by 17%.

GHG Scope 1+2 Intensity Trend

MTCO$_2$e/ $1M
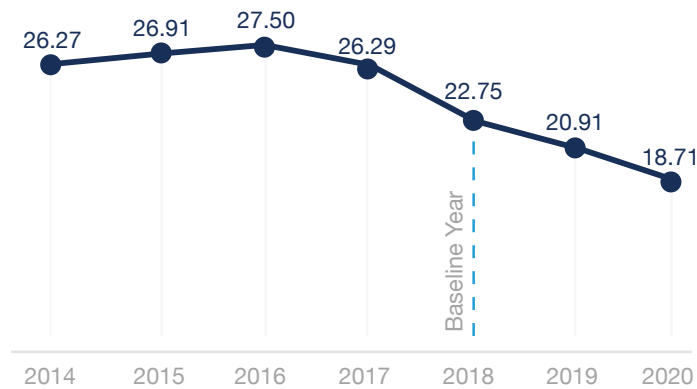
Due to COVID-19, we encouraged employees to rely more on video platforms and less on travel to work with their colleagues, customers and contractors. We have worked with our travel partner to provide the estimated carbon emissions of flights.

Our smart and connected products increase energy efficiency and conservation goals for our customers while reducing their emissions.

In 2021 and beyond, our focus is to scale up our data collection efforts to:

- Enhance compliance and reporting standards as recommended by the Climate Disclosure Project
- Sustainability Accounting Standards Board
- Task Force on Climate-Related Financial Disclosures
- Global Reporting Initiative

Energy Consumption, Emissions & Scope Data (Cont'd)

GHG Emissions (MTCO$_2$e)	2014	2015	2016	2017	2018	2019	2020	
Scope 1: Natural Gas, Diesel, Propane, Acetylene, Propylene								
Americas	8,168	9,598	10,092	9,241	8,060	7,629	7,855	
Europe	3,134	3,203	3,191	3,369	3,208	3,262	3,465	
APMEA	3	3	3	3	3.14	1.27	26.31	
Scope 2: Electricity Location-Based								
Americas	20,040	18,477	16,419	16,719	15,451	13,589	10,488	
Europe	6,529	6,323	6,604	6,686	6,461	6,680	4,628	
APMEA	1,884	1,890	2,147	2,280	2,416	2,307	1,768	
Scope 1 + 2 Emissions	39,758	39,494	38,456	38,298	35,599	33,468	28,229	-16%
Resource Intensity (MTCO$_2$e/$1M)	26.27	26.91	27.50	26.29	22.75	20.91	18.71	-10%
Scope 3: Business Air Travel Emissions								
Americas	2,241	3,056	4,263	4,417	5,397	5,065	1,049	
Total Emissions	41,999	42,550	42,719	42,715	40,996	38,534	29,278	-24%

HAZARDOUS AND NON-HAZARDOUS WASTE

According to the United Nations Environment Programme, the world collects 11 billion tons of waste every year. This includes plastics, e-waste, hazardous and solid waste streams that contaminate our ecosystems and drain our natural resources.

At Watts, we recognize the need to protect our land, waterways and the community by reducing the amount of waste generated by our manufacturing and business operations. We recognize the environmental and economic benefits of a circular approach to materials management in our production processes and identifying opportunities to delineate, recycle and reduce our waste footprint.

Since 2014, Watts sites have been tracking their waste streams on an annual basis. Upon selecting 2018 as the baseline year for hazardous waste intensity reduction targets, we significantly advanced our data collection process by implementing automatic bill collection. This allowed us to increase interest and engagement across sites to identify and implement various waste delineation and reduction projects to reduce our overall waste outputs and increased recycling and reuse.

This section was prepared following GRI 306 and SASB disclosure guidance standards. Please visit the appendix section for more information.

PROGRESS TO DATE

Recycled More Than

5 Million kg

of Metal Scraps

Worldwide in 2020

Recycled / Reused More Than

250,000 kg

of Plastic Scraps

Worldwide in 2020

Committed to Annual Hazardous Waste Intensity

Reduction of 3%
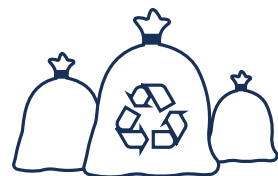
(kg/ $M)

☑ **Waste stream delineation**

☑ **E-waste & other recycling**

☑ **Vendor management /enhanced reporting**

Landfill Diversion

☑ **Eliminated trash bags via trash zone consolidation**

☑ **Eliminated single-use utensils**

☑ **230 KG of electronic waste recycling**

2020 Waste Highlights

In 2020, we capitalized on employee-driven waste initiatives. Several waste delineation, re-zoning and waste stream elimination projects were implemented across Watts facilities worldwide.

North Andover, MA, USA Watts headquarters re-zoned and consolidated all our trash cans to reduce the total amount of waste generated on site. This switch also reduced the cost and quantity of trash bags purchased – and subsequently sent to landfills – by up to 75%.

Plovdiv, Bulgaria has reduced its overall waste output via a multi-pronged approach to understand the site's top hazardous waste streams, revise the maintenance and disclosure protocols, and work with employees, vendors and cleaning crews to properly separate and dispose of the different waste types.

St. Neots, UK reduced its environmental impact by eliminating the use of disposable paper and plastic cups sitewide, following unanimous employee support.

Sparks, NV, USA reduced monthly trash collection by 33% and spared approximately 7,000 lbs. of solid waste from being sent to landfills or incineration facilities by upgrading on-site security protocols to deter unapproved dumpster usage.

Management Approach

Since 2014, Watts has been centrally collecting and managing our waste data for all our manufacturing sites that generate hazardous and controlled waste. Watts implements several internal initiatives such as Quick Kaizens, 5S Workplace Organization, and other continuous improvement initiatives to eliminate or reduce waste from our operations. We continue to replace single-use paper and plastic with reusable utensils and install direct-line water refill stations to avoid disposing plastic water bottles.

Data Collection, Reporting and Reviews to Drive Waste-Related Savings

In 2020, we expanded our waste data collection efforts to include solid waste, metal scrap and other recycling information at our facilities. In order to minimize the amount of waste being sent to landfills and incinerators, we worked with our facilities and waste contractors to better understand how our waste streams are generated and where it is directed. We worked with our vendors to help standardize waste data collection and documentation across Watts and we used monthly global operating and data review systems to track and reduce our hazardous waste intensity. This helped us identify an increase in waste output due to a change in a pickling process at one of our sites. Also, we capitalized on employee-driven waste initiatives focused on waste delineation, re-zoning and waste stream elimination.

Sustainability Targets

Tracking all forms of waste, reducing the overall quantity generated, and diverting from landfills using circular models is a complex challenge. To accelerate our efforts to manage our hazardous waste responsibly, we are committing to a goal to reduce our hazardous waste intensity by 3% annually.

In 2021, we are committed to change our operations, drive innovation, and invest in new solutions to accelerate our transition to a circular economy, diverting waste streams otherwise headed to landfills, ensuring packaging material consists of reusable, recyclable or compostable content, and eliminating single-use plastics. We are working to digitize waste data across the organization to identify opportunities to improve waste data collection, both for ourselves and for our customers.

Hazardous Waste Intensity Trend
kg/$1M

Hazardous waste output increased in 2020 due to process changes at our manufacturing facility in Vildbjerg, Denmark, to improve the quality of our products. As part of our commitment to reduce our hazardous waste intensity, we chartered a task force to address the increase and have achieved significant reductions in 2021.

Hazardous Waste Data

Hazardous Waste	2014	2015	2016	2017	2018	2019	2020	
Americas	372,316	313,835	198,142	162,725	167,407	151,351	121,422	
Europe	1,558,425	1,488,420	1,260,119	1,563,147	1,878,784	1,933,648	2,214,848	
APMEA	0	0	2,780	5,770	16,690	17,100	18,600	
Total Waste (kg)	1,930,741	1,802,255	1,461,041	1,731,642	2,062,881	2,102,099	2,354,870	**12%**
Resource Intensity (kg/$1M)	1,276	1,228	1,045	1,189	1,318	1,307	1,561	**19%**

Responsible Supply Chain

Our supply partners play an integral role in helping us deliver value to our customers. They supply important materials that go into our products and provide services that support the production of finished goods throughout our operations around the world. As responsible environmental stewards, we are committed to preventing and mitigating negative social and environmental impacts in our supply chain. We partner with suppliers who share our values and high standards of ethical business conduct, and operate in an economically, socially and environmentally responsible manner. Concerns or violations regarding our supply chain or supplier quality may be reported at any time via our Ethics Hotline or website.

SUPPLY CHAIN MANAGEMENT

Management Approach

At Watts, we believe an ethical and responsible supply chain is integral to promoting resiliency up and down the entire value chain. As part of our sustainable procurement practices, we are committed to preventing negative environmental and social impacts across our supply chain. All suppliers we do business with are required to comply with our standards for business conduct, product quality and sustainability – all of which are outlined in our Supplier Quality Manual that is available on our website in three languages. These expectations are largely based on the guiding principles in our Code of Business Conduct, as well as local laws and regulations, and are integrated into our standard supplier contracts and our anti-corruption due diligence processes.

We ensure the business practices of our suppliers and sub-contractors serve to:

- *Safeguard human life* by providing safe working conditions for all employees, customers and contractors. We expect suppliers to support and respect the protection of international human rights laws, including laws prohibiting child labor, forced labor, human trafficking and laws prohibiting discrimination
- *Promote ethical standards* through compliance with anti-corruption laws, and by identifying and addressing potential conflicts of interest with customers and suppliers
- *Protect the environment* by limiting the use of natural resources and engaging in sustainable business practices that minimize the environmental impact of their operations. Suppliers should also support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and use of green technologies
- *Keep the supply chain* intact by complying with all applicable national, regional, state and local laws and regulations governing the environment, and health and safety in the countries in which they operate. We require each supplier location to have a quality management system that meets our quality standards, and all suppliers are subject to routine audits, quality process checks and corrective action plans, when necessary. Suppliers are also measured for performance via monthly scorecards issued by Watts

Governance and Oversight

Our sourcing and procurement teams manage our global supply chain, including the selection of reputable and qualified sources. We work with local suppliers whenever possible, meaning that the country of origin of the supplier and buying entity are the same. Concerns or violations regarding our supply chain or supplier quality may be reported at any time through our Ethics Hotline. In terms of oversight, Watts regularly monitors key social and environmental performance indicators in our supply chain to ensure compliance in such areas as health and safety, human and labor rights, social responsibility and conflict minerals.

In 2020, the impact of the coronavirus pandemic caused major supply chain disruptions around the world. While many of the traditional risks were anticipated, additional risks were realized which drove the organization to allocate substantial resource and time to mitigate. Additionally, during our Busines Continuity Process we identified other key risks that we are managing – both traditional and climate related.

As a result of business closures, consolidations and other economic factors, the total number of suppliers with whom we had relationships with last year decreased by 7%, along with a 6% drop in total annual supplier spend.

Compliance

Our Supplier Quality Audit Program is designed to monitor key social and environmental performance indicators in our supply chain in the areas of health and safety, human and labor rights, social responsibility and Conflict Minerals. We work with our suppliers on corrective action plans to remediate issues of non-compliance and re-audits to check on improvements. Non-conformances found during sustainability focused events are tracked through the corrective action process in our quality management system. Watts team members have been trained and certified to perform training on current requirements, self-assessment programs, non-compliance reporting, corrective action plans, and all available supplier resources on our website. All employees in our purchasing departments undergo annual code of ethics training, which includes training on the company's supplier standards and fair labor practices.

Through our Supplier Quality Audit Program, we audited 563 suppliers in 2020, which represents 14% of our global supplier footprint. We added a total of 51 new suppliers to this program in 2020 – an increase of 8% over the prior year.

In 2021, we will continue auditing sustainability during supplier quality audits and conduct more in-depth audits of suppliers' sustainability programs using the Sustainability Assessment program. This audit campaign will be targeted at the top 80% of direct spend, along with Watts' identified key strategic supply partners. To bolster the launch of the campaign, National Science Foundation – International Strategic Relations has been contracted to observe, audit and co-audit with Watts employees.

Materials and Sourcing

We purchase a range of commodities from our suppliers including castings, forgings, raw materials, compounds, electronics, spring and wire, packaging, stampings, fabrications and hardware. These products are composed of metals, plastics and electronic components, which contain raw materials such as stainless steel, aluminum, plastic, cast iron, and bronze.

2020 Supply Chain

 # Suppliers Worldwide

~3700

Spend by Region

AMERICAS	EUROPE	APMEA
$320M	$167M	$47M

Total Spend

$ 534M
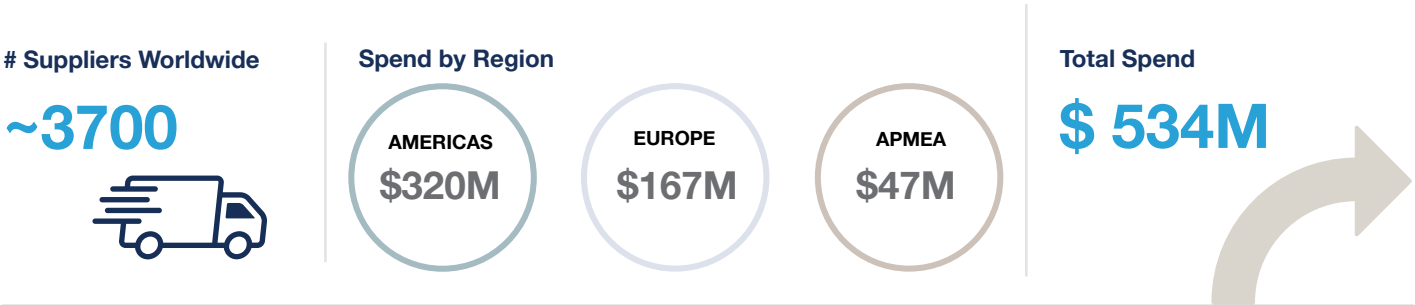
Raw Materials	Stainless Steel	Cast Iron		
	Aluminum	Bronze		
	Plastic	3TG		
Major Categories	OEM/BuySell	Stamping	Electronics	Raw Materials
	Forging	Machining	Packaging	
	Casting	Fabrication	Injection Molding	
Exec Sponsor / Committee	Vice President / Global Strategic Sourcing			

CONFLICT MINERALS

Our products are made using various purchased components and raw materials, including primarily bronze, brass, cast iron, stainless steel, steel and plastic. Many of our products also contain tin, tantalum, tungsten and gold (3TG) which are sometimes referred to as "Conflict Minerals." At Watts, we are committed to ensuring compliance with our reporting and disclosure obligations regarding Conflict Minerals in our products to the U.S. Securities and Exchange Commission (SEC) as required under the Dodd-Frank Act. We also comply with all applicable trade laws and regulations, and expect the same from our suppliers.

As part of our Conflict Minerals Policy, we expect our suppliers to:

- *Disclose use of Conflict Minerals* by cooperating with our requests for information and documentation concerning the presence and origin of conflict minerals in the materials or products they supply to us, and that they make appropriate inquiries of their suppliers
- *Exercise due diligence* on the source and chain of custody of conflict minerals in their supply chains by working with their suppliers to develop an understanding of the origin of these metals
- *Implement corrective action* if we identify a reasonable risk that a supplier is violating the commitments set forth in our Conflict Minerals Policy or Supplier Quality Manual

We request that our suppliers contractually agree to comply with the requirements of our Conflict Minerals Policy. We also request that our suppliers use all commercially reasonable efforts to supply us with materials that are "DRC conflict-free" and certify to such designation whenever possible. Concerns regarding potential violations of our Conflict Minerals Policy may be reported via our Ethics Hotline or website. Depending on the results of a "Reasonable Country of Origin Inquiry (RCOI)," we may need to perform additional due diligence on our suppliers. Failure of a supplier to comply with the requirements set forth in our Conflict Minerals Policy or implement a corrective action plan may result in termination of our business relationship.

Supplier Due Diligence

- ☐ We do not mine or directly purchase Conflict Minerals from Conflict Mineral smelters or refineries, nor do we have any direct suppliers that are located in the Democratic Republic of Congo (DRC) or any countries adjoining the DRC
- ☐ Our supplier due diligence measures conform with criteria outlined in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk-Areas, 3rd Edition, 2016 published by the Organization for Economic Cooperation and Development (OECD) – including related supplements for tin, tantalum, tungsten and gold
- ☐ Suppliers also are expected to provide their due diligence results to us upon request

Disclosure and Reporting

As a publicly traded company, Watts is required under the Dodd-Frank Act to file a Conflict Minerals Report annually with the SEC relating to our prior year's worldwide manufacture of products that contain Conflict Minerals. This report describes our RCOI process and the due diligence we conducted on the source and chain of custody of these Conflict Minerals. Our 2021 Conflict Minerals Report is available in the Investors section of our company website.

Additional Links:
- Supplier Quality Manual
- CA Supply Chain Disclosure
- Global Anti-Human Trafficking Policy
- Conflict Minerals Policy

Commercial Excellence

At Watts, we have a rich history of making differentiated products, solutions and systems that improve comfort, safety and quality of life for people around the world. From our humble beginnings as a small machine shop supplying parts to New England textile mills in the late 1800s, we have become one of the industry's premier water technology providers – generating global demand for our vast portfolio of products and solutions from a growing family of preferred brands. As a global leader, we are committed to designing products and technologies that are equitable, efficient and environmentally sustainable to protect our water resources, and our planet's future.

We strive to increase our handprint by investing in product innovation that meets the needs of our customers while supporting global environmental objectives.

