

WATTS®

2021

Sustainability
Report



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Please consider the environment before printing this report.



A Message From Our Chief Executive Officer

Welcome to our sixth annual Sustainability Report. Perhaps more than any other document we share, this report captures our identity as a company that values and invests in the future of our business, our culture, our communities, and our planet.

We believe that a safer world is a more sustainable world – a belief that we proudly reflect in each of our technologies and solutions, and our environmental and social commitments. In a year that presented its share of challenges, including supply chain disruptions and significant inflationary pressures, we demonstrated that reaching further and higher to protect and sustain the environment, our people, and communities around the world is ingrained in our business.

In 2021, we worked to further distinguish ourselves as a responsible and committed corporate citizen, finding strategic opportunities to advance each aspect of our Environmental, Social, and Governance (ESG) strategy. In early 2022, we proudly joined the United Nations Global Compact (UNGC), reaffirming our commitment to incorporate the UNGC's principles and standards

on human rights, labor, the environment, and anti-corruption into our strategy, culture, and operations.

Sustainability guides and permeates every aspect of our business, including our product development strategy and design, and how we structure our operations. We see our products, our smart and connected solutions, and ourselves, as agents for a safer, more environmentally sustainable world.

The global water supply and all of us who rely on it face threats of scarcity, contamination, and other safety and environmental concerns. We innovate to mitigate these challenges through our products, expanding upon the legacy we began building nearly 150 years ago to deliver water safely and reliably. Today, we design products and solutions to protect, control, and conserve critical resources through safety and regulation, energy efficiency, and water conservation – benefits that extend to Watts customers, the communities they serve, and the planet through water, energy and cost savings, and safer water resources.

We continue to take meaningful action to minimize the impact of our global operations on the planet. In 2021, we exceeded our waste, energy, and water intensity reduction targets through focused collaboration with our facility teams and a culture of continuous improvement through the One Watts Performance System. We also began investing in the transformation of our facilities electric grid toward a low carbon future, purchasing 100% certified renewable energy credits to offset annual electric consumption at seven of our U.S. sites.

We are a people-first company that prizes enriching and caring for people not only through words, but through action. We have cemented our Diversity, Equity, and Inclusion (DEI) programming and commitments with a strategic plan that defines our comprehensive approach to equitable and inclusive growth. Incorporating employee feedback, we defined high-impact goals, programming, and success measures to attract and nurture diverse talent.

“**We believe that a safer world is a more sustainable world.**”

In a competitive labor market, we set ourselves apart as an employer of choice by providing our employees with meaningful career growth opportunities, a positive and safe work environment, and affirmation that they are seen, heard, and valued. Key actions included wage adjustments, investments in development, engagement, and recognition programs, in addition to piloting hybrid work practices in our corporate headquarter location.

We continue to demonstrate the paramount value we place on safety and protecting our employees' health and well-being. In 2021, 13 of our operating and distribution sites recorded zero injuries and we drove significant injury reductions across our global operations. We also sought to protect our employees and their families by hosting dozens of on-site COVID-19 vaccination clinics and providing U.S. employees paid time off to get vaccinated.

Guided by the ideas and efforts of our employees, we gave back locally and globally to those in need through donations and volunteerism. Our efforts to continue and grow our ongoing partnership with the Planet Water Foundation brought clean, safe, drinking water to more than 10,000 people in 2021 in impoverished communities in Cambodia, India, Mexico, the Philippines, and Vietnam.

Our robust ethical standards and strong corporate governance continue to earn stakeholder trust and propel future growth. This year, with board and Audit Committee oversight, we continued to improve the high governance and ethical standards we promote and practice at Watts, including further strengthening our commitment to a responsible supply chain.

Thank you to our employees around the world – it's because of you, your ingenuity, and steadfast dedication to our business goals that people and

communities feel the positive impact of our products and commitments. And thank you to our customers, investors, and supply chain partners for believing in us, our products, and our mission to safeguard the world's water resources.

We continue to be motivated to serve our customers, employees, and global communities by caring for the environment, making socially responsible investments, and governing our company responsibly. I am confident that our 2021 Sustainability Report represents the beginning of even more inspiring progress to come.

Sincerely,



Robert J. Pagano, Jr.

CEO, President, and Chairperson of the Board



A Message From Our Chief Sustainability Officer

2021 was a pivotal year for sustainability at Watts. We continued to build upon our Environmental, Social, and Governance (ESG) strategy by enhancing our messaging around sustainability and increasing accountability within our organization to respond to stakeholder expectations and help achieve our business objectives.

As you will read in the pages that follow, we have taken significant steps to ensure sustainability is ingrained in our culture, business practices, operations, and the way we engage with our communities. In addition to my appointment as our company's first chief sustainability officer, we renamed our Nominating and Corporate Governance Committee as the Governance and Sustainability Committee to better reflect the significant role our board has in overseeing our progress with respect to ESG issues.

In this year's report, we have published the findings of the materiality assessment we completed in 2021. This assessment identified the topics of greatest significance to our stakeholders and our business. It will help guide our ESG strategy and help us more

deeply understand where we can have the greatest impact. Our materiality findings have also helped solidify the four pillars of our strategy: **Footprint**, how we prioritize sustainability in our operations; **Handprint**, how Watts' products and technologies are impacting the world; **Social Responsibility**, how we live up to our reputation as a best-in-class employer, corporate citizen and community partner by embedding diversity, equity, and inclusion (DEI) into our people, business, and engagement strategy; and **Corporate Governance**, how we ensure all of our business practices are ethical and responsible. Going forward, we will continue to build out strategies to address priority topics and establish goals and performance targets across these pillars.

Our reporting practices also continue to evolve. This year's report is aligned with global frameworks including the United Nations Global Compact (UNGC) and UN Sustainable Development Goals (SDGs). We have structured our report to align with the Global Reporting Initiative (GRI), and we are also responding to the reporting requirements of the Sustainability Accounting Standards Board (SASB), which you can read more about in this report's Appendix. Finally,

we expanded the types of environmental data that underwent third-party verification in 2021, including hazardous waste and mobile fleet data, in addition to our water, energy, fuel consumption, and greenhouse gas emissions.

As the ESG landscape continues to evolve, we are committed to continuing to adapt and improve. Sustainable business practices and products are essential to creating value for our stakeholders. We believe that embedding sustainability into our culture, products, operations, and governance benefits our company and our many stakeholders, including our customers, investors, employees, and communities.

I am proud of the progress we've made, and excited for where we are headed.

Sincerely,

Kenneth R. Lepage
General Counsel and Chief Sustainability Officer

“**We have taken significant steps to ensure sustainability is ingrained in our culture, business practices, operations, and the way we engage with our communities.**”

Corporate Profile

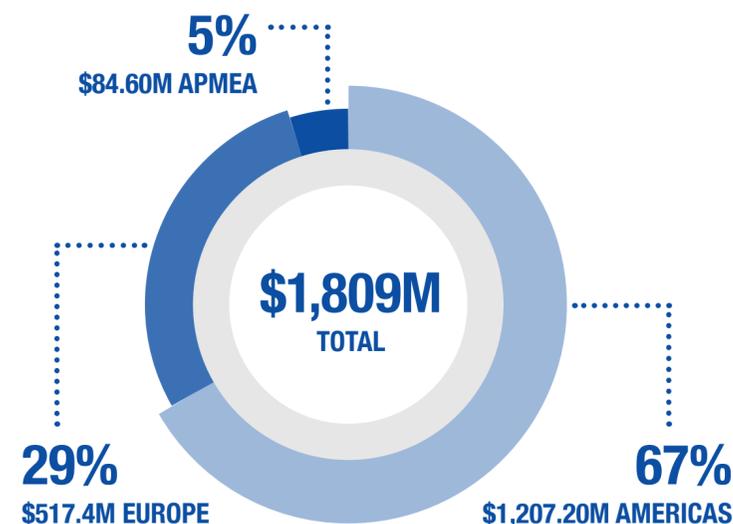
ABOUT WATTS WATER TECHNOLOGIES, INC.

Watts Water Technologies, Inc. through its family of companies (“Watts”) 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, industrial, and residential markets of the Americas, Europe, and Asia-Pacific, the Middle East, and Africa (APMEA). For nearly 150 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.

Watts Regulator Co. was founded by Joseph E. Watts 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. Headquartered in North Andover, Massachusetts, USA, Watts Water Technologies, Inc. was incorporated in Delaware in 1985 as the parent company of Watts Regulator Co. and trades on the New York Stock Exchange (NYSE) under the stock symbol WTS.

REVENUE

We report on our annual net sales for each of the three geographic segments in which we operate our business globally. The values are in millions of dollars and are for the year ending December 31, 2021.



SOME OF OUR BRANDS



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 and Innovation:** Maintaining a customer focus; improving every day
- Transparency:** Demonstrating candor and openly sharing information

Corporate Profile

19% SPECIALTY

- High-efficiency boilers and water heaters, water filtration and conditioning products, specialty under the floor and tile heating products, drainage systems for the food service industry, and leak detection products

61% WHOLESALERS

- Wholesale distributors for commercial and residential applications

Customers and Markets

15% 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

5% DIY CHAINS

- Valves and our water quality products

31% HVAC AND GAS PRODUCTS

- Commercial high-efficiency boilers, water heaters, and custom 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

10% DRAINAGE AND WATER REUSE

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

Products

53% RESIDENTIAL AND COMMERCIAL FLOW

- Backflow preventers, water pressure regulators, temperature and pressure relief valves and thermostatic mixing valves, and leak detection products

6% WATER QUALITY

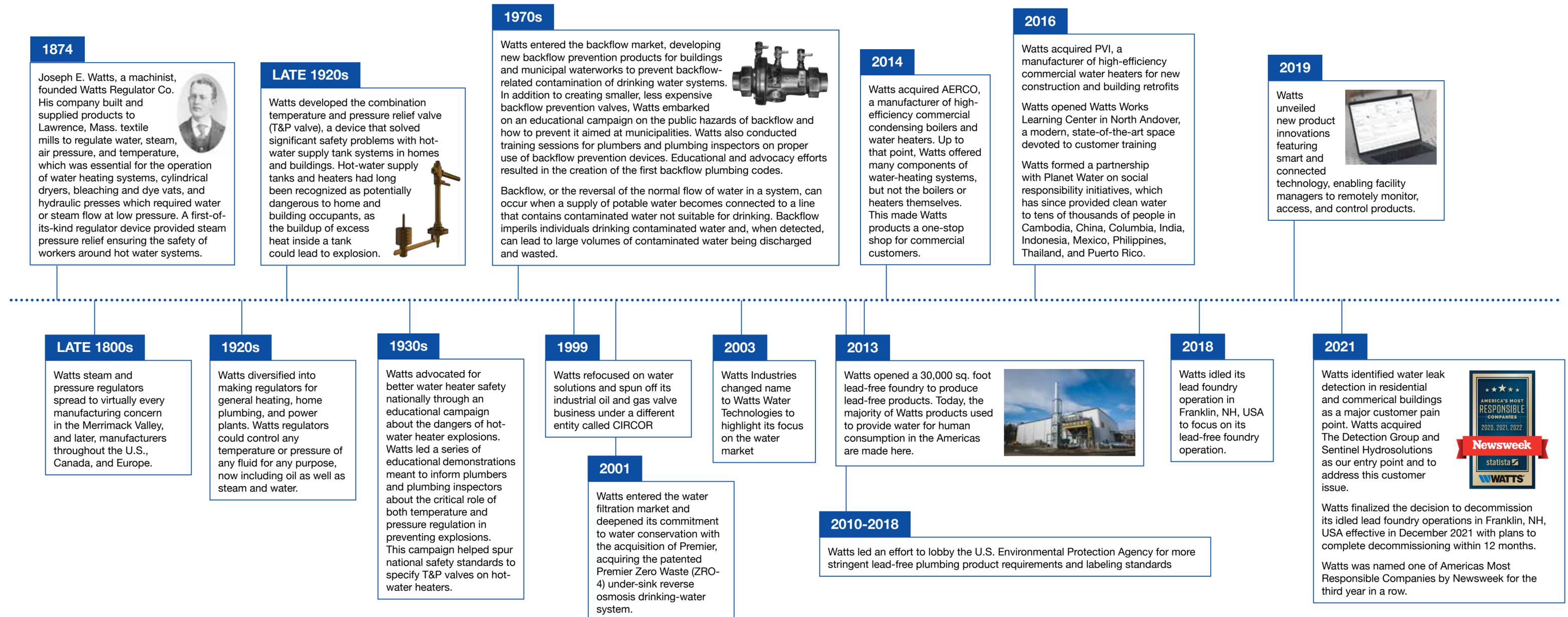
- Point-of-use and point-of-entry water filtration, conditioning, and scale prevention systems
- Monitoring and metering products for commercial, marine, and residential applications

Keeping Generations of People and Water Safe

For nearly 150 years, Watts has developed products, components, and systems that have improved comfort, safety, and quality of life around the world. Our equitable, efficient, and environmentally sustainable product designs, acquisition strategy, and widespread advocacy for the safe and efficient conveyance of water center upon keeping people, equipment, and water safe while protecting the planet.



A RICH HISTORY OF SUSTAINABILITY



Our ESG Strategy

Our ESG strategy is focused on continuous improvement as we evolve to ensure sustainability is integrated at every level of our business.