PRODUCTS AND CONNECTED SOLUTIONS

Our goal at Watts is to be a solutions provider, not merely a components supplier. As a strategic business partner, we invest in innovation to develop products and solutions that address address key safety, energy and water challenges for our customers, and serve to advance our global sustainability objectives. In recent years, we made a deliberate shift to deliver superior customer value by leveraging the Internet of Things (IoT), and transforming our traditional and mechanical products into smart and connected solutions. Our strategy includes three dimensions: Connect, Control and Conserve. We have introduced new products that connect our customers with smart systems, control systems for optimal performance, and conserve critical resources by increasing operability, efficiency and safety. As we continue to invest in our smart and connected strategy, our goal is to derive 25% of our revenue from smart and connected products by 2023.
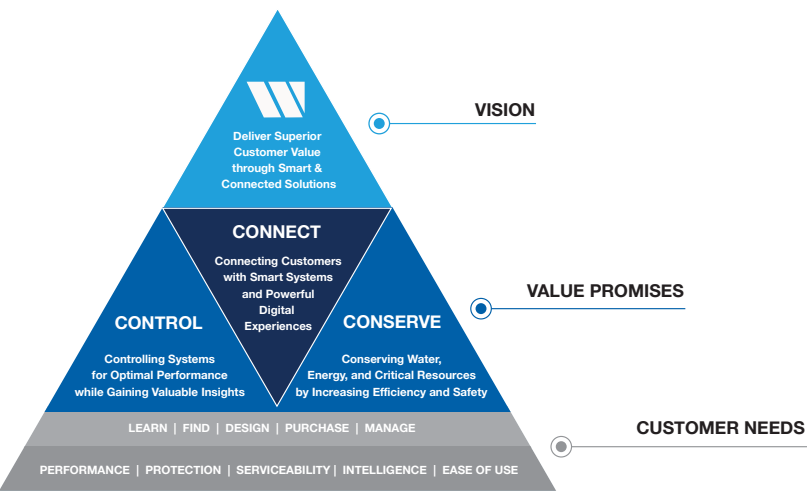
More than 93% of Watts' revenue is derived from the sale of "clean tech" products and services, which are designed to help customers achieve their sustainability goals through a broad range of technologies related to efficient use and disposal of energy and water resources, and protection of our communities and natural resources.

Deliver Superior Customer Value through Smart & Connected Solutions

VISION

CONNECT
Connecting Customers with Smart Systems and Powerful Digital Experiences

VALUE PROMISES

CONTROL
Controlling Systems for Optimal Performance while Gaining Valuable Insights

CONSERVE
Conserving Water, Energy, and Critical Resources by Increasing Efficiency and Safety

LEARN | FIND | DESIGN | PURCHASE | MANAGE

CUSTOMER NEEDS

PERFORMANCE | PROTECTION | SERVICEABILITY | INTELLIGENCE | EASE OF USE

Management Approach

We are committed to empowering our customers to achieve their sustainability goals and minimizing the impact of our product portfolio on the environment and society. Our offerings are aligned with the United Nations Sustainable Development Goals (UNSDGs) allowing us to help create a more sustainable future for our employees, customers and the planet.

Adopted by United Nations in 2015, the 17 UNSDGs establish a framework to build an inclusive and sustainable future. At its core, the SDGs are an urgent call and opportunity to organizations like Watts to collaborate with customers, communities, industries, governments and civic organizations to provide innovative solutions for our water needs. Watts is uniquely positioned to contribute to the achievement of six SDGs through the products, solutions and services we offer customers. In 2020, we focused on helping advance global environmental and social objectives such as: Good Health & Wellbeing; Quality Education; Clean Water & Sanitation; Industry, Innovation & Infrastructure; Sustainable Cities & Communities; and Life Below Water.

PRODUCT LIFECYCLE

At Watts, sustainability is embedded throughout the lifecycle of our products; from raw input materials to the development of products, our sustainable practices help extend their useful life. Our philosophy is to create safe, efficient, long-lasting products made with high-recycling-value materials wherever possible. Watts' signature products like backflow preventers, valves, boilers and hot water systems and drains, have up to a 20-year lifespan. We have developed repair and maintenance guidelines and kits for most of our products, which are included in our manuals. Our Heating and Hot Water portfolio of products are subjected to accelerated life testing to establish performance relative to our legacy products and are competitively benchmarked against industry standards. Additionally, our boilers are cycle tested to accelerated life conditions, and water heaters are tested with an ultra-corrosive electrolyte to ensure its integrity and performance. Heat exchangers for water heaters and boilers are fabricated from post-consumer recycled stainless steel. Our water heaters are jacketed with recycled formed plastic. To ensure our customers can maximize the efficiency and utilization of our products and services, we provide an extensive library of educational resources, training courses and materials, and other digital tools.

Reverse Osmosis Systems provide quality drinking water at the tap compared to expensive and non-environmentally friendly bottled water. Water from traditional systems go directly to drain as waste. With our "Zero Waste" design, water is directed to the hot water system for reuse. Traditional residential reverse osmosis systems have 5-7 gallons of waste water for every gallon of drinking water produced.

Safety and Regulation

Our products provide the highest levels of performance in the safeguarding of water systems from pollutants and contamination. We are dedicated to ensuring our products comply with and, in many cases, set the standard for local and national plumbing codes. Ensuring water is safely used and disposed of from a facility is a critical concern for our customers. We are committed to developing innovative products according to strict standards that ensure manufacturing compliance, installation and operational safety, a clean and pollution-free water supply, and superior customer service. Flagship products and services listed below from our Safety & Regulation portfolio are designed to address water contamination, scalding, legionella, water pressure and flow control, which help advance UNSDG 3 (Good Health & Wellbeing) & UNSDG 6 (Clean Water & Sanitation).

Lead Filtration Systems provide protection from lead and other contaminants, and connect directly to most standard kitchen and bathroom faucets. The high capacity, single-stage Lead Filtration System is certified to reduce cysts, chlorine, taste, odor, lead and sediment for great-tasting, potable water. Our Lead Filtration System is tested and certified to remove up to 99.7% of lead and up to 99.9% of cysts, providing a simple, low cost solution for protecting drinking water.

Backflow Preventers protect residential, commercial, and municipal drinking water by preventing the reverse flow of water from the customer-side of the plumbing infrastructure into the supply-side, thereby preventing chemicals and other pollutants from contaminating our water supply.

Neutralization Tanks are used to alter the pH level of corrosive waste drainage by dilution or chemical neutralization. This allows the treated effluent to be safely discharged into sanitary sewer systems in compliance with local regulations.

Digital Water Mixing Systems efficiently monitor and control mixed outlet water temperatures in facilities. The 'sanitization' or "disinfectant" modes can be triggered to briefly allow the water temperature to be raised to induce a "rapid kill" to purge legionella bacteria within a facility's water system. Our digital mixing systems are designed to be precise, responsive, enable large amounts of data collection, communicate through Building Automation Systems, and manage water temperature more efficiently, which helps our customers conserve energy, mitigate health risks and reduce energy costs.

Pressure Reducing Automatic Control Valves reduce a higher inlet pressure to lower consistent outlet pressure, maintaining water supply pressures in high-rise buildings, commercial applications, and in water mains. Lower water pressures reduce water consumption and minimize water lost via leakage.

UV Water Disinfection Systems use ultraviolet lamp technology to inactivate microorganisms such as cysts, bacteria, viruses and parasites in water sources to prevent serious illnesses. Used in residential, commercial and industrial applications, SmartStream can disable up to 99.9999% (6-log) of harmful organisms without the use of chemicals. In addition, its auto shut-off and dimming features reduce energy consumption by up to 46% and eliminate heating of water during low-demand periods.

Chemical Waste Drainage Systems provide safe piping, neutralization, and monitoring systems that help check effluent before it enters the public drainage system. Chemical waste pipes and fittings must meet stringent demands for laboratory waste requirements to ensure safety. Our line of chemical waste pipes and fittings delivers strength, superior chemical resistance, fire resistance and other essential characteristics. When combined with Orion neutralization tanks and monitoring systems, these products protect both sewer systems and the environment from water with harsh or corrosive properties.

Energy Efficiency

Watts develops critical components that support and enhance the operation of environmentally sustainable and energy-efficient plumbing, heating and cooling systems. Flagship products and services listed below from our Energy Efficiency portfolio are designed for the efficient conversion of natural resources into useful heat and water, which help advance UNSDG 9 (Industry, Innovation & Infrastructure) & UNSDG 11 (Sustainable Cities & Communities).

Anti-Scale Systems prevent hard water scale in water heaters, pipes, and fixtures eliminating the need for salt and other chemicals found in traditional water softeners. With OneFlow®, its simple flow-through design offers significant space-savings and eliminates the need for external power – and it saves water by eliminating the need for backwashing, as well as electricity by eliminating regeneration cycles.

Water Balancing Valves ensure an even flow distribution of water in HVAC water systems to provide the intended indoor climate at optimum energy efficiency and minimal operating cost. By balancing these systems to avoid wide temperature variations among rooms, these valves can reduce energy consumption by 25-35%.

Hot Water Recirculating Systems provide instant hot water at every faucet or shower in the home, avoiding the need to run water until it warms up. Hot water recirculating systems save an average of 12,000 gallons per household per year and up to 10% on water bills.

Smart Home Management simplifies upgrading to a smart thermostat by using the two wires found on older mechanical thermostats typically used for heat-only applications. The 2-wire solution reduces install time by re-using existing wires to connect to the included HVAC Interface Module (HIM) in the mechanical room while offering customers a modern, connected experience – optimizing indoor climate needs and thereby increasing energy efficiency.

Thermostatic Mixing Valves ensure safe delivery of domestic hot water. They assure constant outlet water temperature; allow water heaters to operate at higher temperatures to extend effective system flow rate and inhibit the growth of Legionella; lower BTU requirements to support peak system demands; and ensure constant safe hot water temperature at the point of delivery to the fixture.

Relief Valves are designed to open at a preset pressure (or temperature) level and relieve the system when it has exceeded the desired level. The valve's relief of elevated liquid, gas, or steam pressure prevents damage to the system. Watts offers a broad selection of relief valves for a wide range of applications in residential, commercial and industrial systems.

Condensing Boilers improve energy efficiency by increasing condensing in the heat exchanger, which provides increased energy savings, lower emissions and seasonal efficiency gain. The efficiency ratings of AERCO gas fired boilers and heaters are consistently 90-99% as compared to the lower efficiency commercial models that peak at 80%. Additionally, these high-efficiency boilers require 15% fewer run hours per year. For an average multifamily, commercial or industrial facility, this means running the equipment 300-500 hours less per year per unit. AERCO boilers are certified to Air Conditioning, Heating and Refrigeration Institute (AHRI) Standards and many water heaters in the AERCO brand family are EnergyStar Certified.

Our high-efficiency gas fired boilers and water heaters helped reduce around 112,000 Metric Tons of CO2 – that's 4 times the Scope 1 & 2 CO2e Watts itself generated in 2020.

Water Conservation

For more than 145 years, Watts has developed products, components, and systems that conserve water, reduce waste and exceed conservation requirements. End users, architects and engineers choose the products and solutions that comprise our Water Conservation portfolio for their unique qualities and ability to meet the design challenges of a water-scarce world.

Rainwater Harvesting Systems efficiently capture, store, treat and deliver rainwater for non-potable reuse, and reduce stormwater runoff to sewers. In addition to contributing to LEED green building certification, our Rainwater Harvesting Systems conserve water, save natural resources, and help our customers advance their sustainability objectives.
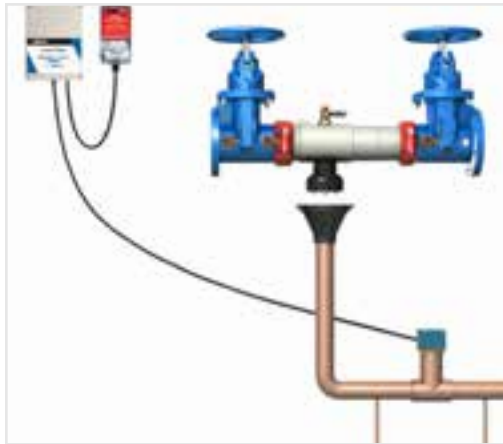
Flood Detection Systems detect catastrophic discharge from the relief valve of RPZ backflow preventers that can potentially cause flooding due to excessive discharge and / or a blocked / undersized floor drain. In the event of a detected flood condition, our flood detection alert system will trigger a multichannel alert (call, text or email) so facility managers can take quick action. When paired with a Watts LFF113FP Automated Flood Protection Shutdown Valve, the system automatically shuts down the water supply to the backflow preventer, helping to prevent a potential costly flood.

Ballast Water Management Systems are rugged, dependable, and easy-to-use instrumentation that provides accurate measurement of the total residual oxidant of ballast water, desalination, or wastewater discharge generated onboard marine shipping vessels. We develop specialized devices for measuring and assessing water quality, including equipment for monitoring parameters such as free and total chlorine, streaming current and UV% transmission.

While the benefits of ballast water are numerous for ship transportation, it can also pose serious ecological, economic, and health problems when marine species carried in a ships' ballast water are transported to a new location. Bacteria, microbes, small invertebrates, eggs, cysts, and larvae of various species can be transferred from their native environment to a new geographic area. Once there, they can reproduce and become invasive, out-compete native species, and multiply into pest proportions. The effects can be devastating, and data shows that bio-invasions are both on the rise and continue to impact new locations.

Ballast Water Management Systems are designed to help advance UNSDG 14 (Life Below Water).
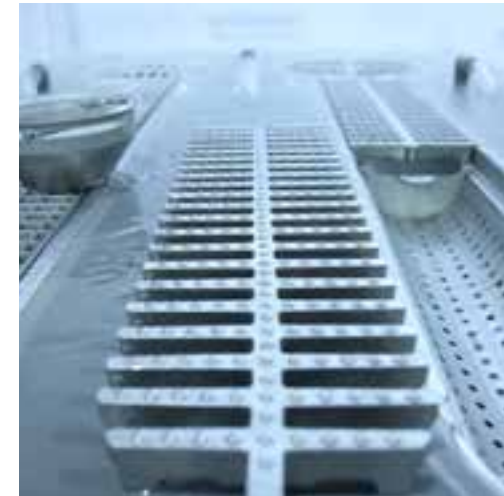
BLÜCHER HygienicPro® and HygienicClean™ are stainless Steel Channels that are designed for markets where sanitary conditions are critical for maintaining a high level of manufacturing safety. They are 100% recyclable, nontoxic, and their smooth surface guarantees maximum flow capacity and the best possible hygiene. Flow comparison tests have shown the HygienicPro® to use 96.5% less water as compared to traditional channels.

BLÜCHER HygienicClean™ is our new stainless steel channel and grating washer device specifically designed for the HygienicPro®. It connects directly to existing cleaning satellites and pumps for ease of use and fits the working height of any person to ensure an ergonomic and healthy working environment.

BLÜCHER® EuroPipe can be used above and below ground in a variety of applications. It is light-weight, non-combustible and easy to install. The pipe penetrations are class A0 to A60 tested and meet the highest fire safety requirements. With respect to noise, BLÜCHER ® EuroPipe is tested at the Fraunhofer Institute in accordance with EN 14366, and it complies with the DIN 4109 standard.

The Blue Roof water retention drain has been designed as part of the BLÜCHER® modular drainage system in which basic components can be combined into solutions for any roof drainage project based on gravity or siphonic technology. These retention systems offer an innovative solution that reduces peak flow, increasing run-off time in case of stormwater.

Green roofs enjoy great popularity for making cities greener, cooler and healthier. The water buffering in plants and soil reduces the peak load on the sewage system – unless the rain loads are so heavy that plants and soil cannot absorb any more water. If the green roof does not have a water retention system, the excess rainwater will flow unrestrictedly into the public sewage system.

However, the right roof drains can retain water in case of heavy rain, thus reducing the load on the sewage system within the roof drain regulations. Blue and Green Roofs additionally offer water evaporative cooling effects on the building envelope thereby reducing cooling demand during summers.

Customer Experience

At Watts, we are rethinking the real, everyday challenges our customers face. We are reinventing the solutions we provide and are reimagining our potential. In addition to increasing demand for connected product solutions, our customers are looking for smarter ways to work safely, efficiently and more effectively with digital tools, technologies and resources that:

- Ensure customer safety
- Promote data security
- Enable informed, data-driven decision making
- Deliver powerful, consumer-friendly experiences and
- Accelerate learning and development

As a strategic business partner and solutions provider, we are committed to delivering superior value and exceptional customer experiences that pave the way for future growth and success.

SAFETY AND PROTECTION

Safety is a top priority at Watts. We are committed to developing products and solutions that perform as initially intended, and in a manner that does not pose a risk or threat to an individual's safety or wellbeing. Watts has consistently advocated for the development and enforcement of plumbing codes. The majority of our sales come from products that have been approved under regulatory standards incorporated into national, state and municipal plumbing, heating, building and fire protection codes all around the world. We manufacture quality products that are safe, reliable and code compliant. We maintain stringent quality control and testing procedures at our manufacturing facilities in accordance with superior quality standards, and strict performance criteria outlined in local, national, and international codes and standards. Our manufacturing facilities undergo routine audits for process and quality control procedures, ensuring that both our processes and products have consistent quality control throughout the product life cycle. We conduct product testing – and periodic re-testing for re-certification – in accordance with standard compliance methodologies and the following independent testing and certification organizations:

Americas

- American Society of Mechanical Engineers (ASME)
- America Water Works Association (AWWA)
- Canadian Standards Association (CSA)
- American Society of Sanitary Engineering (ASSE)
- American National Standards Institute—Leadership in Energy & Environmental Design (LEED)
- University of Southern California Foundation for Cross-Connection Control and Hydraulic Research (USCFCCC & HR)
- FM Global (FM)
- NSF International (NSF)
- Underwriters Laboratories (UL)
- National Board (NB)
- Environmental Protection Agency (EPA)
- Californian Energy Commission (CEC)
- Plumbing and Drainage Institute (PDI)

Europe

- AFNOR (France)
- DVGW (Germany)
- UNI/ICIM (Italy)
- KIWA (Netherlands)
- SVGW (Switzerland)
- SITAC (Sweden)
- WRAS (United Kingdom)
- CEN (Denmark)

International

- International Code Council (ICC)
- International Association of Plumbing and Mechanical Officials (IAPMO)
- SAI Global (Watermark Certification) Australia

Privacy and Data Security

At Watts, we believe that transparency is key to building and maintaining trust with all our stakeholders. We are dedicated to the protection of human rights, including an individual's right to privacy.