OUR FOOTPRINT

Taking responsibility for reducing our water, energy, carbon, and waste footprints across our operations. We seek to meaningfully participate in the global effort to combat climate change by reducing our impact on the environment while working to prevent water related hazards such as water scarcity and flooding.

OUR HANDPRINT

Creating innovative products and smart solutions to protect, control, and conserve critical resources, and helping our customers to reduce their footprint through the use of our products.

SOCIAL RESPONSIBILITY

Enhancing social value by contributing to safe, healthy, and strong communities. We enrich, engage, and protect our employees, communities in which we operate, and embrace diversity, equity, and inclusion as core business and engagement strategies.

CORPORATE GOVERNANCE

Earning the trust of our stakeholders by operating responsibly and adhering to the highest ethical standards. 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.

Materiality

In September 2021, we completed a materiality assessment to inform our ESG strategy and actions. This assessment helped us identify and evaluate the ESG topics that have the most significant impact on our business and our stakeholders. The assessment identified ESG-related risks and opportunities for us to evaluate as we execute on our growth strategy, and societal trends that may impact our ability to meet stakeholder expectations.

ASSESSMENT PROCESS

Conducted in partnership with a third-party consultant, and in accordance with the Global Reporting Initiative (GRI) standards, our assessment collected and analyzed data from a variety of sources. Key steps included:

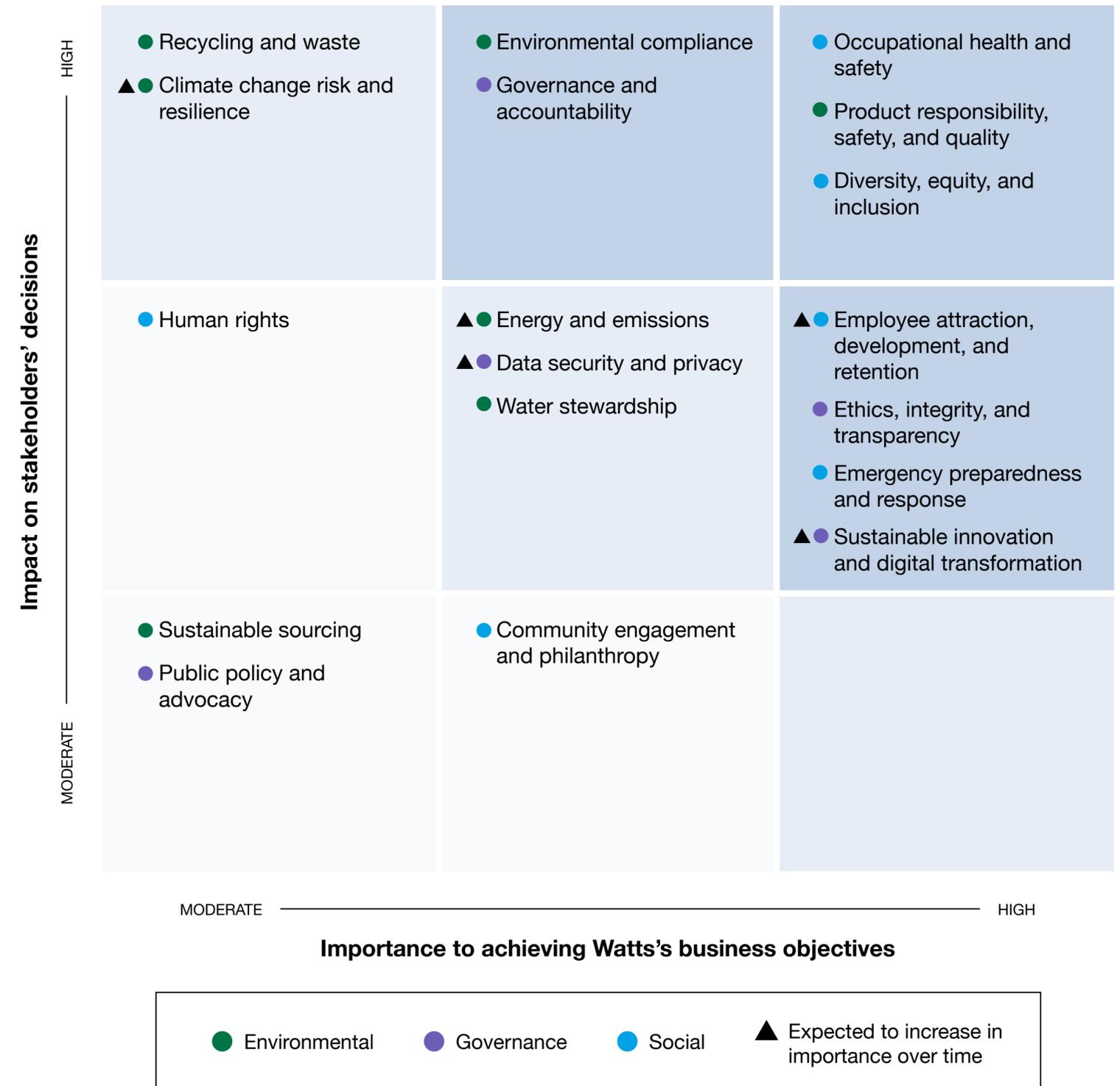
- A benchmarking exercise to highlight ESG focus areas among peer companies, ESG ratings agencies, and in industry-specific ESG reporting standards and frameworks.
- Collection of key internal and external stakeholder input to gather insights to support ESG topic prioritization aligned to business objectives. This phase included interviews with management, customers, investors, and NGOs, as well as an employee survey, completed by 82 percent of Watts employees.
- Analysis and consolidation of the data into an initial materiality matrix prioritizing ESG topics, based on impact on stakeholder decisions and importance to our business objectives.
- Alignment on prioritization of topics with the Watts Global Leadership Teams as a basis to adjust and finalize strategic priorities.

FINDINGS

Our 2021 Sustainability Report reflects the ESG topics of the greatest material importance included in the resulting materiality matrix. You can learn more about our material topics on p. 90 of the Appendix.

WHERE WE'RE HEADED

This assessment provided valuable insights that we are employing to categorize and prioritize action on priority topics. We have identified six topics for which we perceive the greatest need to focus immediate attention and resources: Employee attraction, development, and retention; Diversity, equity, and inclusion; Data security and privacy; Energy and emissions; Sustainable innovation and digital transformation; and climate change risk and resilience. Efforts in these areas are well underway and detailed throughout this report.



Contributing to the UN Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) provide the best shared definitions of our global challenges and serve as a framework to determine where we can make the greatest impact. Watts is focused on addressing key impacts and opportunities to minimize the environmental footprint of our global operations while improving the health, wellness, and safety of our employees and customers, and protecting the communities where we operate. Our strategy is aligned with the SDGs, and we believe we can most meaningfully contribute to the following seven goals.