Through our Privacy Policy, www.watts.com/privacy-policy, we take care to inform users who visit our websites, use our mobile and desktop applications, and our connected devices and services about the data we collect from them and how we use it. We take measures to protect consumer privacy through data aggregating or anonymizing personal information used so it can no longer identify the person. We strive to give users choices that allow them to control the information they provide to us such as opting out of promotional emails, disabling cookies in their internet browser settings and optional product registration.

Also, we respect the privacy of children. For their safety and protection, individuals under the age of 18 are not permitted to use our products and services. Our products and services are not designed to attract anyone under the age of 18, nor do we collect a child's personal information.

Our Privacy Policy applies to Watts, and its affiliates, subsidiaries, divisions and companies. We update our Privacy Policy regularly and ensure the most updated version is available on our website. Material changes to our Privacy Policy are communicated to users via our services and / or through email.

Data security is also important to Watts. We believe consumer data should be handled safely and responsibly, and we are committed to protecting it. All browser sessions on our websites are secured through an encrypted protocol to safeguard communications between the user's internet browser and our servers.

Users with questions or comments about our Privacy Policy and our privacy practices can contact us by phone at 877-689-6219 (toll free) or via email at privacy@wattswater.com.

Labeling and Marketing

We strive to create transparency and a superior buying experience for our customers. We believe in providing information about our products and services that is accessible, and helps our customers make informed purchase decisions. Watts only uses substantiated claims in its advertising, marketing and sales materials. We take care to include product use instructions and warnings that are clear and easy for the end user to understand. Our products are labeled appropriately and in accordance with legal, regulatory or contractual requirements. Our packaging includes clear information about the product, including size, description, model number and if it is "lead free." Many product labels also include QR codes, which allow customers to quickly access information and resources from their mobile devices. Labels for products traditionally sold in the retail market in North America include translations in both Spanish and French, creating more equal access for our diverse audience of customers. We engage in responsible sales and marketing practices that are fair, transparent, and help to promote economic efficiency and sustainable growth. At Watts, we believe in promoting our services honestly, and educating our customers about the appropriate use of our products. We expect our employees to be clear, accurate and truthful when representing the quality, features and / or potential hazards of our products. All of our marketing materials go through a standard review process with our Legal department prior to the release of facts or comparisons of our products alongside our competitors. Also, we compete on the merits of our products and services, and make no attempts to restrain or limit competition. We strictly adhere to "antitrust" laws in the U.S. and "competition" laws in countries in which we operate our business. At Watts, we operate within the boundaries of fair competition and antitrust laws, and we are committed to delivering value to our customers and suppliers by rejecting conduct that undermines fair, stable and open markets.

Sustainable Packaging

Since 2017, our Global Sourcing Team has conducted comprehensive reviews of our packaging practices at Watts, which has helped to reduce the use of plastics and chemicals for sealed air packaging by more than 80%. In 2020, over 90% of all packaging boxes shipped to customers in the Americas were made with a high percentage of post-consumer recycled content and crates from low-grade non-consumer wood.

Key objectives for 2021 and beyond include:

- Promote sustainable packing material content
- Minimize total material content and reduce the final weight of packaged products
- Design for transportation efficiency
- Design for accessibility (assembly and lifecycle service access)
- Provide consumer information on environmental sustainability

RESOURCES AND SUPPORT

Watts is committed to providing customers with training and development opportunities, connected solutions, and other digital tools and resources to support their sustainability goals, as well as their day-to-day needs.

Training and Development

There is a growing shortage of experienced plumbers in the plumbing industry in North America. At Watts, we recognize this reality and are committed to narrowing the gap. Through our Watts® Works℠ Learning Program, we provide both experienced and early-in-career plumbing professionals with opportunities to gain knowledge and develop the skills needed to specify, install, use, and maintain the products and solutions that span our family of brands. In 2020, we continued to make progress with our training initiatives. As the COVID-19 pandemic forced us to pause in-person training at our Learning Centers around the globe, we quickly pivoted to train more customers online in the Americas and to introduce online training to customers in Mexico, Italy and France. We expect more countries in Europe and APMEA will be coming online in 2021. In all, we delivered more than 100,000 online training sessions to customers around the world in 2020 totaling more than 750,000 minutes of learning, a 300% increase compared to the prior year. Watts Works Online offers over 375 on-demand training modules on Watts products and solutions to customers, sales reps, and employees, in multiple languages, 24 hours a day / 7 days a week.

Our vast portfolio of educational tools and services help advance UNSDG 4 (Quality Education).

- *Watts® Works℠ Learning Centers* feature state-of-the-art classrooms and hands-on industrial labs to experience our products in real world application environments. In 2020, we continued to invest in our in-person training capabilities. In Q1, we expanded the hands-on capabilities at our flagship Learning Center in North Andover, MA, USA to include training for our differentiated Water Quality, Fire Protection, HVAC, Residential, and Smart & Connected products and solutions in real world live plumbing systems. We completed this planned investment just before the pandemic hit and look forward to reopening each of our nine Learning Centers around the world once we can safely invite customers back to our facilities.
- *Instructor-Led Classes* from highly qualified professionals provide customers and sales representatives with the knowledge they need through classroom, and hands-on training and instruction.
- *Accredited course* offerings help architects and engineers earn continuing education units (CEUs) through our partnership with the American Society of Plumbing Engineers (ASPE). In 2020, we delivered 5,500 CEUs to engineers in the Americas.
- *Internal growth conferences* support education and training programs in emerging and developing economies around the globe. Wholesalers, engineers, contractors, distributors and government officials attend these gatherings to learn about best practices in establishing plumbing standards. In 2020, we continued our focus to work with emerging markets around the world, supporting our sales team to educate hundreds of industry professionals in many countries in the APMEA region.
- *Thought leadership* on key issues and related industry topics is driven by our cadre of subject matter experts from around the world. Throughout the year, Watts representatives author feature articles that regularly appear in trade publications and present as guest speakers at industry conferences. In 2020, Watts hosted its third annual Healthcare Symposium virtually online. Experts provided insights and shared best practices on emerging issues, including Legionella and other waterborne pathogens. Attendees learned how our products and solutions help to mitigate these risks.

Connected Solutions

Our connected solutions enable customers to monitor the performance of their products and systems, allowing them to make real-time decisions, improve system performance, and save energy, resources and costs.

- *Watts® Pro Mobile App* provides instant mobile access to in-depth product resources, including specification sheets, installation instructions, instructional and troubleshooting videos, and part numbers. There is also the option for customers to register any installed products, even if the products are not purchased from Watts. Once products are registered, customers can keep track of projects, add service notes and installation assets, set maintenance and inspection reminders, and manage service history. Watts® Pro Mobile App provides a mobile solution for customers to learn more about our products, as well as ensure proper installation and maintenance practices in the field.
- *Selexit™ Product Configurator* is an online platform built to help streamline and accelerate our customers' work by generating precise, optimal Watts system configurations. Once customers create an account, the process for sizing and selecting solutions is quick and efficient. Users simply select the product category they want to configure and enter in the required application information. Then, Selexit™ handles the configuration results, accurately sizing and configuring solutions like automatic control valves, mixing valves and snow melting systems.
- *Syncta℠ Backflow Test Management Software* is a cloud-based solution owned by Watts that makes backflow testing easier from initial inquiries to invoices. Our management software gives customers the opportunity to spend less time managing test reports and spend more time growing their businesses. With Syncta, customers can enter test results of registered backflow products by phone, tablet or laptop while on site. Then, in 60 seconds or less, a pdf report can be viewed, approved and submitted instantly, eliminating the need to submit printed paperwork. We also understand that most water utilities require unique backflow test reports from our customers, which is why we have gathered the largest collection of reports and resources available today. If customers can't find a specific form in our library, Syncta will create it at no charge. This software is truly molded by our user, whose changing needs drive our customer-centered software updates. Additionally, feedback received by customers is always integrated as quickly as possible, to keep them one step ahead of the competition.
- *SpecHUB™ Project Specification Tool* is a comprehensive resource that allows engineers, architects and design build contractors to quickly generate specifications for projects by selecting Watts products, creating submittal packages and plumbing schedules, and sharing project information with colleagues. This project specification tool saves our customers time on research by providing instant access to relevant product information, and giving customers the option to specify and select Watts products according to specific building requirements and codes. SpecHUB™ also saves our customers time by generating detailed written specifications, plumbing schedules, BIM files, submittals and more for their specific projects.

Watts.com

Our company website is a treasure trove of useful information and customer resources, and we are committed to investing in its future growth. We believe in providing our customers with a personalized user experience that supports them throughout the entire product life cycle. In 2020, we remained focused on our customer digital experience transformation. We enhanced our online product content, adding new product videos, 360° spin images, and new product photos. Also, we expanded our online training platform, e-commerce stores and social media presence, and continued to invest in enhancing our global websites and digital marketing reach.

Social
Responsiblity

At Watts, our commitment to sustainability extends beyond reducing our environmental impact and preserving the welfare of our natural resources. We care deeply about people – our employees, customers, shareholders, business partners, suppliers, and the communities that surround us. Together they form the social ecosystem that gives our mission meaning and life. As human rights supporters and advocates, we are committed to protecting and enriching theirs.

Operational Excellence

Our track record of success is largely attributed to the way we operate our business around the world – what we often refer to as the "One Watts" way. We achieve operational excellence through a combination of systems, standards and industry best practices, and a cultural mindset focused on safety, quality and continuous improvement. Through this integrated framework, we empower our employees to produce a breadth of innovative technologies and solutions for our customers, return value to our stockholders and drive sustainable business growth for our future.

ONE WATTS PERFORMANCE SYSTEM

We believe that having a business performance system is a key differentiator that separates good companies from the truly great ones. The One Watts Performance System (OWPS) is powered by a collection of tools, processes and behaviors that feed our continuous growth and potential, and fuel our future performance and success. Designed with our customer as the focal point, the OWPS serves as the foundation for all of our operations.

1 We are a One Watts Team and are more effective when we work together

2 We all need to recognize & eliminate waste in everything we do

3 We need to look at our jobs to Simplify, Standardize & Improve

Blue Belt

Blue belt is a special designation for our employees that have mastered the art of the Quick Kaizen. After training to learn how to detect and eliminate waste, an employee who logs three Quick Kaizens is awarded a blue belt.

Kaizen Events

At Watts, Kaizen events are designed to drive meaningful improvements in our processes and in critical areas that impact the efficiency of our operations. Driven by various lean methodologies, these cross-functional, multi-day working sessions enable a structured approach to problem solving. Following the conclusion of a Kaizen, teams share lessons learned to inspire other sites around the world to drive continuous improvement within their facilities and operations.

More than 100 Kaizens and nearly 200 abbreviated Kaizen workshops were completed in 2020.

Quick Kaizens

The Quick Kaizen Hub is a fully automated online portal that centralizes the company's smaller-scale, incremental continuous improvement efforts. The Quick Kaizen Hub is mobile friendly and captures all Quick Kaizen submissions from employees at all levels of the organization in one place. Submissions are tracked and can be searched and benchmarked with ease using multiple filtering capabilities. Each month, the continuous improvement team announces the best submissions received. Winners receive a branded "Official Wasteologist" shirt and are recognized globally through various internal communication channels.

In 2020, employees submitted more than 4,800 Quick Kaizens to the Hub, spanning such categories as safety, quality, delivery, cost, customer service and sustainability.

Productivity Projects Pipeline

Throughout the year, we identify projects that serve to drive productivity at Watts. These large-scale continuous improvement initiatives focus on identifying and generating cost savings in plant productivity, working capital, operational excellence and organic growth. All activities are captured in a cloud-based project portfolio management system, which allows us to track and monitor our progress. To drive accountability, annual productivity targets are reviewed monthly at the site level, and across divisions, functions, and platforms – and ultimately, with our Global Leadership Team.

In 2020, our teams executed 1,900 productivity projects generating millions of dollars in savings.

Strategy — Where We Play / How We Win

Process — How We Work

Culture — How We Act

OCCUPATIONAL HEALTH AND SAFETY

At Watts, we believe that occupational injuries and illnesses are preventable, and that no activity is so important that it it is not required to be done safely. We recognize healthy and safe working conditions as a human right, and are committed to protecting the health and safety of all our employees working at our facilities around the world. This commitment extends to contractors, visitors, customers, suppliers and any other business partners with whom we have business relationships.

Our Occupational Health and Safety Management System (OHS) is a critical element of our overall EHS Management System, and EHS & Sustainability Policy – which together – promote our standards of operational excellence at Watts. Our OHS provides the framework from which we deliver best-in-class performance, while ensuring our facilities operate safely, ethically and responsibly, and with the highest regard for protecting human life. Any Watts employee or outside contractor working on our behalf has the right and the responsibility to stop unsafe or unhealthy work, including removing themselves from situations they believe could cause them or another person harm.

Safety Practices

We aspire to be a zero-incident workplace. Our Z.E.R.O. (Zero Incidents, Employee Engagement, Risk Reduction and Operational Excellence) approach is the engine that drives our safety culture. It empowers our employees with the knowledge, tools and resources they need to effectively identify hazards, mitigate risks and explore opportunities for continuous improvement, including:

- *Safety Committees* generate opportunities to reduce risk, and support the mitigation of those risks
- *Job Hazard Analyses* identify job-related hazards through a systematic risk assessment process
- *Safety Stand-Downs* bring employees and site leaders together to discuss safety performance and related issues, and identify opportunities for improvement
- *Early Reporting* empowers employees at all levels to provide input into Safety Observations ("I think this is unsafe") and Near Misses ("an event occurred, but nobody was hurt")
- *Safety Training* to promote a safe and healthy workplace. In 2020, we delivered more than 6,000 units of safety training to our employees on topics including safe work practices, risk reduction and protective measures against COVID-19

Safety Performance

Each site presents their EHS performance as part of our Monthly Operating Reviews. Our standard metrics for safety include six key performance indicators: total recordable incident rate (TRIR), lost time incident rate (LTIR), near-miss reporting, safety observations reporting, risk reduction scores, and EHS Standards. In 2020, the addition of the EHS Standards metric helped us measure the maturity of our programs and served as a roadmap for a world-class safety program.

Total Recordable Incident Rate (TRIR)
Recordable Incident per 200,000 Hours Worked

2015	2016	2017	2018	2019	2020
2.14	1.70	1.83	1.98	1.97	1.41

Lost Time Incident Rate (LTIR)
Recordable Incident per 200,000 Hours Worked

2015	2016	2017	2018	2019	2020
.90	.80	.81	.64	.96	.64

In 2020, we saw a 29% reduction in recordable injuries and a 37% reduction in lost time incidents from 2019, and our "Get Well" strategy in Europe resulted in a 43% reduction in injuries. Additionally, zero fatalities were recorded at Watts.

Safety Milestones

In 2020, many of our sites around the world celebrated additional safety milestones and related achievements:

- *Zero Injuries* – Thirteen operating and distribution sites recorded zero recordable injuries, of which 60% marked two years or greater of injury-free operations: Sparks, NV, USA; Hudson, MI, USA; Calgary, Alberta, Canada; Nogales, Mexico; Sorgues, France; St. Neots, UK; Plovdiv, Bulgaria; and Dattenberg, Germany.
- *Early Reporting* – The company promotes early reporting before an injury occurs. Through our Near Miss and Safety Observation program, employees submitted more than 4,000 near miss reports and 11,000 safety observations.
- *Reduced Lost Time Incident Rates* – Twenty operating and distribution sites reduced their year-over-year (YoY) lost time incident rates, including two of our largest sites – namely, Vildbjerg, Denmark and Ningbo, China whose LTIRs decreased by 80% and 23%, respectively.
- *Platform Rate Reductions* – Our Heating and Hot Water Solutions platform, which operates two sites in the U.S. – improved its overall TRIR by 23%. Of note, Fort Worth, TX, USA, reduced its TRIR by 48% and had zero lost time injuries.
- *Occupational Health & Safety Certifications* Two of our operating sites in France – Virey le Grande and Mèry – along with sites in Plovdiv, Bulgaria and Ningbo, China recertified to ISO 45001. Additionally, our site in St. Neots, U.K. became certified for the first time. In 2020, our ISO 45001 certified sites represented 16% of our global population.
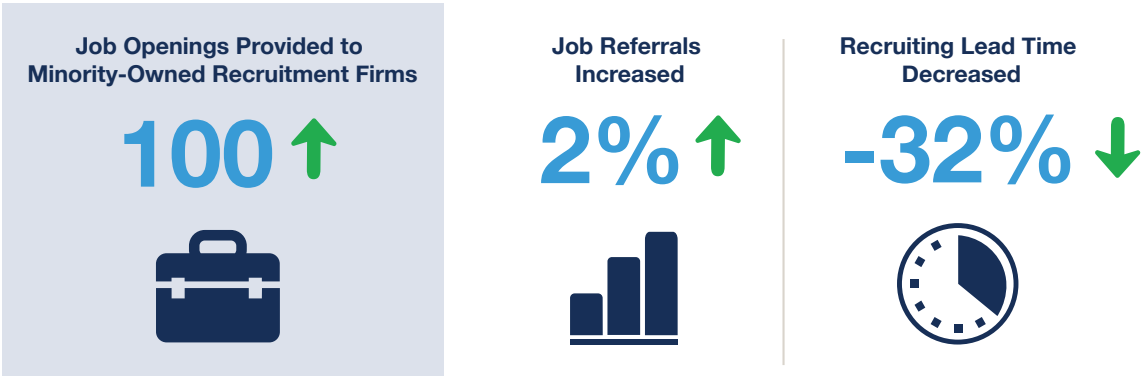
People and Culture

The most successful companies across all industries unlock their true abilities when their workforce is equipped, energized and empowered to realize their own potential. Our dedicated employees are the lifeblood of Watts. Their unique talents, diverse backgrounds and meaningful contributions have enabled us to serve our customers for more than 145 years. No matter what job they do or from where, our employees continue to find ways to make Watts a great place to work, and the world an even better place to be.

TALENT MANAGEMENT

At Watts, we are committed to attracting, developing and retaining the best talent in the industry. We aim to provide a safe, diverse and inclusive work environment that powers a high-performance culture with opportunities to develop and grow, and where all employees can thrive.

Talent Acquisition

As an equal opportunity employer, we strive to recruit and hire a diverse slate of qualified candidates for every open position and across all levels within the organization. Our recruiting activities focus on attracting prospective employees who identify with our mission, vision and values, and share our passion for making the world a better place with products and solutions that promote a more sustainable future. We source talent through employee referrals, recruiting agency partnerships, college / university career fairs and events, and external job sites, as well as our own website.

Job Openings Provided to Minority-Owned Recruitment Firms	Job Referrals Increased	Recruiting Lead Time Decreased
100 ↑	2% ↑	-32% ↓

Early-in-Career Program

Our Early-in-Career Program (EIC) aims to recruit, develop and retain the next generation of top talent and future leaders at Watts. In 2020, more than 80 students and young professionals participated in our EIC program, representing all regions of Watts.

- *Leadership Rotationals* are hired as full-time employees for a three-year period upon graduation from college. Typically, they serve in a specific role for one year before rotating to the next, which can span different business functions at Watts. In 2020, half of our global contingent of Leadership Rotationals were diverse.
- *Interns* participate in a variety of training and development activities as part of a 10-week summer program. At the end of their internship, participants present their learnings and experiences to our executive leadership team.
- *Co-Ops and Apprentices* participate in key projects over a period of 6-8 months to gain real world experience and are paired with a mentor for guidance and support.

Workforce Planning

Our approach to workforce planning provides a systematic framework that drives us to understand the current state of our global talent pool matched against business needs today and into the future, and how we can solve for the gaps that may exist.

Our Strategic Talent Review (STR) process covers employee performance / potential (Calibration), how employees fit into future positions (Succession) and development needs required (Development Plans). As part of the succession planning process, business leaders are asked to determine two key factors during the meeting for each position: 1) Is the position critical, meaning operations would halt if someone doesn't fill the position immediately and 2) Is the employee a flight risk? This comprehensive approach to talent and succession allows us to consider the company's future growth and identify new positions that need to be filled to advance future business improvement. Succession planning at the executive level is discussed annually with our Board of Directors and any critical updates to STRs for specific functions and business lines are also periodically shared with the Board.

In 2020, we accelerated our efforts to create greater succession depth throughout the organization by cascading this activity down by two levels – and reaching 11% more employees than the previous year. We increased focus and held more in-depth conversations on diversity and organizational mobility strengths on opportunities in the process. We believe this will help us identify our high potential employees faster and sooner, so we can accelerate their readiness as future successors.

Talent Management Scorecard

Talent Management Scorecards are produced monthly and quarterly, and presented to our Global Leadership Team for review. The scorecard highlights progress made on goals and initiatives across the HR business function. It also provides an at-a-glance view of key metrics that are essential to promoting a talented and diverse global workforce, including headcount, labor efficiency, turnover, internal fill rate, new hire diversity, recruiting, learning and development, employer branding and employee engagement.

DIVERSITY, EQUITY AND INCLUSION

Our success depends largely on a sustaining a diverse, multinational, multi-generational workforce. We recognize and value the breadth of diversity inherent within our ranks and are committed to embracing the cultural nuances that make us all unique. At Watts, we aim to promote a safe and inclusive workplace culture based on our values, mutual respect and dignity, and by ensuring measures are in place to safeguard an individual's human rights.

We respect and protect internationally recognized laws and standards for human rights, and strive to ensure that we do not abuse any part of the human rights principles. We are committed to complying with all laws pertaining to freedom of association, collective bargaining, immigration, wages, and hours and benefits, as well as laws prohibiting forced, compulsory and child labor. We acknowledge and respect all reputable human rights treaties, and comply with all laws governing our employee population, including General Data Protection Regulation in the European Union.
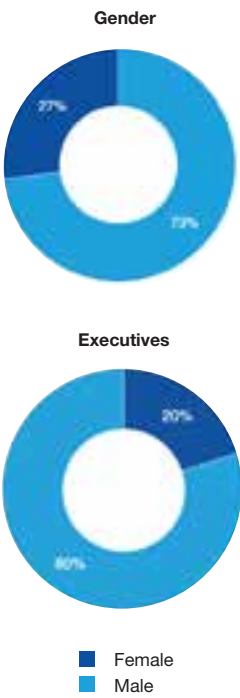
As of December 31, 2020, Watts employed approximately 4,500 people on five continents and in 23 countries worldwide – and across three geographic segments: Americas, Europe and APMEA. In 2020, we added 461 new hires to our global workforce and our voluntary turnover rate was 9%.
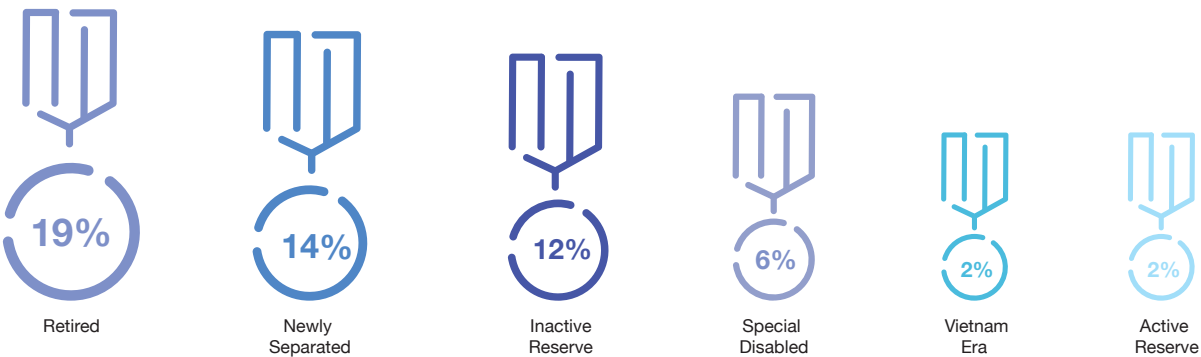
Eligible Employees Who Participated in STR Process

Year	Value
2016	223
2017	300
2018	491
2019	793
2020	881

Diversity Profile

Global

Entire Company | Individual Contributors | Management | Executives

■ Female ■ Male

U.S.

Gender

Executives

■ Female
■ Male
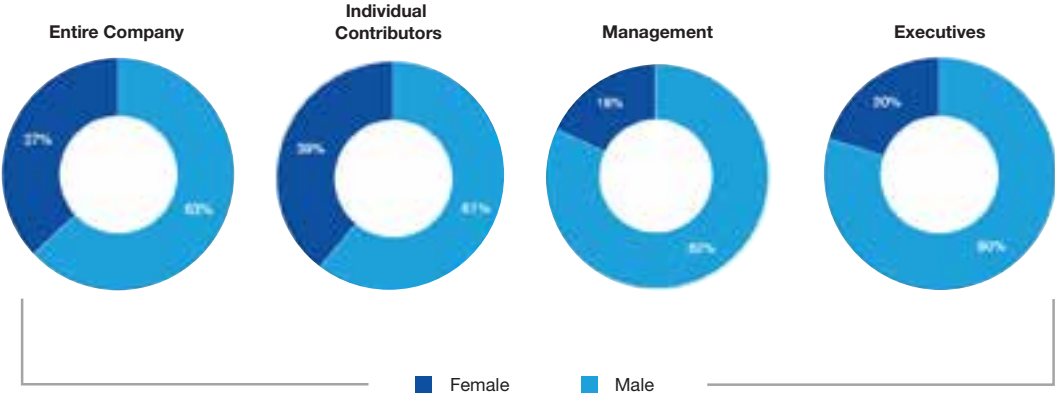
Ethnicity	Overall	Individual Contributor	Management
American Indian / Alaska Native	2%	3%	--
Asian	4%	3%	9%
Black / African American	9%	10%	3%
Hispanic / Latino	15%	17%	4%
Other	1%	1%	1%
Two or More Races	1%	1%	1%
White	68%	65%	82%

U.S. Military Veterans by Classification

Classification	Value
Retired	19%
Newly Separated	14%
Inactive Reserve	12%
Special Disabled	6%
Vietnam Era	2%
Active Reserve	2%

Equal Opportunity and Non-Discrimination

As an equal opportunity employer, we will recruit, hire, compensate, train, promote and terminate individuals in accordance with all applicable laws and regulations, and without regard to a person's race, color, religion, age, gender, national origin, citizenship status, marital status, sexual orientation, disability, veteran status or other protected status. We do not tolerate acts of discrimination, harassment or bullying at Watts. As embedded in our values, all Watts employees shall treat each other with respect, dignity and common courtesy, and avoid any behavior that compromises trust, quality of the work environment or the integrity of decision making.

Victimization at work of any kind, such as recurring negative actions directed against individual employees, or behavior that creates or contributes to an intimidating, hostile or offensive work environment, is strictly prohibited at Watts. We expect our employees to respect, protect and promote human rights both with their co-workers at Watts, and when representing the company outside the workplace in the business interactions with distributors, agents, vendors, suppliers and other related third parties. We educate employees on our non-discrimination policy via employee handbooks, training sessions and / or during the onboarding process. Information regarding grievance procedures and avenues for issue escalation are outlined in Governance section of this report, as well as our Code of Business Conduct, Sexual and Other Unlawful Harassment Policy and Ethics Hotline.

In 2020, Watts had approximately 2,030 employees worldwide who were represented by unions, collective bargaining agreements or works councils. That is approximately 45% of our total workforce.

Collective Bargaining

Our commitment to protecting human rights also applies to freedom of association and collective bargaining. We believe such activities facilitate dialogue, and play an invaluable role in building trust, inclusivity and transparency in the workplace. In compliance with International Labor Organization standards, it is our policy to ensure our employees have the right to form or join associations of their own choice concerning the relationship between the employer and the employees, and to bargain collectively. We do not issue disciplinary or discriminatory actions against employees who choose to peacefully and lawfully organize or join an association. As well, employees are prohibited from using intimidation tactics of any kind to obstruct other employees' right to freely associate, and / or right to organize or not.

Communication of Rights

At the local level and where applicable, we work to ensure our employees are aware of and understand their collective bargaining rights. These rights may be communicated to employees in different ways based on local labor laws, regulations and / or practices. Employees at Watts may receive information about their collective bargaining rights:

- During the onboarding process
- Via internal company channels (e.g., company policies, rules and regulations, information boards, etc.)
- Directly from their trade union or work council representative

Grievance Procedures

Where applicable, grievance procedures for collective bargaining rights may be provided to employees via any of the methods stated above. While individual grievance cases may be handled differently based on local labor laws, regulations and / or practices, they are usually resolved within a few days. Employees receive updates on their individual grievance cases from the trade union or works council representing them. Resolved cases are routed to the appropriate management team at Watts. Cases requiring further escalation are reported to our executive leadership team.

Fair and Equal Pay

We strive to promote equal pay among men and women employees at Watts. We review individual compensation rates for gender equality through ad hoc reviews of compensation during market competitiveness evaluations. Also, wages and hours are covered in our Code of Business Conduct:

- Workweeks do not exceed the maximum allowable by law
- Employees are paid for all hours worked without unlawful or unauthorized wage or benefit deductions
- All hours worked are accurately recorded
- Payments are issued to the employee who earned it (unless ordered through a court-issued garnishment or otherwise consented to by the employee)

Employment Security

We strive for our employees to feel secure in their jobs at Watts and are committed to responsible workforce restructuring practices. We recognize the impact these actions can have on our colleagues, and will only take such steps when deemed necessary to enhance the value and performance of our company. As part of its oversight responsibilities, our Board of Directors approves all major restructuring programs. When conducting restructuring activities, Watts adheres to local employment laws and statutes, and ensures our employees are treated fairly. We take measures to assist affected employees in their transition, which may include:

- Severance pay, which considers employee age and years of service
- Job placement services
- Other forms of transition assistance (e.g., training, retraining, counseling, etc.)

TOTAL REWARDS

We provide our employees with a comprehensive benefits package through a mix of plans designed to support their individual and / or family's health and wellness needs. We offer a standard benefits package in the United States to our eligible employees. In other countries where we operate, government-sponsored programs provide for the health, disability, retirement, parental leave and unemployment benefits for our employees as a matter of legislative or national practice in support of their social system. In addition to these government-sponsored programs, we provide supplemental coverage or benefits in certain countries where we have large employee populations, which may include:

- Medical care
- Pharmacy program
- Dental care
- Vision care
- Life insurance
- Supplemental life insurance
- Short-term and long-term disability coverage
- Dependent care spending accounts
- Pre-tax healthcare spending and savings accounts
- Voluntary accident & critical illness coverage
- Retirement savings (401k) plans with generous employer matching funds
- Employee wellness program
- Paid time off
- Business travel and accident insurance
- Relocation programs
- Employee discounts
- Fitness and tuition reimbursement

Work-Life Balance

We understand that our employees have commitments outside of work, which is why we offer programs to promote work-life balance. Depending on an employee's job and location, these options may include:

	Workplace Flexibility	■ Flexible work arrangements, compressed workweeks, job sharing and / or telecommuting
	Working Time Reductions	■ Reduced hours and part-time arrangements to provide additional alternatives to full-time employments
	Dependent Care and Special Leave Support	■ Parental leave for new mothers and fathers in the U.S., and bereavement leave; Other requests for special leaves are reviewed individually based on the circumstances and we are committed to further exploring alternatives to accommodate dependent care and special leave options
	Flexible Savings Accounts	■ Tax advantaged savings accounts available to employees in the U.S; These special accounts allow employees to save money that they earn for dependent care, such as child care services
	Family and Medical Leave Act (FMLA)	■ Provides employees in the U.S. with parental or medical leave if they have worked for Watts for at least 12 months and have accumulated 1,250 hours of qualified service over the prior 12 months; Certain states where we operate also provide greater protections or have eligibility rules that vary from the federal law

ENGAGEMENT AND RECOGNITION

We understand the value of employee engagement and consider it among our key business drivers of success at Watts. We make it a priority to ensure our employees have opportunities to provide feedback, attend events and earn recognition throughout the year.

Voice of Employee

We believe that feedback is a gift. We rely on and encourage our employees to participate in the feedback process, and we are committed to provide such opportunities:

- *Annual Feedback Surveys* gauge key topics quantitatively that cover a range of questions on employee engagement. In 2020, we conducted our annual employee pulse survey with emphasis on Diversity, Equity and Inclusion (DEI). In total, more than 2,500 employees completed the questionnaire, which resulted in a 56% response rate globally and over 1,600 comments. Survey results have been reviewed by our CEO and executive leadership team, and action plans have been implemented to address key areas of opportunity.
- *Focus Groups* help us delve deeper into key employee engagement issues that can influence productivity, employee satisfaction and employee retention. In 2020, we continued to conduct skip-level meetings around the world – albeit, virtually. Such gatherings are typically held at the corporate, regional or site levels, and are led by a senior executive, business leader or manager, or a representative from human resources. Actions plans are developed, executed and updated on an ongoing basis throughout the year.
- *Executive Site Visits* serve as an additional employee touchpoint to help drive engagement at the local site level. These activities may include factory tours, strategy sessions and business updates, as well as networking and other social activities.
- *Quarterly connect Meetings (QCMs)* are live, town hall-style events hosted at Watts locations around the world, and serve to keep our employees informed, engaged and connected. Executive leaders and local management teams provide updates on our financial performance, key business initiatives, and related news. QCMs also provide a forum to recognize employees who are celebrating service anniversaries and other achievements.

Recognition

We believe in recognizing teams and individual employees for their contributions – especially, those that go above and beyond the call of duty:

- *Way to Go Recognition Program* recognizes extra special team efforts that help to advance Watts' mission and embody our values. Any employee can nominate a team, and submissions are reviewed and approved by members of our Global Leadership Team. Submission categories include safety, continuous improvement, big wins, innovation and collaboration. Way to Go feature stories are published regularly throughout the year on our company intranet and promoted weekly to all employees via our weekly e-newsletter.
- *Inventor Recognition Program* recognizes an "invention" – whether patented or not – that advances the business and / or research and development efforts at Watts. Any employee can participate and receive a monetary award for invention disclosures, patent applications and issued patents. Recognition and awards are also provided for trade secrets and prolific inventors. If patents are issued, inventors receive patent plaques and are recognized at local QCMs.

TRAINING AND DEVELOPMENT

We invest in our employees by providing opportunities that support their professional growth and development, and learn new skills. We offer a variety of learning and development programs at all levels and regions – from the factory floor to executive management – designed to attract, build and retain a strong global workforce. All managers and employees are encouraged to include training and development goals, as part of our performance management and annual goal setting process. We evaluate the effectiveness of our learning and development programs via feedback mechanisms (e.g., surveys, focus groups, etc.), and leverage this data to inform recommendations for future improvements.

In 2020, Watts employees completed more than 11,000 hours of online and in-person training combined – averaging just over two hours of training completed per employee.

	Headcount by Gender	Training Completed (avg. hours per employee)
On-Demand Online Learning		
Facilitated / Classroom Training		
2,786 Male		2.78
1,613 Female		1.96
74 Unspecified		1.33

2,917 / 8,092

* = 500 Employees

Career Development

- *On-Demand Virtual Learning* – Due to the shift to remote work in 2020, we saw a significant spike in on-demand eLearning offerings, which employees accessed via our enterprise Learning Management System (LMS) and LinkedIn Learning.
- *Manager as Coach* – This intensive and highly interactive hands-on training program aims to help managers develop their leadership and management skills. In 2020, 16 managers completed this program.
- *Front-Line Manager Pilot* – In 2020, we launched a new frontline manager program focusing on the lifecycle of people managers. More than 40 leaders participated.
- *360° Assessments* – These evaluations provide executive leaders with feedback and tools to help them continually develop in their careers and improve their effectiveness.

Performance Management

In support of our efforts to sustain an engaged workforce and high-performance culture, we are committed to empowering teams to realize their true potential. While managers and their employees are encouraged to have ongoing conversations throughout the year, our performance management process drives our ability as an organization to execute on our global strategy. The annual performance review process facilitates dialogue between managers and their staff on individual performance. Employees complete a self-assessment of their performance on their annual goals, followed by a similar assessment from their manager.