More information about our contributions to the SDGs can be found in the [Appendix](#).



Gender Equality, SDG 5: We are committed to finding meaningful ways to be a more diverse, equitable, and inclusive business. We seek to break down barriers in the workplace through measures that ensure we attract and retain diverse individuals, including across gender and race. In 2022, we established diverse hiring goals at 12 of our U.S. sites, and virtual and in-person campus recruitment activities for females and under-represented minorities. We are also designing and investing in programs to expand diversity, equity, and inclusion-related programming and to develop talent across priority business functions.



Clean Water & Sanitation, SDG 6: We believe access to clean water is a fundamental human right, yet billions of people around the world experience water insecurity and water stress on a daily basis. Our products play an essential role in protecting and conserving water resources and the people who use and rely on them. We are committed to reducing the amount of water we use and discharge to manufacture our products, ensuring our business practices protect the water quality and supply in the communities where we operate, and developing innovative products and services that solve longstanding water conservation challenges. While water risk is a global issue, solutions must be local. We are building awareness at the site level on watershed risk and implementing plans to promote water stewardship at our sites.



Decent Work & Economic Growth, SDG 8: Promoting inclusive economic growth and development enables us to better serve our customers and communities, and we strive to provide our employees with meaningful career growth opportunities and a positive and safe work environment. In 2021, we employed 4,585 people across 32 locations and in 24 countries. Our commitment extends beyond our company walls through educational partnerships and charitable donations to organizations serving diverse populations.



Industry, Innovation, & Infrastructure, SDG 9: For nearly 50 years, our backflow preventers have set the standard for backflow prevention for municipal water infrastructure, homes, and buildings. Backflow, or the reversal of the normal flow of water in a system, poses a threat to municipal water systems, and our backflow preventers help ensure that contaminated water does not reenter the potable water supply, saving millions of gallons of potable water from contamination each year. Through connecting our products with smart technology we are able to alert building management of a leak or even flood early on which allows for early intervention either manually or remotely.





Responsible Consumption & Production, SDG 12: We are committed to minimizing the environmental impacts of our operations by reducing our energy and water consumption, greenhouse emissions, hazardous and non-hazardous waste generated at our sites. We also know that adopting circular approaches to materials management in our production processes is critical, so we are identifying opportunities and investing in solutions to accelerate our transition to the circular economy and finding ways to divert waste from landfills. Our approach to waste reduction also includes eliminating single-use plastics and using reusable, recyclable, or compostable content in our packaging.



Climate Action, SDG 13: We know this decade is critical to mitigating the worst impacts of climate change, and we are committed to doing our part to build a low-carbon economy. Our strategy is rooted in existing UN frameworks and climate science. We aim to reduce energy consumption and carbon emissions at our facilities and offset emissions through renewable energy credits, while developing new technologies within our product portfolio and changing the way we serve our customers to advance environmental and societal objectives.



Life Below Water, SDG 14: Our oceans and seas are precious natural resources that are a source of livelihood for more than 3 billion people around the world. Our Ballast Water Management Systems provide accurate measurement of the total residual oxidant of ballast water, desalination, or wastewater discharge generated onboard marine shipping vessels. This technology helps prevent serious ecological, economic, and health problems from occurring due to invasive marine species being carried in a ship's ballast water from their native environment to a new geographic area.



ESG Governance

Our board of directors has overall authority and responsibility for our ESG strategy and performance. This includes governance oversight and monitoring of our approach to sustainability and corporate citizenship by our Governance and Sustainability Committee; oversight of human capital matters by our Compensation Committee; and oversight of our corporate ethics and compliance program by our Audit Committee. In recognition of the growing importance of ESG issues to our stakeholders, in 2021 we appointed General Counsel Kenneth R. Lepage as our Chief Sustainability Officer (CSO). Our CSO reports directly to our CEO and has oversight responsibility for our ESG strategy and performance at the management level. He also chairs our global Sustainability Steering Committee, which is made up of senior company leaders and is responsible for formulating our ESG strategy and overseeing the execution of related initiatives.

In 2021, our CSO presented to the board of directors on ESG topics including regulatory trends, progress against our ESG strategy, and initiatives planned for the year ahead. Similar board updates on ESG topics are taking place quarterly in 2022, including a first quarter presentation on the findings of our materiality assessment. The board also receives regular reports from members of senior management on areas of material risk to Watts, including risk related to climate change. These reports enable the board to understand our risk identification, management, and mitigation processes and strategies.

In 2022, our Nominating and Corporate Governance Committee was renamed the Governance and Sustainability Committee. The committee's charter was amended to add review and oversight of the company's approach to ESG matters and corporate citizenship to the committee's general governance and oversight responsibilities.

Stakeholder Engagement

For nearly 150 years, our company has built a reputation for protecting and sustaining the world's water supply through our diverse portfolio of water products and solutions. A diverse range of global stakeholders play 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 key stakeholder groups in a variety of ways. Read more on p. 85 of the Appendix.



Footprint



Our Footprint

At Watts, our reputation for quality, safety, and reliability is known worldwide from the vast portfolio of differentiated technologies we provide to meet the needs of our customers. 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. We are committed to minimizing the impact of our global operations and supply chain on the environment, protecting the communities where we operate, and innovative products and services that support our customers in doing the same.

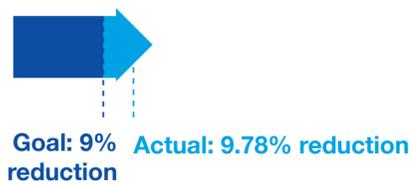
Water intensity reduction



GHG intensity reduction



Hazardous waste intensity reduction



Intensity reductions are reported against 2018 baseline



Certified renewable energy credits (RECs) reduced carbon emissions by 20%



8 new ISO certifications achieved



8 sites participating in water stewardship accelerator program



Our Footprint

The scope of our environmental reporting covers 42 facilities globally, including office buildings, manufacturing sites, distribution centers, and warehouses. The facilities listed here are within our operational boundaries for environmental performance in 2021 and represent 97% of our global workforce.

Globally, the greatest drivers of our water consumption are product testing, process water, drinking water, and sanitation. The greatest driver of natural gas consumption and Scope 1 emissions are winter space heating and process heating. Manufacturing and machining processes such as furnaces, cutting, forging, molding, etc. are our largest drivers of electric consumption.

Since 2014, Watts has centrally collected and managed our energy and water consumption, waste generation, utility costs, and carbon emissions for all sites. To ensure accuracy, we use a cloud-based data collection and analysis platform to help track resource consumption, and to collect, review, and process site invoices. Watts employees across Facilities, Operations, EHS, Finance, and Supply Chain have real-time access to site-specific and enterprise-wide data to help monitor our environmental performance.

Each year, our sites adopt eco-efficiency targets and identify suitable efficiency and conservation projects to achieve them. During our global monthly operating review (MOR) process, we monitor our sites' key performance indicators (KPIs) against set targets to identify and address anomalies and identify additional reduction opportunities.

Our water, energy, fuel consumption, GHG emissions, and hazardous waste data were reviewed and verified by an independent third-party auditor in accordance with GRI Disclosure Guidance 102-56, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard by the 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 and our verification statement.

SITE

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	
Amsterdam, Netherlands	
Biassono, Italy	
Dattenberg, Germany	
Eerbeek, Netherlands	
Gardolo, Italy	
Hautvillers, France	
Laundau, Germany	
Mery, France	

Moirans, France	
Monastir, Tunisia	
Plovdiv, Bulgaria	
Rosieres, France	
Sorgues, France	
St. Neots, UK	
Vildbjerg, Denmark	
Virey-le-Grand, France	
Wingene, Belgium	
Auckland, New Zealand	
Dubai, UAE	
Ningbo, China	
Ningbo, China	
Shanghai, China	

	Office		ISO 9001
	Manufacturing		ISO 14001
	Distribution Center		ISO 45001
	Headquarters		

Environment, Health, and Safety Management

Operating sustainably is good business. Our [Environment, Health, and Safety and Sustainability Policy](#) sets the standard for operational excellence at Watts. Our environmental management system is a key component of this global integration, providing the framework from which we deliver best-in-class performance, while ensuring our facilities operate safely, efficiently, and responsibly. We take a strategic, risk-based approach to proactively manage our environmental risk and footprint. We anchor these practices in lean manufacturing principles and methodologies and serve to drive continuous improvement and accountability.

The Environment, Health, Safety and Sustainability 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.

In 2021, we completed 24 internal and external audits at 12 of our operating sites, focusing on EHS-related compliance and management system effectiveness. These audits are part of our overall EHS Management System with audits conducted annually and assigned based on relative risk.

Meaningful engagement with our employees, contractors, and utility vendors has always been important to increase awareness and drive actions. To drive engagement and site-driven sustainability projects, we developed a monthly

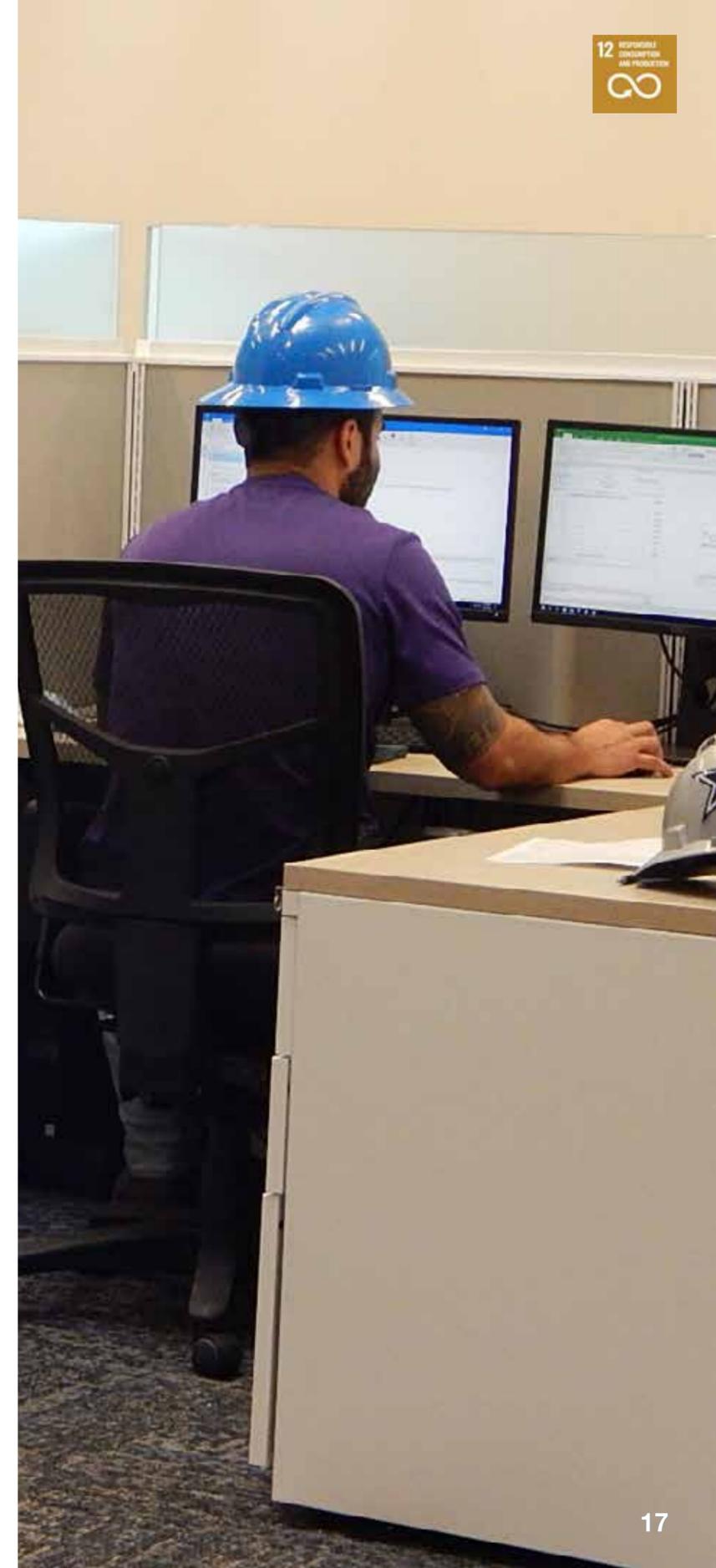
global operating and review system to track and manage our sustainability performance across these categories, including progress against site projects and associated savings. Teams share project ideas with other sites that may benefit from similar improvements. Our Senior Vice President of Global Operations and the Sustainability Team are responsible for overseeing the reduction of resource intensities across all sites on a routine basis, as well as establishing annual reduction targets.

ISO CERTIFICATION

In 2021, our global environmental management system achieved ISO 14001 certification, by undergoing a rigorous process that externally validates our efforts to enhance environmental performance and ensure compliance. The pursuit of this certification provides an external framework to measure continuous maturation of our environmental management across sites. You can learn more about the certification of our occupational health and safety (OHS) management system in the Social Responsibility section of this report.



In 2021, six additional sites, including our headquarters, achieved ISO 14001 certification for a total of 13 sites globally, representing 52% of our global manufacturing footprint – an increase of 25% over 2020.