Both the employee and manager discuss the employee's overall performance, and opportunities for growth and improvement. The outcome of this conversation can influence decisions on compensation and incentive rewards, and serve as the basis from which performance goals are set for the new calendar year. All performance review and goal setting activities are administered and managed in our Human Resource Information System (HRIS).

In 2020, 98.4% of all eligible employees globally at Watts completed an annual performance review with their manager.

2020 Annual Performance Review Summary
Breakdown by Region

AMERICAS	EUROPE	APMEA
97%	97%	99%
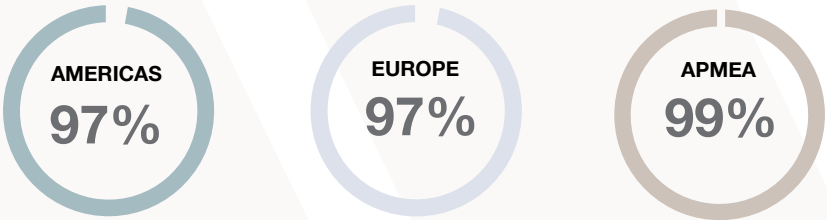
Community Impact

Giving back to the community is important to all of us at Watts. As a responsible corporate citizen, we aim to bring positive change to the communities where we live and work, as well as the industry in which we do business. We believe in building strong, resilient communities, and are committed to promoting social good at the corporate level, as well as regionally and locally through our strategic partnerships, charitable giving, and fundraising and volunteer activities.

PLANET WATER FOUNDATION

In 2020, Watts continued its support for the Planet Water Foundation and funded the installation of two AquaTower water filtration systems to provide clean drinking water for children and families in need in Aguascalientes, Mexico. The towers remove harmful contaminates, such as bacteria and viruses, and provide 1,800 people with 10,000 liters of clean water per unit daily. This spares villagers from long walks to other cities to get clean water, allows students to attend class illness-free, and gives them the ability to practice handwashing with soap, a simple yet effective way to help prevent the spread of diseases such as COVID-19.

Years in Partnership	Countries Supported	People Served
6	**9**	**30,000+**

Our Impact

USA

Canada

Europe

China

New Zealand

USA locations
- Beaverton, OR
- Blauvelt, NY
- Dormont, PA
- Franklin, NH
- Hubbard, NE
- North Andover, MA
- Springfield, MO
- St. Pauls, NC
- Vernon, BC, Canada
- Washington, D.C.

Canada
- Vernon, BC

Europe
- Dattenberg

China
- Ningbo
- Shanghai

New Zealand
- Auckland

Legend: Americas | Europe | APMEA

Community Involvement

Auckland, New Zealand	Free Community Health Screenings
Vernon, BC, Canada	Local "Manufacturer of the Year" sponsor
North Andover, MA, USA	Trash delineation program
Franklin, NH, USA	Outdoor site spring cleanup
Ningbo, China	Earth Day family education event
Beaverton, OR, USA	150 handwritten "Thank You" cards for COVID-19 workers

Educational Partnerships

North Andover, MA, USA	Formal partners with five Historically Black Colleges and Universities
Vernon, BC, Canada	RoboCup Junior STEM competition sponsor
St. Pauls, NC, USA	MIlitary veterans career transition program

In-Kind Donations

Hubbard, NE, USA	500 sq. ft. heating cable for a military veteran
Washington, D.C., USA	24 laptops for students learning remotely
Dattenberg, Germany	Bags of safety supplies for a local school
Franklin, NH, USA	Hundreds of safety kits for two local healthcare facilities
Shanghai, China	Water purification systems for two primary schools
Blauvelt, NY USA	AERCO AM Series boiler for a local historical society

Fundraising and Volunteerism

North Andover, MA, USA	Over $170,000 to various local foundations and community support agencies
Dormont, PA, USA	$17,000 for National Restaurant Association Educational Foundation
Dubai, UAE	Partnership with Sitti Soap to support refugee women on International Women's Day
Dattenberg, Germany	Charitable run raising €130 for cancer support
Springfield, MO, USA	Employees volunteered at Habitat for Humanity's ReStore home improvement retail outlet

Corporate
Governance

At Watts, we believe that responsible corporate governance plays an integral role in building trust with all our stakeholders. With their interests in mind, our commitment to operating our business ethically, responsibly and sustainably enables us to create meaningful, long-term value, and opportunities for future growth and success. Our corporate governance principles provide an essential framework to ensure we conduct ourselves in accordance with our mission, vision and values in the work we do every day.

Board of Directors

Our Board of Directors continually works to improve the high ethical standards we promote and practice every day at Watts. Such approaches include periodic reviews of our corporate policies and practices, and leveraging guidance provided by the U.S. Security and Exchange Commission (SEC) and New York Stock Exchange (NYSE).

In 2020, our Board met eight times and each incumbent director who was a member of our Board last year attended at least 75% of the total number of meetings of the Board, and all committees of the Board on which the director served. In addition, all of the Board's membership attended the 2020 Annual Meeting of Stockholders.

Christopher L. Conway

Michael J. Dubose

David A. Dunbar

Louise K. Goeser

Jes Munk Hansen

W. Craig Kissel

Joseph T. Noonan

Robert J. Pagano, Jr.

Merilee Raines

Joseph W. Reitmeier

ROLES AND COMPOSITION

The Board has adopted our Corporate Governance Guidelines to assist and guide each of its 10 members in serving in their director roles, and carrying out the many responsibilities within their charge, including, but not limited to:

- Monitoring overall company performance, and the integrity of our financial controls and legal compliance procedures
- Appointing executive officers, overseeing succession planning, and our executive officers' performance and compensation
- Supervising the development of operating, financial and other corporate plans, strategies and objectives
- Reviewing and approving the company's annual business plan, capital expenditures budget, and other key financial and business objectives
- Overseeing processes and strategies for identifying, assessing, managing and mitigating operational, financial, legal, regulatory, strategic and reputational risk
- Evaluating the Board's own performance, as well as the effectiveness of its three standing governance committees, annually

Board Diversity

Our Board recognizes the value of diversity and believes that its composition – akin to our very own global workforce – should comprise an appropriate mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

When considering candidates recommended for nomination to our Board, nominees must have, at a minimum:

- Superior personal and professional integrity
- Sound business and strategic judgment
- Availability to devote sufficient time and energy on the Board
- Resolve to challenge management without assuming its role

The Board also seeks diversity in a candidate's background and experience:

- Specific to our industries or markets
- Conducting business internationally
- Serving on the boards of public companies
- Acquiring companies

AT A GLANCE

Average Age	Average Tenure	Diversity
60	**5**	**30%**
< 55 years	0-3 years	Men
55-59 years	4-7 years	Women
60-64 years	8+ years	Racial Minorities
65+ years		

COMMITTEES AND RISK OVERSIGHT

Our Board of Directors has three standing committees, each of which is composed solely of directors determined by the Board to be independent under the applicable NYSE rules. Each committee has a written charter that outlines the committee's responsibilities and qualifications for membership. The Board may from time to time appoint ad hoc committees to address specific matters, as necessary or appropriate.

Audit

Chaired by **Director Merilee Raines**, the Audit Committee holds one regularly scheduled meeting each quarter and schedules additional meetings as often as necessary to perform its duties and responsibilities, which include, but are not limited to:

- Overseeing the integrity of Watts financial statements; Watts compliance with legal and regulatory requirements; Watts systems of internal control over financial reporting; and Watts internal audit function
- Evaluating and / or reviewing the performance of Watts internal audit function; effectiveness of Watts internal control structure; management's assessment and management of risk; qualification, independence and performance of Watts independent auditor; and formation of "whistle-blowing" procedures

Nominating and Corporate Governance

Chaired by **Director W. Craig Kissel**, the Nominating and Corporate Governance Committee holds one regularly scheduled meeting each quarter and schedules additional meetings as often as necessary to perform its duties and responsibilities, which include, but are not limited to:

- Identifying individuals qualified to become board members, consistent with criteria approved by the Board
- Recommending the Board select the director nominees for election at each annual meeting of stockholders
- Developing and recommending to the Board a set of corporate governance guidelines applicable to Watts, and making updates and recommended changes, as needed
- Overseeing the evaluation of the Board and management

Compensation

Chaired by **Director Christopher L. Conway**, the Compensation Committee holds one regularly scheduled meeting each quarter and schedules additional meetings as often as necessary to perform its duties and responsibilities, which include, but are not limited to:

- Discharging the Board of Director's responsibilities relating to compensation of Watts directors and its executive officers
- Developing and implementing compensation policies and plans that are appropriate for Watts considering all relevant circumstances
- Providing incentives that further Watts long-term strategic plan and are consistent with its culture
- Enhancing enduring stockholder value

2020 Committee Meeting

PARTICIPATION

Audit	Nominating and Corporate Governance
7	**4**

Compensation

5

Ethics and Compliance

Watts is committed to doing the right thing always. We conduct business in accordance with the letter and spirit of the law, high standards of ethical business conduct and our values. Because we have operations that serve customers globally, our policy is to comply with the laws, rules and regulations in all countries in which we operate. Accordingly, this commitment extends to such laws as the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act, and other anti-bribery laws, rules and regulations – even if it is contrary to local customs and practices.

Our Global Compliance Program is managed and administered by the Global Compliance Team at Watts, and supported by our Board of Directors and Executive Leadership Team. Led by our Chief Compliance Officer with support from designated compliance professionals from around the world, the program promotes ethical practices and compliance. To mitigate international and any industry specific risks, we employ multiple tools to drive ethics and compliance through our global compliance organization, including our Code of Business Conduct and the following Compliance Procedures:

- Compliance training on the Code of Business Conduct and anti-corruption
- Third-party due diligence reviews and denied party monitoring
- Risk assessments
- Gifts and entertainment, business courtesy and anti-corruption policies, specifically prohibiting among other things, facilitation payments
- Hotline and issue escalation processes

CODE OF BUSINESS CONDUCT

Our Code of Business Conduct is our guide on how to apply our values to our everyday actions in all our business dealings, including with our employees, suppliers and other business partners. All directors, officers and employees are required to adhere to the Code, as well as local laws and regulations if more stringent than our Code. It is our employees' responsibility to know the Code, ask questions and say something if they are aware of conduct that violates it. When we follow our Code and our values in our decisions and interactions, it allows us to Do the Right Thing, Always.

While this mandate promotes accountability, it also serves as an opportunity to reinforce the importance of the Code, as well as encourage employees to raise questions when they have them and remind colleagues to speak up if they observe conduct that violates it. In addition to training, all employees are required to annually confirm and acknowledge the Code and its requirements.

Our Code covers all Watts subsidiaries and is published in 15 different languages to cover our global footprint, so that our employees, agents, suppliers, and third parties can understand our standards, and operate in an ethical manner, always. The Code is available and acessible 24 / 7 / 365 via the company's intranet and public website.

ONE CODE

15 DIFFERENT LANGUAGES

English	Italian
Bulgarian	Korean
Chinese	Norwegian
Danish	Polish
Dutch	Russian
French	Spanish (LatAm, Spain)
German	Swedish

Watts Water Technologies
Code of Business Conduct

DOING THE RIGHT THING, ALWAYS

W WATTS

Business Ethics Awareness

To promote awareness and understanding of our Code, and the importance of operating ethically, our Global Compliance Team regularly authors informative articles throughout the year on a variety of topics. They are published on our corporate intranet and featured in the company newsletter, which is distributed via email to employees. We communicate additional messages throughout the year on compliance-related matters via targeted emails, and during quarterly town halls and other employee meetings.

COMPLIANCE PROCEDURES

To reinforce the importance of our Code, and facilitate understanding of its guiding principles and our ethical standards, all employees in all regions at Watts must participate in annual compliance and ethics training. This required training focuses on a variety of topics addressed in the Code, such as anti-corruption, and is offered in multiple languages. In addition, new hires are required to complete Code and anti-corruption training.

We also provide additional ethics and compliance training throughout the year using a risk-based, targeted approach that identifies positions, functions, and regions with a higher risk of potential incidents and in response to global trends and developments. We also regularly monitor trends from reported Hotline matters and legal, regulatory, and industry developments to provide up-to-date and topical training.

Offered both in person and online, the training modules cover a range of important topics on business ethics – which are highlighted in our Code, including:

- Gifts and entertainment
- Prohibition on facilitation payments
- Conflict of interest
- Ethics Hotline reporting
- Harassment
- Issue escalation
- Third-party due diligence and
- Anti-corruption and anti-competition

Upon completion of the training, employees certify that they have read and understand the provisions of the Code and how it applies to them. Select management and functional areas also are required to complete an annual Conflict of Interest certification and disclosure, stating they have read, understand and will comply with our Conflict of Interest policy.

Due Diligence Reviews

Before entering into new business relationships with third parties acting on our behalf (e.g., agents, consultants, advisors, joint venture partners), we conduct a risk-based due diligence review utilizing a multi-factor questionnaire, anti-corruption law notification and certification of compliance with such laws, and a continuous international denied parties search review.

The due diligence questionnaire covers – among other items:

- Books and records
- Compliance with laws
- Anti-corruption violations and
- Third-party's own compliance policies and procedures

Based on questionnaire responses – in addition to automated risk-ranking through our third-party due diligence tool, consideration of the industry at issue and the geographic region – we determine whether to further supplement the review with risk-based open source investigations. Open source investigations identify red flags, including – among other items – business expertise, time in business, name variations, ownership, sanctions, embargoes, issues, politically exposed persons, entities and persons on government watch lists, and any related events bearing on integrity.

Designated legal counsel in each region then determine approval to go forward with the relationship, and / or escalation for further review and approval, through a structured approval process. Using a centralized tool, we maintain relevant documentation and records in a global database of due diligence status, results and approvals to facilitate ongoing monitoring and auditing of these third-party relationships. Approved parties must enter into contracts that include, among other terms, provisions governing payment, and compliance with anti-corruption, and import and export laws. Additionally, all third parties are required to complete a certification agreeing to comply with all applicable anti-corruption laws.

Due diligence reviews for third parties are renewed every two years, but denied party list searches are ongoing. Due diligence policies and procedures are documented, and are part of regular training and review for select new hires and positions at Watts. This process permits us to identify higher risk third parties and address that risk.

Risk Assessments

Management, including the compliance function, and our internal audit team conduct annual risk assessments to evaluate corruption and bribery-related risks. Utilizing multiple factors, risks and business developments, these assessments determine areas of focus for audits and site visits, during which select compliance processes are reviewed for evidence of fraud, corruption or deficiencies, such as compliance with the U.S. Foreign Corrupt Practices Act.

In addition, we conduct routine audits of various policies and programs that compose our Global Compliance Program, including:

- Bi-annual due diligence policy review
- Quarterly business courtesies policy review
- Ethics Hotline viability and availability
- Compliance-focused site visits utilizing detailed checklists designated specifically for compliance policy and process review, sampling and training

Management Oversight

The Ethics and Compliance Steering Committee is a cross-functional team made up of business leaders in executive management and internal audit, including the CEO, Chief Financial Officer, General Counsel, Chief Human Resources Officer, Chief Accounting Officer, Director of Internal Audit and Chief Compliance Officer (CCO). This group conducts regular meetings to monitor compliance matters, business ethics and corruption issues, as well as Ethics Hotline reporting, and other compliance and business ethics developments for review and action.

The CCO, who reports to the General Counsel, is responsible for management and oversight of the ethics and compliance program (including corruption and anti-bribery issues). The CCO and compliance team regularly monitor trends from reported Hotline matters and legal, regulatory, and industry developments to update any necessary program and policy enhancements. Each quarter, the CCO reports to the Board of Directors, who oversees the company's Ethics and Compliance Program on key compliance developments and initiatives, and business ethics and corruption issues, as well as the Audit Committee regarding additional compliance and business ethics developments, including investigations, Ethics Hotline reports and review status.

In 2020, no incidents of corruption were confirmed at Watts, nor were any legal actions regarding corruption brought against the company.

Government Contracting

We are committed to conducting business with federal, state and local governments in accordance with the letter and spirit of the law, high standards of ethical business conduct and in accordance with our values. The Government Contracts Supplement – an extension of our Code of Business Conduct – serves as a resource for all employees that perform work under government contracts and subcontracts, and / or communicate with government entities in the United States.

Employees involved in this type of work are expected to understand and comply with the requirements and policies in this Supplement, as well as the requirements of the contracts on which they work, and according to the following core principles:

- We are honest, fair and open in our communications and dealings with the government and its agencies
- We comply fully with the requirements of our government contracts
- We ensure that our employees understand the requirements of the contracts on which they are working
- We make certain that all statements, disclosures, invoices, certifications and other representations made to the government are accurate, current and complete
- We take appropriate action and report suspicions of fraud or deception

Political Contributions

As stated in our Community Relations Policy, Watts does not make contributions to political organizations, causes, candidates or campaigns. As such, the company made no political contributions in 2020. However, we encourage our employees to become involved in civic affairs and to participate in political activities, providing they:

- Do so on an individual basis, on their own time and at their own expense
- Make clear that when speaking on public issues, any comments or statements made are their own and not of Watts
- Never make a political contribution with the intent to influence the award or retention of any Watts business or contract

Non-Retaliation Policy

We encourage our employees to raise concerns about compliance, ethics or business conduct confidentially and / or anonymously without fear of negative consequences. Our Code specifically prohibits retaliation against anyone who – in good faith – reports a concern or participates in an investigation, even if the allegation ultimately is not substantiated. As stated in our Code, such behavior violates company policy and is not tolerated at Watts. Anyone, regardless of position or tenure, found to have engaged in retaliatory conduct against someone who has raised a business conduct matter in good faith, will be subject to disciplinary action, including termination. All allegations of retaliation for reporting matters of concern are directed to, and addressed independently by, the Legal Department at Watts.

Reporting Concerns

We provide, and regularly inform employees of, the multiple avenues available to them to report concerns. Such options include the individual's manager or immediate supervisor, or a representative from the Human Resources, Legal or Compliance departments.