Water Stewardship

We believe access to clean, safe, and affordable water is a fundamental human right. Water and climate are intricately linked, and an imminent global water crisis threatens the availability, quality, and quantity of water for basic human needs. We are committed to being part of the solution — by reducing the amount of water we use and discharge to manufacture our products, ensuring our business practices protect the water quality and supply in the communities where we operate, and developing innovative products and services that solve longstanding water conservation challenges. We formalized this commitment through our [Corporate Environment, Health, Safety, and Sustainability Policy](#), published on our website in 2022.



By 2025, two-thirds of the world's population may be facing water shortages.

Source: World Wildlife Fund

Our water stewardship work is informed by several guiding principles:

- Alignment with global water stewardship standards and implementation of best practices, particularly among our high water-use facilities and facilities in water-stressed regions
- Respect for water-related rights and a guarantee of appropriate access to safe water, as well as sanitation and hygiene throughout our operations

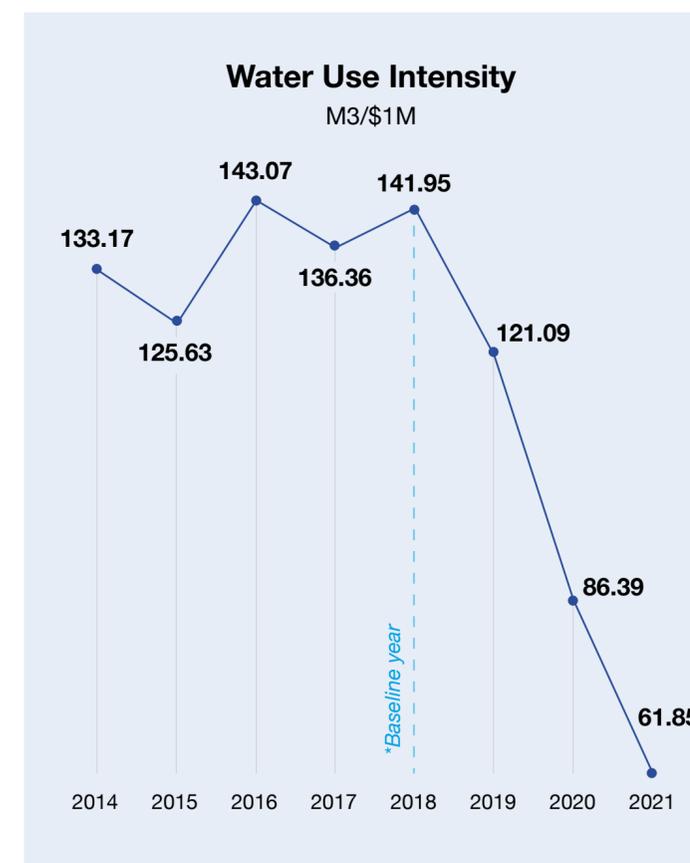
- Acknowledgement of water as a shared resource — acknowledging the numerous impacts of the amount of water withdrawn and consumed, and the quality of discharges from our manufacturing operations on the functioning of local ecosystems and ensuring that all Watts facilities meet national and local requirements for the return of clean and safe wastewater back into public water sources
- Open and transparent engagement with stakeholders, including support for, and coordination with, public sector agencies in the implementation of water and sanitation-related plans and policies
- Continuous improvement and progress against core elements of stewardship with respect to direct operations, watershed management, community engagement, and transparency

REDUCING OUR WATER USAGE

We continue to make significant progress in increasing the accuracy and immediacy of our total water usage data and taking action to reduce it. Our data collection process utilizes a monthly, automatic bill collection system for all utilities across 42 Watts sites. Armed with information provided through monitoring solutions and applications, cross-functional teams came together regularly in 2021 to increase awareness of our water intensity and execute reduction strategies.

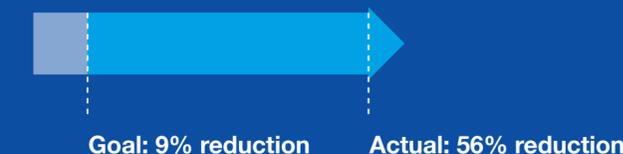
We continued the implementation of smart water meters across sites, including sub-metering for larger facilities. Smart metering allows us to find and stop leaks faster and determine which high-use processes and machinery should be targeted for water-reduction projects.

To accelerate our responsible water management efforts, we have committed to reduce our water intensity by 3% annually against a 2018 baseline.



For more information regarding our 2021 water consumption data, which was reviewed and verified by a third party, please visit the Appendix.

Since 2018, Watts has reduced its water intensity by 56% (versus 9% goal). Our annual intensity reduction in 2021 was 28%. These significant reductions achieved to date are a result of diligent collaboration across site leadership and our Corporate Sustainability Team, as well as a renewed focus on continuous improvement in the area of water efficiency and stewardship.



You can learn more about the critical role Watts products play in global water conservation in the **Handprint** section of this report.

TAKING LOCAL ACTION TO DRIVE IMPACT

Water is a local and shared resource. Water conservation conducted in one location does not address water risk at another. Although most of our water is municipally sourced, Watts has developed an internal operating system to build awareness at the site level of water use.

In 2021, we participated in The Water Council’s Corporate Water Stewardship Accelerator Program to drive impactful improvements at priority sites. Using the Aqueduct Water Risk Atlas developed by the WRI, we analyzed Watts sites to better understand our water use and scarcity in each region where major manufacturing plants, distribution centers, and offices are located. Eight sites were then selected to pilot the program, given their watershed risk levels and annual water usage. Site leaders gathered data and engaged with stakeholders on shared challenges unique to the local watershed and developed and implemented a water stewardship plan to address them. Water stewardship efforts from some of our pilot sites are described here.

2021 FACILITY HIGHLIGHTS

Blauvelt, New York, USA

Just 30 miles north of New York City, our state-of-the-art AERCO manufacturing facility in Blauvelt, New York, is the largest water user at Watts, and one of the municipality’s largest water users, drawing approximately 26,000 gallons a day from the municipal supply for new product development, manufacturing, testing, a Watts training facility, and daily usage for employees and visitors. With a strong commitment to responsible stewardship, the Blauvelt team implemented several projects in 2021, including an improved process for testing and recalibration, and site-wide smart metering to provide accurate and real-time monitoring of water consumption. The result has nearly halved the facility’s total monthly water usage. After conducting additional research on challenges facing the local watershed and learning of extremely high levels of bacterial contamination, the team began engaging with the local watershed alliance to identify ways Watts can support its work in saving the watershed, including through the potential use of Watts water quality products.