Employees, suppliers, customers and other external parties can report concerns anonymously, confidentially and without retaliation using our Ethics Hotline at (877) 792-8878 or online by visiting: www.watts.ethicspoint.com. The Ethics Hotline and website are monitored by an independent third party, and is available 24 hours a day, 7 days a week. In addition to multilingual support, local Hotline telephone numbers for each country in which Watts has facilities are listed on the website, and contact and access information is provided in postings at each facility.

All Ethics Hotline matters are investigated promptly. For transparency, all matters are reported on a quarterly basis to the Ethics and Compliance Steering Committee, and the Audit Committee of the Board of Directors. In addition, the Chair of the Audit Committee has full access to and is notified of any matters submitted through the Ethics Hotline. Further, to provide additional transparency and comfort to reporting parties, we provide training on the purpose of the Ethics Hotline, the basics of how to utilize it, what happens when a matter is submitted to the Hotline, and its importance to our compliance program.

Key Highlights of Watts Global Compliance Program

	Risk Assessment	■ Management and our internal audit team conduct annual risk assessments to evaluate corruption and bribery-related risks at all Watts locations and operations globally ■ Use the Enterprise Risk Management (ERM) process and annual risk assessments to assess and enhance the program and identify areas of focus for audits and site visits
	Anti-Corruption Program	■ Conduct a risk-based third-party due diligence review of all business relationships with third-party intermediaries utilizing a multi-factor questionnaire, anti-corruption law notification and certification of compliance with such laws, and a continuous international denied parties search review ■ Based on the due diligence questionnaire responses, along with automated risk-ranking through our third-party due diligence tool, consideration of the industry at issue, and the geographic region, determine whether further supplementation of the due diligence review with risk-based open source investigations is needed ■ Approved parties must enter into contracts that include, among other terms, compliance with anti-corruption, and import and export laws; approved parties must also certify that they agree to comply with all applicable anti-corruption laws ■ Administer a Business Courtesies Policy, Government Contracts Supplement to the Code of Conduct, and Community Relations Policy, which sets forth Watts' policy with respect to political and charitable contributions
	Policies and Procedures	■ Maintain updated policies that are globally communicated and translated into 15 languages, representative of our employee base ■ Enhance policies and programs based on trends from reported Hotline matters and legal, regulatory, and industry developments; Code of Conduct was refreshed in 2019
	Communication and Training	■ All employees globally, along with all new hires, are required to participate in annual compliance and ethics training, which focuses on a variety of topics addressed in the Code of Conduct, such as anti-corruption, and is offered in multiple languages ■ Global Compliance Team regularly authors informative articles on relevant topics over the course of the year ■ Additional compliance-related matters are communicated through additional risk-based, targeted trainings, and email, as well as during quarterly town halls and other employee meetings
	Management Oversight and Monitoring	■ Risk assessments are used to determine areas of focus for audits and site visits, during which select compliance processes are reviewed for evidence of fraud, corruption, or deficiencies ■ Routine audits of various policies and programs that compose our Global Compliance Program, including bi-annual due diligence policy review, quarterly business courtesies policy review, and Ethics Hotline viability and availability ■ Board of Directors receives a report quarterly on key compliance developments, initiatives, and business ethics and corruption issues; Audit Committee receives additional reporting on compliance and business ethics developments, including Ethics Hotline reports and review status ■ Ethics and Compliance Steering Committee, a cross-functional team of business leaders, conducts regular meetings to monitor compliance matters, business ethics and corruption issues, including Ethics Hotline reporting, and other compliance and business ethics developments for review and action
	Data Review	■ Analyze third party due diligence trends through review of due diligence system ■ Analyze Ethics Hotline reporting trends
	Response and Cause Assessment	■ Respond to compliance questions within 24 hours ■ Identify trends and assess cause to identify program enhancements, including targeted training
	Reporting Concerns	■ Maintain multiple avenues to report concerns, including through the Ethics Hotline, an independent, third-party, multilingual resource available 24 hours a day, 7 days a week that allows employees to report anonymously and confidentially ■ Specifically prohibit retaliation against anyone who, in good faith, reports a concern or participates in an allegation, even if the allegation ultimately is not substantiated ■ Investigate promptly all reports, using internal and external resources, as required ■ Target of investigation completion within 45 days of receipt

Additional Links:

- 2020 Annual Report
- 2020 Form 10-K
- 2021 Proxy Statement
- Board Committees and Charters
- Board of Directors
- Code of Business Conduct
- Corporate Governance Guidelines
- Government Contracts Supplement
- Management

Appendix

This year, we decided to make our report comply with GRI Standards "Core Option." The following section contains our GRI index with a compliance verification statement, and a second verification statement on our environmental data.

GRI Content Index

The Sustainability Report 2020 of Watts Water Technologies, Inc. is based on the standards of the Global Reporting Initiative (GRI STANDARDS) and covers the activities implemented in 2020. It was evaluated by the Centre for Sustainability and Excellence (CSE) according to the reporting standards of GRI STANDARDS and was verified as an "in-accordance core" GRI Standards Report.

GRI Standards	Disclosure title	Watts Response
GRI 102-1	Name of the Organization	**Watts Water Technologies, Inc.**
GRI 102-2	Activities, Brands, Products, and Services	Activities, brands, products, and services Watts Water Technologies, Inc. is a leading supplier of products and solutions that conserve water, and manage the flow of fluids and energy into, through and out of buildings in the commercial and residential markets of the Americas, Europe, and Asia-Pacific, Middle East, and Africa (APMEA). For more than 145 years, Watts has designed and produced valve systems that safeguard and regulate water systems, energy efficient heating and hydronic systems, drainage systems and water filtration technology that helps purify and conserve water. **For a more detailed description of Watts' business see p. 14-15 of the 2020 Sustainability Report.**
GRI 102-3	Location of Headquarters	**815 Chestnut Street, North Andover, MA 01845, USA**
GRI 102-4	Location of Operations	Americas, Europe, and Asia-Pacific, Middle East, and Africa (APMEA) **For a more detailed description of the 42 locations of offices, manufacturing, distribution centers, warehouses and headquarters see p. 29 of the 2020 Sustainability Report.**
GRI 102-5	Ownership and Legal Form	Watts was incorporated in Delaware in 1985 and trades on the New York Stock Exchange (NYSE) under the stock symbol WTS.
GRI 102-6	Markets Served	**Markets:** Americas, Europe, and Asia-Pacific, Middle East, and Africa (APMEA) **Customers:** **Wholesalers** **Specialty** ■ High-efficiency boilers and water heaters, water filtration and conditioning products, specialty floor and tile products, and food service products **Original Equipment Manufacturers (OEMs)** ■ Americas: Water heater manufacturers and equipment and water systems manufacturers needing flow control devices and other products ■ Europe: Boiler manufacturers and radiant system manufacturers ■ APMEA: Water heater, air conditioning and appliance manufacturers **DIY Chains** **For a more detailed description of Watts' customers and markets see p. 14-15 of the 2020 Sustainability Report.**

GRI 102-7	Scale of the Organization	At Watts, we believe that our employees are our greatest asset. In 2020, we employed a total of 4,473 people across 73 locations and in 23 countries. We report on our annual net sales for each of the three geographic segments in which we operate our business globally, as well as by product line, and customers and markets: **Total Net Sales (Billions USD $): 1.51** Americas: **68%** Europe: **28%** APMEA: **4%** For a more detailed description of Watts' scale of the organization see **p. 12-14** of the 2020 Sustainability Report and p. 5-6 of the 2020 Annual Report **(Financial Performance).**

GRI 102-8 — Information on Employees and Other Workers

Total number of employees by employment contract by gender:

	Male	Female	Unspecified
Regular	2,779	1,580	53
Temporary	23	17	21

Total number of employees by employment contract by region:

	Americas	Europe	APMEA
Regular	1,921	2,160	331
Temporary	29	32	0

Total number of employees by employment type and by gender:

	Male	Female	Unspecified
Full-Time	2,769	1,548	76
Part-Time	16	63	1

GRI 102-9 — Supply Chain

Our supply partners play an integral role in helping us deliver value to our customers. They supply important materials that go into our products and provide services that support the production of finished goods throughout our operations around the world. As responsible environmental stewards, we are committed to preventing and mitigating negative social and environmental impacts in our supply chain. We partner with suppliers who share our values and high standards of ethical business conduct, and operate in an economically, socially and environmentally responsible manner.

For a more detailed description of Watts' supply chain see p. 44-46 of the 2020 Sustainability Report.

| GRI 102-10 | Significant Changes to the Organization and its Supply Chain | **Changes in operation**
Due to changes in our production processes, our hazardous waste has increased by 18% since 2018 (baseline year).

Changes in the supply chain
In 2020, the impact of the coronavirus pandemic caused major supply chain disruptions around the world. While many of the traditional risks were anticipated, additional risks were realized which drove the organization to allocate substantial resource and time to mitigate. Additionally, during our Business Continuity Process we identified other key risks that we are managing – both traditional and climate related. As a result of business closures, consolidations and other economic factors, the total number of suppliers with whom we had relationships with last year decreased by 7%, along with a 6% drop in total annual supplier spend. |
| GRI 102-11 | Precautionary Principle or Approach | **Environmental Stewardship**
Watts follows stringent quality controls and testing procedures that conform to the highest standards of environmental stewardship. We strive to comply with all applicable international declarations, conventions and treaties, as well as all national, regional and local regulations, and require the same of our supplier partners. As part of our commitment to environmental compliance, we routinely conduct environmental audits and risk assessments at the corporate level, by third-party assessors and / or by our internal audit teams. During COVID-19, there was an increase in engagement with our manufacturing plants worldwide. In 2020, we conducted audits at 12 of our manufacturing sites – focusing on environmental management, and occupational health and safety.

Business Continuity Planning
In 2020, the coronavirus pandemic reinforced the need for and importance of identifying, managing and mitigating enterprise risk through effective business continuity planning. We refined our business continuity framework, policy and governance to ensure recurring and continues assessment of our risks. Championed by our CEO, and President of the Americas and Europe, we use a "Plan-Execute-Improve" model to identify and mitigate risks throughout the year, driving accountability throughout the organization.

Supply Chain Compliance
In 2020, we audited 563 suppliers through our Supplier Quality Audit Program, which is designed to monitor key social and environmental performance indicators in our supply chain in the areas of health and safety, human and labor rights, social responsibility and Conflict Minerals. We work with our suppliers on corrective action plans to remediate issues of non-compliance and re-audits to check on improvements. Non-conformances found during sustainability focused events are tracked through the corrective action process in our quality management system. Watts team members have been trained and certified to perform training on current requirements, self-assessment programs, non-compliance reporting, corrective action plans, and all available supplier resources on our website. All employees in our purchasing departments undergo annual code of ethics training, which includes training on the company's supplier standards and fair labor practices.

Corruption and Bribery
Management, including the compliance function, and our internal audit team conduct annual risk assessments to evaluate corruption and bribery-related risks. Utilizing multiple factors, risks and business developments, these assessments determine areas of focus for audits and site visits, during which select compliance processes are reviewed for evidence of fraud, corruption or deficiencies, such as compliance with the U.S. Foreign Corrupt Practices Act. In addition, we conduct routine audits of various policies and programs that compose our Global Compliance Program, including:
■ Bi-annual due diligence policy review
■ Quarterly business courtesies policy review
■ Ethics Hotline viability and availability
■ Compliance-focused site visits utilizing detailed checklists designated specifically for compliance policy and process review, sampling and training |

GRI 102-12	External Initiatives	To advance its mission, Watts partners with a variety of industry organizations and associations around the world. We participate as a member, on committees and / or provide additional funding beyond traditional membership dues. **For the complete list see p. 16-17 of the 2020 Sustainability Report.**
GRI 102-13	Membership of Associations	To advance its mission, Watts partners with a variety of industry organizations and associations around the world. We participate as a member, on committees and / or provide additional funding beyond traditional membership dues. **For the complete list see p. 16-17 of the 2020 Sustainability Report.**
Strategy		
GRI 102-14	Statement from Senior Decision-Maker	**Message from the CEO and President is on p. 4-6 of the 2020 Sustainability Report.**
Ethics and Integrity		
GRI 102-16	Values, Principles, Standards, and Norms of Behavior	**Mission** To improve comfort, safety, and quality of life for people around the world through our expertise in a wide range of water technologies. To be the best in the eyes of our employees, customers and shareholders. **Vision** To be the global leader in providing innovative, high-quality products, systems, and solutions for the conveyance, conservation, control and safe use of water through a focus on customers, innovation and continuous improvement. **Values** ■ Integrity and Respect: Doing the right thing in the right way, always ■ Accountability: Focusing on results; doing what you say you're going to do ■ Continuous Improvement & Innovation: Maintaining a customer focus; improving every day ■ Transparency: Demonstrating candor and openly sharing information

| GRI 102-17 | Mechanisms for Advice and Concerns about Ethics | At Watts, our robust ethics and compliance programs help ensure we do business with integrity and according to the highest ethical standards. These programs are overseen by our Board of Directors and we regularly review the content and performance of our ethics and compliance programs with the Board. We also implemented Information Security and Ethics training for all employees, and provided regular communications on the impact of COVID-19 on our business and our employees. Our Code of Conduct is now available in 15 languages to cover our global footprint, ensuring our employees, agents, suppliers and the public can easily access our standards and expectations of business conduct and understand what we mean when we say that we are committed to acting in an ethical manner, always. Our third-party due diligence reviews, risk assessments, non-retaliation policy, management oversight and issue escalation hotline also helped to drive ethics and compliance throughout our global organization last year.

We provide, and regularly inform employees of, the multiple avenues available to them to report concerns. Such options include the individual's manager or immediate supervisor, or a representative from the Human Resources, Legal or Compliance departments. Employees, suppliers, customers and other external parties can report concerns anonymously, confidentially and without retaliation using our Ethics Hotline at (877) 792-8878 or online by visiting: www.watts.ethicspoint.com. The Ethics Hotline and website are monitored by an independent third party, and is available 24 hours a day, 7 days a week. In addition to multilingual support, local Hotline telephone numbers for each country in which Watts has facilities are listed on the website, and contact and access information is provided in postings at each facility.

A comprehensive overview of Watts' Ethics and Compliance can be found on p. 89-97 of the 2020 Sustainability Report. |
|---|---|---|
| GRI 102-18 | Governance Structure | **Board of Directors**
Christopher L. Conway
Michael J. Dubose
David A. Dunbar
Louise K. Goeser
Jes Munk Hansen
W. Craig Kissel
Joseph T. Noonan
Robert J. Pagano, Jr.
Merilee Raines
Joseph W. Reitmeier

Committees
Audit Committee
Nominating and Corporate Governance Committee
Compensation Committee
EHS & Sustainability Steering Committee

The Board has adopted our Corporate Governance Guidelines to assist and guide each of its 10 members in serving in their director roles, and carrying out the many responsibilities within their charge.

For more information regarding the roles and composition see p. 86-88 of the 2020 Sustainability Report and p. 9-21 of the 2020 Proxy Statement. |

Stakeholder Engagement

GRI 102-40	List of Stakeholder Groups	The key stakeholders that Watts Water engages include employees, customers, stockholders, suppliers, community, regulating authorities and the Board of Directors.
GRI 102-41	Collective Bargaining Agreements	We have approximately 2,030 employees worldwide who are represented by unions, collective bargaining agreements or works councils. That is approximately 45% of the total number of 4,473 employees we include in the sustainability report. **For more information regarding our Collective Bargaining policy see p. 74 of the 2020 Sustainability Report.**
GRI 102-42	Identifying and Selecting Stakeholders	Our diverse, cultural mix of key stakeholders around the world plays an integral role in the growth and success of our business today, as well as our commitment to create sustainable, long term value in the future. **For more information regarding engagement with our Key Stakeholders see p. 22-23 of the 2020 Sustainability Report.**
GRI 102-43	Approach to Stakeholder Engagement	Our diverse, cultural mix of key stakeholders around the world plays an integral role in the growth and success of our business today, as well as our commitment to create sustainable, long term value in the future. The key Stakeholder Groups for Watts are the Board of Directors, Employees, Customers, Suppliers, Community, Regulating Authorities and its Stockholders. We regularly engage and interact with our key stakeholder groups in a variety of ways. More detailed information about our methods of Engagement with each Stakeholder group is presented **in pages 22-23 of the Sustainability Report 2020.**
GRI 102-44	Key Topics and Concerns Raised	Through our regular communication and engagement with all our key Stakeholder groups, as described in the following section, we have identified the material topics that are of highest relevance to them. In parallel, the material topics identified by other organizations have been taken into account through a benchmarking study focusing on sustainability reporting of peer companies in the Industrial and Building Water Product Manufacturing sector that use the principle of materiality to identify their highest priority topics. **For more information regarding Stakeholders and Material Topics see p. 19-21 of the 2020 Sustainability Report.**

Reporting Practice

GRI 102-45	Entities included in the consolidated financial statements	Watts Water Technologies, Inc.
GRI 102-46	Defining Report Content and Topic Boundaries	**For more information regarding engagement with our Boundaries and Limitations of Materiality Issues see p. 20-21 of the 2020 Sustainability Report.**

GRI 102-47	List of Material Topics	**Material Issues** ■ Compliance / Ethics ■ Governance ■ Responsible Supply Chain ■ Health & Safety ■ Talent Management ■ Training & Development ■ Diversity & Inclusion ■ Community Engagement ■ Water consumption/ Security ■ GHG Emissions ■ Energy ■ Waste Management ■ Product Safety ■ Product Innovation ■ Responsible sourcing / Conflict Minerals
GRI 102-48	Restatements of Information	No restatements of information within the 2020 Sustainability Report with respect to our previous report.
GRI 102-49	Changes in Reporting	Through the application of the Materiality Principle in the Sustainability Report 2020 we have added further to our reporting on the material topics of Responsible Supply Chain, Health and Safety, Talent Management, Training and Development, Waste Management, Product Safety, Product Innovation and Responsible Sourcing/Conflict Materials.
GRI 102-50	Reporting Period	01.01.2020 – 12.31.2020
GRI 102-51	Date of Most Recent Report	2019 Sustainability Report
GRI 102-52	Reporting Cycle	Annual
GRI 102-53	Contact Point for Questions Regarding the Report	We welcome your feedback about our sustainability efforts, so we can continue to improve our ESG reporting and provide the most relevant information to our stakeholders. Please direct any questions or comments to: sustainability@wattswater.com
GRI 102-54	Claims of Reporting in Accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option The Sustainability Report 2020 of Watts Water Technologies, Inc is based on the guidelines of the Global Reporting Initiative (GRI STANDARDS) and covers the activities implemented in 2020. It was evaluated by the Centre for Sustainability and Excellence (CSE) according to the reporting guidelines of GRI STANDARDS and was verified as an "in-accordance core" GRI Standards Report.
GRI 102-55	GRI Content Index	**The GRI Index can be found on pg. 100-120 of the Sustainability Report 2020.**
GRI 102-56	External Assurance	No third party external assurance of our 2020 Sustainability Report has taken place. Verification of environmental data can be found in the Appendix.

Material Issue: Energy and Emissions

GRI 103	Management Approach	Watts' energy policy and management approach is rooted in existing UN frameworks and climate science. We recognize the increasing urgency around climate change and are committed to making investments, developing new technologies within our portfolio, and changing the way we serve our customers, while advancing environmental and societal objectives. Long-term resources and investments are needed to address climate change to reduce emissions, help mitigate impacts that are already occurring, and to build resilience. Since 2018, Watts prioritized using energy more efficiently and lowering our annual greenhouse emission across all our sites. In 2020, we expanded our energy and emissions management and reduction efforts by — continuously encouraging and engaging our employees across our company to identify our highest emitting activities, implement efficient solutions, and adopt an emissions intensity mindset. Watts made significant progress towards this goal by investing in the purchase of 100% certified renewable energy. Powered by wind, this will offset the annual electric consumption at eight of our US sites. Our investment will avoid the carbon emissions of over 100,000,000 kWh of electricity consumed by those sites for the next four years. For 2021, this is projected to reduce Watts' carbon emissions by 25%. **For more information regarding the management approach, progress to date and goals set see p. 34-39 of the 2020 Sustainability Report.**
GRI 302-1	Energy Consumption within the Organization	**Energy Usage 2020** Electricity (KWh): 61,309,093 Natural Gas (M3): 5,753,167 Propane (Liter): 134,158 Diesel (Liter): 18,554 Acetylene (M3): 12 Propylene (Liter): 11,844 Total Energy (MWH): 123,593 Energy Intensity (MWH/$1M): 81.93 A comprehensive overview of Watts' energy consumption throughout the years as well as information on data collection, future targets and reporting & review for energy savings and reduced emissions can be found on p. 36-39 of the 2020 Sustainability Report.
GRI 302-4	Reduction of energy consumption	**2019 Energy Usage** / **2020 Energy Usage** / **Reduction** 127,647 / 123,593 / - 3% A comprehensive overview of Watts' reduction of energy consumption throughout the years as well as information on data collection, future targets and reporting & review for energy savings and reduced emissions can be found on p. 36-39 of the 2020 Sustainability Report.

GRI 305-1	Direct (Scope 1) GHG Emissions		

Scope 1 GHG emissions 2020 (MTCO2e)	
Americas	7,855
Europe	3,465
APMEA	26.31

A comprehensive overview of Watts' GHG emissions throughout the years as well as information on data collection, future targets and reporting & review for energy savings and reduced emissions can be found on **p. 36-39 of the 2020 Sustainability Report.**

GRI 305-2	Energy Indirect (Scope 2) Emissions		

Scope 2 GHG emissions 2020 (MTCO2e)	
Americas	10,488
Europe	4,628
APMEA	1,768

A comprehensive overview of Watts' GHG emissions throughout the years as well as information on data collection, future targets and reporting & review for energy savings and reduced emissions can be found on **p. 36-39 of the 2020 Sustainability Report.**

GRI 305-3	Other Indirect (Scope 3) GHG Emissions		

Scope 3 GHG emissions 2020 (MTCO2e)	
Americas (Business Air Travel)	1,049

A comprehensive overview of Watts' GHG emissions throughout the years as well as information on data collection, future targets and reporting & review for energy savings and reduced emissions can be found on **p. 36-39 of the 2020 Sustainability Report.**

GRI 305-4	GHG Emissions Intensity		

2020	
Scope 1+2 Emissions (MTCO2e)	28,229
GHG Emissions Intensity (MTCO2e/$1M)	18.71

GRI 305-5	Reductions of GHG Emissions		

	2019	2020	Reduction
Scope 1+2 (MTCO2e)	33,468	28,229	-16%
Scope 1+2+3 (MTCO2e)	38,534	29,278	-24%

A comprehensive overview of Watts' GHG emissions reduction throughout the years as well as information on data collection, future targets and reporting & review for energy savings and reduced emissions can be found on **p. 36-39 of the 2020 Sustainability Report.**

Material Issue: Water Consumption / Security

GRI 103	Management Approach	Watts understands that water is a shared resource — the amount of water withdrawn and consumed, and the quality of discharges from our manufacturing operations can impact the functioning of the local ecosystems in numerous ways. We are committed to the preservation of water resources and being good stewards i.e. the use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process. **For more information regarding the management approach, progress to date and goals set, see p. 30-33 of the 2020 Sustainability Report.**
GRI 303-1	Interactions with Water as a Shared Resource	At Watts, we believe access to clean water is a fundamental human right. Climate change will affect the availability, quality and quantity of water for basic human needs. To be part of the solution in addressing the world's imminent water crisis, we are committed to reducing the amount of water we use and discharge to manufacture our products. As responsible water stewards, we believe in universal access to water that is clean, safe and affordable, and we will continue to ensure our business practices serve to protect the water quality and supply in the communities in which we operate around the world. Since 2014, Watts has made important progress in dramatically increasing the accuracy, immediacy, and understanding of water-use across facilities. Upon selecting 2018 as the baseline year for emissions intensity reduction targets, we significantly advanced our data collection process by implementing an automatic bill collection system for all utilities across 42 sites every month. In 2020, using the Aqueduct Water Risk Atlas developed by the World Resource Institute (WRI), we conducted a comprehensive water risk assessment to gain a better understanding of our water use in each region where major manufacturing plants, distribution centers and offices are located. The results from this analysis indicated that 100% of our facilities are located in low or medium water-risk areas, as defined by both stress and scarcity levels. **More information can be found in the Water and Effluents section on p. 30-33 of the 2020 Sustainability Report.**
GRI 303-2	Management of Water Discharge-Related Impacts	**Biassono, Italy** — After spotting an uptick in water consumption, we discovered underground pipes in an advanced state of corrosion. We completed a comprehensive infrastructure upgrade, replaced pipes and installed an in-line water meter with remote control capabilities to address leaks and surges in real-time. We replaced the underground pipes with overhead pipes, eliminating higher amounts of energy that was being consumed by the pumping system. This capital improvement project helped us reduce the plant water consumption by 67% and avoided 86,400 kWh in pump energy. **Export, PA, USA** — Our plant saved over 1 million liters of water by leveraging data and insights from a smart water monitoring device which helped detect invisible leaks occurring behind various water faucets and fixtures across the facility — allowing Export to complete targeted upgrades and maximize savings. **Sunnyvale, CA, USA** — Watts is committed to advancing the future of water solutions by investing in The Detection Group (TDG), a wireless, cloud IoT enabled, water leak detection company that can monitor and detect leaks at large commercial and residential facilities. TDG's core products include sensors for water alarm notifications, valve controllers to remotely shut off or manage flow, and the first and only FM-approved cloud-based platform for advanced metering, temperature and humidity sensing, and data analytics. TDG products currently protects over 400 buildings in the U.S., please visit our Products & Services section. **More information can be found in the Water and Effluents section on p. 30-33 of the 2020 Sustainability Report.**

GRI 303-3	Water Withdrawal	

Water Withdrawal (L) 2020
130,334,449

A comprehensive overview of Watts' water withdrawal throughout the years as well as information on data collection, reporting & review for water savings and future targets can be found on of the 2020 Sustainability Report.

GRI 303-4	Water Discharge	

Water Discharge (L) 2020
130,334,449

GRI 303-5	Water Consumption	

Water Consumption (L) 2020	
Americas	77,534,417
Europe	42,126,405
APMEA	10,673,627

A comprehensive overview of Watts' water withdrawal throughout the years as well as information on data collection, reporting & review for water savings and future targets can be found on of the 2020 Sustainability Report.

Material Issue: Waste Management

GRI 103	Management Approach	

Since 2014, Watts has been centrally collecting and managing our waste data for all our manufacturing sites that generate hazardous and controlled waste. Watts implements several internal initiatives such as Quick Kaizens, 5S Workplace Organization, and other Continuous Improvement initiatives to eliminate or reduce waste from our operations. We continue to replace single-use paper and plastic with reusable utensils and installed direct-line water refill stations to avoid disposing plastic water bottles.

For more information regarding the management approach, progress to date and goals set, see of the 2020 Sustainability Report.

GRI 306-1	Waste Generation and Significant Waste-Related Impacts	

According to the United Nations Environment Programme, the world collects 11 billion tons of waste every year. This includes plastics, e-waste, hazardous and solid waste streams that contaminate our ecosystems and drain our natural resources.

At Watts, we recognize the need to protect our land, waterways and the community by reducing the amount of waste generated by our manufacturing and business operations. We recognize the environmental and economic benefits of a circular approach to materials management in our production processes, and identifying opportunities to delineate, recycle and reduce our waste footprint.

Since 2014, Watts sites have been tracking their various wastes on an annual basis. Upon selecting 2018 as the baseline year for hazardous waste intensity reduction targets, we significantly advanced our data collection process by implementing an automatic bill collection system of all utilities across 42 sites every month. This allowed us to increase interest and engagement across sites to identify and implement various waste delineation and reduction projects to reduce our overall waste outputs and increased recycling and reuse.

More information can be found in the Hazardous and Non-hazardous Waste section on of the 2020 Sustainability Report.

GRI 306-2	Management of Significant Waste-Related Impacts	

Several waste delineation, re-zoning and waste stream elimination projects were implemented across Watts facilities worldwide

North Andover, MA — Watts headquarters re-zoned and consolidated all our trash cans to reduce the total amount of waste generated on site. This switch also reduced the cost and quantity of trash bags purchased – and subsequently sent to landfills – by up to 75%.

Plovdiv, Bulgaria — Watts has reduced its overall waste output via a multi-pronged approach to understand the site's top hazardous waste streams, revise the maintenance and disclosure protocols, work with employees, vendors and cleaning crews to properly separate and dispose the different waste types.

St. Neots, UK — Watts reduced its environmental impact by eliminating the use of disposable paper and plastic cups site wide, following unanimous employee support.

Sparks, NV — Watts reduced monthly trash collection by 33% and spared approximately 7,000 lbs. of solid waste from being sent to landfills or incineration facilities by upgrading on-site security protocols to deter unapproved dumpster usage.

More information can be found in the Hazardous and Non-hazardous Waste section on of the 2020 Sustainability Report.

GRI 306-3	Waste Generated	

Hazardous Waste (kg) 2020	
Americas	121,422
Europe	2,214,848
APMEA	18,600
Total Waste	2,354,870

A comprehensive overview of Watts' hazardous waste generated throughout the years as well as information on data collection, reporting & review for waste-related savings and future targets can be found on of the 2020 Sustainability Report.

Material Issue: Responsible Supply Chain

GRI 103	**Management Approach**	At Watts, we believe an ethical and responsible supply chain is integral to promoting resiliency up and down the entire value chain. As part of our sustainable procurement practices, we are committed to preventing negative environmental and social impacts across our supply chain. All suppliers we do business with are required to comply with our standards for business conduct, product quality and sustainability – all of which are outlined in our Supplier Quality Manual that is available on our website in three languages. These expectations are largely based on the guiding principles in our Code of Business Conduct, as well as local laws and regulations, and are integrated into our standard supplier contracts and our anti-corruption due diligence processes. We ensure the business practices of our suppliers and sub-contractors serve to: ■ Safeguard human life by providing safe working conditions for all employees, customers and contractors. We expect suppliers to support and respect the protection of international human rights laws, including laws prohibiting child labor, forced labor, human trafficking and laws prohibiting discrimination ■ Promote ethical standards through compliance with anti-corruption laws, and by identifying and addressing potential conflicts of interest with customers and suppliers ■ Protect the environment by limiting the use of natural resources and engaging in sustainable business practices that minimize the environmental impact of their operations. Suppliers should also support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and use of green technologies ■ Keep the supply chain intact by complying with all applicable national, regional, state and local laws and regulations governing the environment, and health and safety in the countries in which they operate. We require each supplier location to have a quality management system that meets our quality standards, and all suppliers are subject to routine audits, quality process checks and corrective action plans, when necessary. Suppliers are also measured for performance via monthly scorecards issued by Watts **More information can be found in the Responsible Supply Chain section on p. 44-46 of the 2020 Sustainability Report.**
GRI 308-1	**New Suppliers that Were Screened using Environmental Criteria**	Our Supplier Quality Audit Program is designed to monitor key social and environmental performance indicators in our supply chain in the areas of health and safety, human and labor rights, social responsibility and Conflict Minerals. Through our Supplier Quality Audit Program, we audited 563 suppliers in 2020, which represents 14% of our global supplier footprint. We added a total of 51 new suppliers to this program in 2020 – an increase of 8% over the prior year.

GRI 414-1	**New Suppliers that were Screened Using Social Criteria**	Our Supplier Quality Audit Program is designed to monitor key social and environmental performance indicators in our supply chain in the areas of health and safety, human and labor rights, social responsibility and Conflict Minerals. Through our Supplier Quality Audit Program, we audited 563 suppliers in 2020, which represents 14% of our global supplier footprint. We added a total of 51 new suppliers to this program in 2020 – an increase of 8% over the prior year.

Material Issue: Talent Management

GRI 103	**Management Approach**	As an equal opportunity employer, we strive to recruit and hire a diverse slate of qualified candidates for every open position and across all levels within the organization. Our recruiting activities focus on attracting prospective employees who identify with our mission, vision and values, and share our passion for making the world a better place with products and solutions that promote a more sustainable future. We source talent through employee referrals, recruiting agency partnerships, college / university career fairs and events, and external job sites, as well as our own website. **Early-in-Career Program** Our Early-in-Career Program (EIC) aims to recruit, develop and retain the next generation of top talent and future leaders at Watts. In 2020, more than 80 students and young professionals participated in our EIC program, representing all regions of Watts. ■ Leadership Rotationals are hired as full-time employees for a three-year period upon graduation from college. Typically, they serve in a specific role for one year before rotating to the next, which can span different business functions at Watts. In 2020, half of our global contingent of Leadership Rotationals were diverse. ■ Interns participate in a variety of training and development activities as part of a 10-week summer program. At the end of their internship, participants present their learnings and experiences to our executive leadership team. ■ Co-Ops and Apprentices participate in key projects over a period of 6-8 months to gain real world experience and are paired with a mentor for guidance and support. **Workforce Planning** Our approach to workforce planning provides a systematic framework that drives us to understand the current state of our global talent pool matched against business needs today and into the future, and how we can solve for the gaps that may exist. Our Strategic Talent Review (STR) process covers employee performance / potential (Calibration), how employees fit into future positions (Succession) and development needs required (Development Plans). As part of the Succession Planning process, business leaders are asked to determine two key factors during the meeting for each position: 1) Is the position critical, meaning operations would halt if someone doesn't fill the position immediately and 2) Is the employee a flight risk? This comprehensive approach to talent and succession allows us to consider the company's future growth and identify new positions that need to be filled to advance future business improvement. Succession planning at the executive level is discussed annually with our Board of Directors and any critical updates to STRs for specific functions and business lines are also periodically shared with the Board. In 2020, we accelerated our efforts to create greater succession depth throughout the organization by cascading this activity down by two levels – and reaching 11% more employees than the previous year. We increased focus and more in-depth conversations on diversity and organizational mobility strengths on opportunities in the process. We believe this will help us identify our high potential employees faster and sooner, so we can accelerate their readiness as future successors.

		Talent Management Scorecard Talent Management Scorecards are produced monthly and quarterly, and presented to our Global Leadership Team for review. The scorecard highlights progress made on goals and initiatives across the HR business function. It also provides an at-a-glance view of key metrics that are essential to promoting a talented and diverse global workforce, including headcount, labor efficiency, turnover, internal fill rate, new hire diversity, recruiting, learning and development, employer branding and employee engagement. **For more information regarding the management approach, progress to date and KPIs, see** p. 71-78 **of the 2020 Sustainability Report.**
GRI 401-1	**New Employee Hires and Employee Turnover**	As of December 31, 2020, Watts employed approximately 4,500 people on five continents and in 23 countries worldwide – and across three geographic segments: Americas, Europe and APMEA. **In 2020, we added 461 new hires to our global workforce and our voluntary turnover rate was 9%.** **For a more detailed description of our human capital, see** p. 12-13 **of the 2020 Sustainability Report.**
Material Issue: Health and Safety		
GRI 103	**Management Approach**	At Watts, we believe that occupational injuries and illnesses are preventable, and that no activity is so important that it it is not required to be done safely. We recognize healthy and safe working conditions as a human right, and are committed to protecting the health and safety of all our employees working at our facilities around the world. This commitment extends to contractors, visitors, customers, suppliers and any other business partners with whom we have business relationships. **Certifications** Two of our operating sites in France -- Virey le Grande and Mèry -- along with sites in Plovdiv, Bulgaria and Ningbo, China recertified to ISO 45001. Additionally, our site in St. Neots, U.K. became certified for the first time. In 2020, our ISO 45001 certified sites represented 16% of our global population. **A comprehensive overview of Watts' Occupational Health & Safety management and 2020 Safety Milestones can be found on** p. 68-69 **of the 2020 Sustainability Report.**
GRI 403-1	**Occupational Health and Safety Management System**	Our Occupational Health and Safety Management System (OHS) is a critical element of our overall EHS Management System, and EHS & Sustainability Policy – which together – promote our standards of operational excellence at Watts. Our OHS provides the framework from which we deliver best-in-class performance, while ensuring our facilities operate safely, ethically and responsibly, and with the highest regard for protecting human life. Any Watts employee or outside contractor working on our behalf has the right and the responsibility to stop unsafe or unhealthy work, including removing themselves from situations they believe could cause them or another person harm.