Blauvelt team

Fort Worth, Texas, USA

Following a move to a brand-new facility in 2020, our Fort Worth team engaged in the accelerator program with a renewed focus on opportunities for water conservation, given both its status as one of the company’s high-water users and location in a medium-to-high water risk area. Working closely with the city of Fort Worth, our Facility Team gained a deeper understanding of challenges facing the local watershed and took advantage of a free water use assessment of the building. The installation of water meters at key locations is helping the team more accurately understand water use and even helped to identify an outdoor valve from which water was being drawn without permission by outside parties. The installation of a new wastewater treatment system is lessening the burden on the municipal wastewater treatment system, reducing hazardous waste generation, and ensuring compliance with our industrial discharge permit. Finally, refillable water stations have been installed throughout the facility to optimize water usage and eliminate the use of single-serve bottles.



Monastir team

Monastir, Tunisia

Surface water from the Medjerda river, around 120 miles away, supplies water to our site. The Monastir team engaged in the accelerator program with a renewed sense of awareness around the region’s water source and risk. A review of current practices helped our Monastir team to identify and implement the following measures which resulted in a 34% water use reduction in 2021 as compared to 2020.

- New frame cleaning process: Circuit boards are screen printed as part of our manufacturing process on-site. Frames that hold the printed circuit boards in place need to be cleaned each time before re-use. The new cleaning process not only reduced the amount of water needed for cleaning, but also improved the collection of wastewater generated during frame cleaning. For more information on hazardous waste savings related to frame cleaning, visit p. 24.
- Smart water monitoring to discover and repair the leaks in the factory

Ningbo, China

Located south of the Yangtze River, many reservoirs in Ningbo saw their lowest historical water levels in 30 years due to a lack of rainwater. To address local challenges of low water supply and water quality impacted by pollutants, the team in Ningbo took several actions, including installing and frequently monitoring water meters, implementing water-saving devices in taps and toilets, and adding stainless-steel trays to collect waste liquid for reuse – thereby also reducing hazardous waste output. In 2021, our Ningbo facility achieved a 20% annual decrease in water intensity.

Nogales, Mexico

As part of its water stewardship program, our Nogales contract manufacturing Maquiladora partner operation conducted a water balance analysis to understand where the water is sourced, how much is consumed, and where it is discharged. Through this study, the site realized 55% of its water was consumed through sanitary use. Cooling and CNC machining processes were the next biggest consumers of water.

As a result of the water balance, the team was able to apply targeted improvements to achieve an overall 12% reduction in water usage through installation of:

- Low flow fixtures in production bathroom sinks and cafeteria, saving 350,000 L of water annually.
- Watts Reverse Osmosis (RO) system, to produce quality water for employees and CNC machining equipment. RO reduces dissolved minerals from contaminating the coolant needed in our CNC process. Reject water from that RO system is filtered again and fed to the water tank of the closed loop circuit for 29 molding machines. This allowed us to avoid consumption of fresh water by reusing reject water for the tank.
- Smart metering in high water use areas to address leaks and monitor overuse in real time.

Finally, our Nogales operation was also able to engage effectively with local stakeholders, including the facility landlord, who constructed a retention wall to improve the quality of storm water leaving the site, benefiting the local watershed.



Ningbo team



Nogales team

QUICK KAIZENS IN ACTION: WATER CONSERVATION

Quick Kaizens are incremental continuous improvement efforts that allow all employees at Watts to “fix what bugs them.” You can learn more about Quick Kaizens and the One Watts Performance System on p. 44.

Problem: In 2021, our Vernon, Canada facility faced heat waves and other extreme weather conditions. In July, the area experienced wildfires and unusually hot temperatures and dry conditions. As a result, the site routinely used water to cool the geothermal heat pump field, which was unable to handle the extreme heat, as well as evaporative cooling for the roof. These actions increased the site’s water usage by 67% in 2021, as compared to 2020.

Solution: In an effort to reduce water consumption, the site team worked with its landlord to modify its HVAC software to better control water used by the irrigation and cooling mechanisms. In addition, the team installed low flow touchless faucets and urinals to offset increased water usage.

Energy and Emissions

We recognize the increasing urgency to avert the worst effects of climate change through rapid decarbonization and greater climate resiliency. Our energy policy is rooted in existing UN frameworks and climate science as we commit to:

- Reducing our energy consumption and carbon emissions across all facilities
- Offsetting emissions through the purchase of renewable energy credits
- Developing new technologies within our product portfolio
- Changing the way we serve our customers to advance environmental and societal objectives

 **Driven by population and economic growth, global energy demand will increase 47% by 2050. Oil will remain the largest energy source, followed by renewable energy sources.**
Source: Energy Information Administration

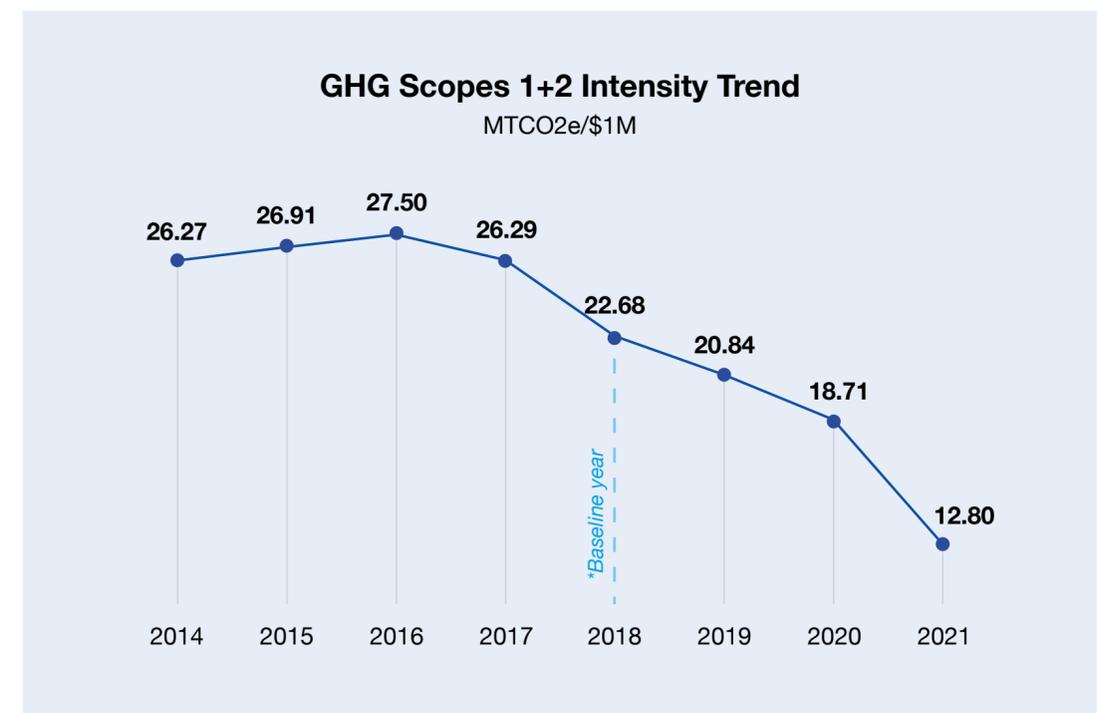
In 2021, we encouraged employees across the company to help identify our highest-emitting activities, implement efficient solutions, and adopt an emissions-intensity mindset. We also continued to encourage reliance on video platforms, as appropriate, for collaboration with colleagues, customers, and contractors as well as to reduce emissions associated with business travel.