GRI 403-2	**Hazard Identification, Risk Assessment, and Incident Investigation**	Safety Committees generate opportunities to reduce risk, and support the mitigation of those risks Job Hazard Analyses identify job-related hazards through a systematic risk assessment process.
GRI 403-3	**Occupational Health Services**	We provide our employees with a comprehensive benefits package through a mix of plans designed to support their individual and / or family's health and wellness needs. We offer a standard benefits package in the United States to our eligible employees. In other countries where we operate, government-sponsored programs provide for the health, disability, retirement, parental leave and unemployment benefits for our employees as a matter of legislative or national practice in support of their social system. In addition to these government-sponsored programs, we provide supplemental coverage or benefits in certain countries where we have large employee populations, which may include: ■ Medical care ■ Pharmacy program ■ Dental care ■ Vision care ■ Life insurance ■ Supplemental life insurance ■ Short-term and long-term disability coverage ■ Dependent care spending accounts ■ Pre-tax healthcare spending and savings accounts ■ Voluntary Accident & Critical Illness coverage ■ Retirement savings (401k) plans with generous employer matching funds ■ Employee wellness program ■ Paid time off ■ Business travel and accident insurance ■ Relocation programs ■ Employee discounts ■ Fitness and Tuition reimbursement
GRI 403-4	**Worker Participation, Consultation, and Communication Health and Safety**	Safety Stand-Downs bring employees and site leaders together to discuss safety performance and related issues, and identify opportunities for improvement. Early Reporting empowers employees at all levels to provide input into Safety Observations ("I think this is unsafe") and Near Misses ("an event occurred, but nobody was hurt").
GRI 403-5	**Worker Training on Occupational Health and Safety**	Safety Training to promote a safe and healthy workplace. In 2020, we delivered more than 6,000 units of safety training to our employees on topics including safe work practices, risk reduction and protective measures against COVID-19.
GRI 403-6	**Promotion of Worker Health**	We aspire to a zero-incident workplace. Our Z.E.R.O. (Zero Incidents, Employee Engagement, Risk Reduction and Operational Excellence) approach is the engine that drives our safety culture. It empowers our employees with the knowledge, tools and resources they need to effectively identify hazards, mitigate risks and explore opportunities for continuous improvement.

GRI 403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	The majority of our sales come from products that have been approved under regulatory standards incorporated into national, state and municipal plumbing, heating, building and fire protection codes all around the world. We manufacture quality products that are safe, reliable and code compliant. We maintain stringent quality control and testing procedures at our manufacturing facilities in accordance with superior quality standards, and strict performance criteria outlined in local, national, and international codes and standards. Our manufacturing facilities undergo routine audits for process and quality control procedures, ensuring that both our processes and products have consistent quality control throughout the product life cycle. We conduct product testing – and periodic re-testing for re-certification – in accordance with standard compliance methodologies. **The full list of independent testing and certification organizations can be found on p. 59 of the 2020 Sustainability Report.**

GRI 403-9	Work-Related Injuries	Each site presents their EHS performance as part of our Monthly Operating Reviews. Our standard metrics for safety include six key performance indicators: total recordable incident rate (TRIR), lost time incident rate (LTIR), near-miss reporting, safety observations reporting, risk reduction scores, and EHS Standards. In 2020, the addition of the EHS Standards metric helped us measure the maturity of our programs and served as a roadmap for a world-class safety program. In 2020, we saw a 29% reduction in recordable injuries and a 37% reduction in lost time incidents from 2019, and our "Get Well" strategy in Europe resulted in a 43% reduction in injuries. Additionally, zero fatalities were recorded at Watts.

Safety Performance 2020	
Total recordable incident rate (TRIR)	1.41
Lost time incident rate (LTIR)	0.64

A comprehensive overview of Watts' safety performance throughout the years can be found on p. 68 of the 2020 Sustainability Report.

Material Issue: Training & Development

GRI 103	Management Approach	We invest in our employees by providing opportunities that support their professional growth and development, and learn new skills. We offer a variety of learning and development programs at all levels and regions – from the factory floor to executive management – designed to attract, build and retain a strong global workforce. All managers and employees are encouraged to include training and development goals, as part of our performance management and annual goal setting process. We evaluate the effectiveness of our learning and development programs via feedback mechanisms (e.g., surveys, focus groups, etc.), and leverage this data to inform recommendations for future improvements.

Career Development

- On-Demand Virtual Learning – Due to the shift to remote work in 2020, we saw a significant spike in on-demand eLearning offerings, which employees accessed via our enterprise Learning Management System (LMS) and LinkedIn Learning.
- Manager as Coach – This intensive and highly interactive hands-on training program aims to help managers develop their leadership and management skills. In 2020, 16 managers completed this program.
- Front-Line Manager Pilot – In 2020, we launched a new frontline manager program focusing on the lifecycle of people managers. More than 40 leaders participated.
- 360° Assessments – These evaluations provide executive leaders with feedback and tools to help them continually develop in their careers and improve their effectiveness.

For more information regarding the management approach, performance review and KPIs, see p. 79 of the 2020 Sustainability Report.

GRI 404-1	Average Hours of Training Per Year Per Employee	In 2020, Watts employees completed more than 11,000 hours of online and in-person training combined – averaging just over two hours of training completed per employee.

	Headcount by Gender	Training Completed (hours)
Male	2,786	2.78
Female	1,613	1.96
Unspecified	74	1.33

Material Issue: Diversity & Inclusion

GRI 103	Management Approach	Our success depends largely on a sustaining a diverse, multinational, multi-generational workforce. We recognize and value the breadth of diversity inherent within our ranks and are committed to embracing the cultural nuances that make us all unique. At Watts, we aim to promote a safe and inclusive workplace culture based on our values, mutual respect and dignity, and by ensuring measures are in place to safeguard an individual's human rights. We respect and protect internationally recognized laws and standards for human rights, and strive to ensure that we do not abuse any part of the human rights principles. We are committed to complying with all laws pertaining to freedom of association, collective bargaining, immigration, wages, and hours and benefits, as well as laws prohibiting forced, compulsory and child labor. We acknowledge and respect all reputable human rights treaties, and comply with all laws governing our employee population, including General Data Protection Regulation (GDPR) in the European Union (EU). As an equal opportunity employer, we will recruit, hire, compensate, train, promote and terminate individuals in accordance with all applicable laws and regulations, and without regard to a person's race, color, religion, age, gender, national origin, citizenship status, marital status, sexual orientation, disability, veteran status or other protected status. We do not tolerate acts of discrimination, harassment or bullying at Watts. As embedded in our values, all Watts employees shall treat each other with respect, dignity and common courtesy, and avoid any behavior that compromises trust, quality of the work environment or the integrity of decision making We strive to promote equal pay among men and women employees at Watts. We review individual compensation rates for gender equality through ad hoc reviews of compensation during market competitiveness evaluations. **For more information regarding the management approach and the organization's diversity profile, see p. 72-75 of the 2020 Sustainability Report.**

GRI 405-1	Diversity of Governance Bodies and Employees	**Board Diversity: Average Age 60**

Age	Number of Board Members
<55	2
55-59	2
60-64	1
64+	5

Diversity Women-Minorities to Men Ratio: 30%

Diversity	Number of Board Members
Male	7
Female	2
Racial Minorities	1

Gender	Entire Company (Global)
Male	63%
Female	37%

For a more detailed description of our human capital see of the 2020 Sustainability Report.

Material Topic: Community Engagement

GRI 103	**Management Approach**	Giving back to the community is important to all of us at Watts. As a responsible corporate citizen, we aim to bring positive change to the communities where we live and work,as well as the industry in which we do business. We believe in building strong, resilient communities, and are committed to promoting social good at the corporate level, as well asregionally and locally through our strategic partnerships, charitable giving, and fundraising and volunteer activities. **For more information regarding the management approach and the organization's community impact, see of the 2020 Sustainability Report.**
GRI 413-1	**Operations with Local Community Engagement, Impact Assessments, and Development Programs**	**For the complete list of our community engagement in our operations in USA, Canada, Europe, China and New Zealand, see of the 2020 Sustainability Report.**

Material Topic: Product Safety

GRI 103	**Management Approach**	Safety is a top priority at Watts. We are committed to developing products and solutions that perform as initially intended, and in a manner that does not pose a risk or threat to an individual's safety or wellbeing. Watts has consistently advocated for the development and enforcement of plumbing codes. Our products provide the highest levels of performance in the safeguarding of water systems from pollutants and contamination. We are dedicated to ensuring our products comply with and, in many cases, set the standard for local and national plumbing codes. Ensuring water is safely used and disposed of from a facility is a critical concern for our customers. We are committed to developing innovative products according to strict standards that ensure manufacturing compliance, installation and operational safety, a clean and pollution-free water supply, and superior customer service. Products and solutions in our Safety and Regulation portfolio are designed to address water contamination, scalding, legionella, water pressure and flow control. **For more information regarding management systems for the safety of different products, see of the 2020 Sustainability Report.**
GRI 416-1	**Assessment of the Health and Safety Impacts of Product and Service Categories**	The majority of our sales come from products that have been approved under regulatory standards incorporated into national, state and municipal plumbing, heating, building and fire protection codes all around the world. We manufacture quality products that are safe, reliable and code compliant. We maintain stringent quality control and testing procedures at our manufacturing facilities in accordance with superior quality standards, and strict performance criteria outlined in local, national, and international codes and standards. Our manufacturing facilities undergo routine audits for process and quality control procedures, ensuring that both our processes and products have consistent quality control throughout the product life cycle. We conduct product testing – and periodic re-testing for re-certification – in accordance with standard compliance methodologies **The full list of independent testing and certification organizations can be found on of the 2020 Sustainability Report.**

Material Topic: Product Innovation

GRI 103	**Management Approach**	At Watts, we have a rich history of making differentiated products, solutions and systems that improve comfort, safety and quality of life for people around the world. We strive to increase our "handprint" by investing in product innovation that meets the needs of our customers; while supporting global environmental objectives. **Product Lifecycle** At Watts, sustainability is embedded throughout the lifecycle of our products – from raw input materials and development of the products to extending their useful life. Our philosophy is to create safe, efficient, long-lasting products made with high-recycling-value materials wherever possible. Watts' signature products like Backflow Preventers, Valves, Boiler and Hot Water Systems and Drains, have up to a 20-year lifespan. We have developed repair and maintenance guidelines and kits for most of our products, which are included in our manuals. Our Heating and Hot Water portfolio of products are subjected to accelerated life testing to establish performance relative to our legacy products and are competitively benchmarked against industry standards. Additionally, our boilers are cycle tested to accelerated life conditions, and water heaters are tested with an ultra-corrosive electrolyte to ensure its integrity and performance. Heat exchangers for water heaters and boilers are fabricated from post-consumer recycled stainless steel. Our water heaters are jacketed with recycled formed plastic (LDPE) that uses recycled material. To ensure our customers can maximize the efficiency and utilization of our products and services, we provide an extensive library of educational resources, training courses and materials, and other digital tools. A comprehensive overview of Watts' Commercial Excellence and product innovation, labelling and marketing and sustainable packaging can be found on and of the 2020 Sustainability Report.

Material Topic: Responsible Sourcing/ Conflict Minerals

GRI 103	Management Approach	

Management Approach

Our products are made using various purchased components and raw materials, including primarily bronze, brass, cast iron, stainless steel, steel and plastic. Many of our products also contain tin, tantalum, tungsten and gold (3TG) which are sometimes referred to as "Conflict Minerals." At Watts, we are committed to ensuring compliance with our reporting and disclosure obligations regarding Conflict Minerals in our products to the U.S. Securities and Exchange Commission (SEC as required) under the Dodd-Frank act. We also comply with all applicable trade laws and regulations, and expect the same from our suppliers.

As part of our Conflict Minerals Policy, we expect our suppliers to:

- Disclose use of Conflict Minerals by cooperating with our requests for information and documentation concerning the presence and origin of conflict minerals in the materials or products they supply to us, and that they make appropriate inquiries of their suppliers

- Exercise due diligence on the source and chain of custody of conflict minerals in their supply chains by working with their suppliers to develop an understanding of the origin of these metals

- Implement corrective action if we identify a reasonable risk that a supplier is violating the commitments set forth in our Conflict Minerals Policy or Supplier Quality Manual

We request that our suppliers contractually agree to comply with the requirements of our Conflict Minerals Policy. We also request that our suppliers use all commercially reasonable efforts to supply us with materials that are "DRC conflict-free" and certify to such designation whenever possible. Failure of a supplier to comply with the requirements set forth in our Conflict Minerals Policy or implement a corrective action plan may result in termination of our business relationship. Concerns regarding potential violations of our Conflict Minerals Policy may be reported via our Ethics Hotline or website. Depending on the results of a "Reasonable Country of Origin Inquiry (RCOI)," we may need to perform additional due diligence on our suppliers. Failure of a supplier to comply with the requirements set forth in our Conflict Minerals Policy or implement a corrective action plan may result in termination of our business relationship.

For more information regarding our Supplier Due Diligence an additional links on our disclosure regarding conflict minerals see of the 2020 Sustainability Report.

VERIFICATION STATEMENT

GHG Emissions and Water Consumption Inventory

Watts Water Technologies, Inc.

815 Chestnut Street, North Andover, MA 01845, USA

Verification Criteria

Company sustainability report with environmental data disclosure against GRI Disclosure Guidance 102-56 World Resources Institute and World Business Council for Sustainable Development, "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard," March 2004, revised May 2013 ISO 14065:2013 "Requirements for Greenhouse Gas Validation and Verification Bodies for use in Accreditation or Other Forms of Recognition"

Footprint Period

2020 (01 January – 31 December inclusive)

Scope of Verification

The verification covers the period 01 January 2020 to 31 December 2020 inclusive associated with Watts Water Technologies Inc. global operations. Where assumptions have been made then these have been documented for transparency. The verification was conducted to a limited level of assurance and concludes that the GHG emissions and water consumption inventory is materially correct.

Data and calculations selected for verification were based upon a risk assessment approach. The verification also included 'boundaries' completeness checks. Data in spreadsheets were also examined and specific sampling of data was conducted giving consideration to raw data sources. Emission factors were found to be based on best available information and were from robust and recognised sources.

The reporter utilizes Schneider Electric's "Resource Advisor," a web-based data management system designed to store utility consumption information and invoices. The reporter primarily uses invoices as the source data but also tracks utility consumption using own reads which can used an alternative to invoices as source data if required. Individual installations are given responsibility to enter data / invoices / own reads into the "Resource Advisor" platform. Robust checks are implemented centrally to ensure the quality of the data is good. Lucideon was provided with guest access to Resource Advisor to enable invoice sampling and interrogation of the inventory. Emission factors are applied to the source data within "Resource Advisor" to calculate inventory emissions. The emission factors used were assessed to be from robust and recognized sources in all cases. While water is not associated with emissions, the same approach is applied to data collection within "Resource Advisor" and the key output is litres consumed.

Wherever this verification opinion is displayed both pages shall be made available.

This Assurance Statement is granted subject to conformance with the conditions of contract governing the verification.

Further clarifications regarding the scope of this certificate may be obtained by consulting the organisation.

VERIFICATION STATEMENT

ISO 14064-1:2006

Verifiers Opinion

Based on the evidence provided and the samples selected for verification, it is the opinion of Lucideon that the Watts Water Technologies Inc. inventory covering the period 1st January 2020 to 31st December 2020 is materially correct, is a fair representation of the inventory data and was compiled in conformance with the verification criteria described above. The data and information supporting the inventory were historical in nature. The following qualifications apply:

- The verification boundary is defined in the summary table below. All other source streams were outside the verification boundary.
- Business Travel – Air emissions are those captured through a third-party travel booking company. Some bookings (assessed to be negligible) may occur outside this system and are not captured by the third-party travel booking company.

Scope	Subscope	Fuel Consumption	tCO2e (Location Based)	tCO2e (Market Based)
1	Acetylene	12 m3	0.05	0.05
1	Diesel	18,554 litres	50	50
1	Propane	134,158 litres	204	204
1	Propylene	11,844 litres	19	19
1	Natural Gas	5,753,167 m3	11,072	11,072
	Scope 1 Totals		11,345	11,345
2	Electric Power	61,309,093 kWh	16,884	16,555
	Scope 2 Totals		16,844	16,555
3	Business Travel - Air	2,487,604 mile	1,049	1,049
	Scope 3 Totals		1,049	1,049
All	**Total**		29,278	28,949

Other	Water Consumption (litres)	130,334,449		

Andrew Shepherd
Lead Verifier
01 April 2021

John Ingham
Independent Reviewer
09 April 2021

Wherever this verification opinion is displayed both pages shall be made available.

This Assurance Statement is granted subject to conformance with the conditions of contract governing the verification.

Further clarifications regarding the scope of this certificate may be obtained by consulting the organisation.

WATTS®

Watts Water Technologies, Inc.

Global Headquarters

815 Chestnut Street,
North Andover, MA 01845
United States of America

Cautionary Statement Regarding Forward-Looking Statements

This Sustainability Report includes "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements regarding Watts' goals for and projections of future results; the expected execution and effect of our Environment Social and Governance (ESG) program and the amounts and timing of their expected impact; and any assumptions underlying any of the foregoing. Words such as "believe," "continue," "could," "expect," "intend," "may," "plan," "project," "should," and "will," and variations of such words and similar expressions, are intended to identify such forward-looking statements. These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, known or unknown. For a description of risk factors as they relate to forward-looking statements, you are encouraged to read "Item 1A. Risk Factors" and in Note 15 of the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC, and our subsequent filings with the SEC. We undertake no duty to update the information contained in this Sustainability Report, except as required by law.

For questions or comments on the Watts 2020 Sustainability Report, email sustainability@wattswater.com.