To accelerate this work, we have committed to reducing our GHG emissions intensity by 3% annually against a 2018 baseline. Combined with the implementation of efficient solutions, the purchase of RECs drove our intensity reductions in 2021.

Since 2018, Watts has reduced its GHG intensity by 43% (vs. 9% goal). Our annual intensity reduction in 2021 was 31%. These significant reductions achieved to date are a result of sourcing renewable energy credits at our U.S. sites, as well as diligent collaboration across site leadership and our Corporate Sustainability Team in the area of energy efficiency.



In 2021, our 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.



SHIFTING TO CLEANER ELECTRICITY POWERED BY RENEWABLES

In 2021, we purchased 100% certified renewable energy credits (RECs), powered by wind, to offset annual electric consumption at seven of our U.S. sites. This investment addresses the carbon emissions of more than 100,000,000 kWh of electricity consumed through 2024, and in 2021, RECs reduced the company's carbon emissions by 20%.



2021 FACILITY HIGHLIGHTS

Groveport, Ohio, USA

Reduced electricity consumption by 28% through a large-scale LED lighting project, reducing emissions by 21%

Ningbo, China

Installed rooftop solar panels that will cover approximately 20% of the electric load required by the plant

Installed Electric Vehicle Charging Stations

- St. Neots, United Kingdom
- North Andover, Massachusetts, USA
- Biassono and Gardolo, Italy



QUICK KAIZENS IN ACTION: ENERGY CONSERVATION

Problem: Team members in Auckland, New Zealand, discovered a leaky air fitting on an assembly bench. Air compressors run on electricity to generate compressed air. Air leaks lead to loss of compressed air, which cause the compressors to run longer, thereby increasing energy usage.

Solution: The team members replaced the fitting themselves to stop the air leak, saving compressed-air from being lost and costs associated with wasted electricity and repairs.

Problem: Team members in Fort Worth, Texas, USA noticed their office pods were unnecessarily warm due to lack of air circulation, which caused the air conditioning to be turned on frequently and resulting in unnecessary energy consumption.

Solution: The team had a fan mounted onto the wall to keep air moving and help maintain the room temperature below the air-conditioning temperature setting.



Our smart and connected products increase energy efficiency and conservation for our customers while reducing emissions. You can learn more in the [Handprint](#) section of this Report.

Waste Reduction

We recognize the need to protect our land, waterways, and communities by reducing the amount of waste generated by our operations. Globally 15 of our 42 facilities generate waste classified as hazardous, with the remainder generating solid waste, recycling (paper, cardboard, plastic), electronic recycling, and metal chips recycling. We comply with all local and national regulations and track manifests for hazardous and controlled wastes.



Every year, an estimated 11.2 billion tons of solid waste are collected worldwide.

Source: United Nations

In addition to targeted hazardous waste reduction efforts, our approach to waste reduction includes:

- Driving innovation and investing in new solutions to accelerate our transition to a circular economy
- Diverting waste streams from landfills by eliminating single-use plastics, and recycling paper and plastic
- Ensuring packaging material consists of reusable, recyclable, or compostable content

In 2021, we continued to track solid waste, scrap metal, and other recycling streams, working closely with our facilities and waste contractors to understand the source and management of our waste, and to standardize data collection across sites. This work required significant collaboration across our global operations; our Corporate Sustainability Team partnered with site teams to identify opportunities for improvement through process changes.

A deeper understanding of our waste generation and more frequent collaboration at the site level has generated substantial interest and engagement among colleagues throughout our operations. Employee-driven waste initiatives focus on waste delineation, re-zoning, and waste stream

elimination, thereby reducing our overall waste outputs and increasing recycling and reuse. We continue to replace single-use paper and plastic items with reusable items and install direct-line water refill stations to avoid disposing of plastic water bottles.

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, we have committed to reducing our hazardous waste intensity by 3% annually against a 2018 baseline.



In 2021, our hazardous waste data, calculations methodology, corporate inventory management, and hazardous waste reporting procedures were reviewed and verified by a third party. Please see the Appendix for more information.

Since 2018, Watts has reduced its hazardous waste intensity by 9.78% (versus 9% goal).

Our annual intensity reduction in 2021 was 23%.



Goal: 9% Actual: 9.78% reduction

RECYCLING IN 2021

Metal scraps and chips

6,929,846 KG

↑ 39% increase from 5,000,000 KG in 2020

Plastic regrind reuse

215,366 KG

↑ 144% increase from 88,084 KG in 2020

Electronic waste

3,453 KG

↑ 1401% increase from 230 KG in 2020

2021 FACILITY HIGHLIGHTS

Franklin, New Hampshire, USA

The facility's valve operation introduced a project to recycle certain waste oils designated for destruction or evaporation, resulting in recycling of high-quality oils and a 43% reduction of hazardous waste. We initiated a process to decommission our leaded-product foundry in 2021, to focus on our cleaner lead-free products. The equipment from the leaded product foundry is being sold or recycled and work is underway to repurpose the space for lead-free product production. As a result of this decommissioning process, we are anticipating a hazardous waste increase in 2022.

Landau, Germany

Despite higher production levels in 2021, our Landau facility achieved an 11% annual reduction in hazardous waste generation after the team identified two process improvement opportunities: The use of a new cooling lubricant at machining centers extended the lubricant's useful life from three to five weeks, and more precise usage of Flowdrill-grease, used to lubricate tools, resulted in lower consumption and waste output.

Monastir, Tunisia

The frame cleaning process required to manufacture our printed circuit boards was optimized to improve the quality of the resulting effluent water from the cleaning process, which is no longer classified as "hazardous". The new frame cleaning process also resulted in a 34% reduction in water consumption. For more information on water savings related to frame cleaning please visit page 19.

Vildbjerg, Denmark

Our BLÜCHER manufacturing facility achieved a 20% annual hazardous waste reduction through the optimization of passivation processes, which is a method to improve corrosion resistance of stainless steel. These optimization processes resulted in reduced acid water and degreaser outputs as well as 5% water use reduction. These processes continue to be evaluated to introduce additional reduction opportunities. In 2021, BLÜCHER also made a significant investment to increase pipe output through a new forming process, thereby also reducing the amount of oils used.

At sites subject to US EPA Toxics Release Inventory (TRI) reporting, Watts determined that it had reduced the amount of pollutants released compared to the previous year by 5.4%. These pollutants include copper, chromium, lead, nickel, manganese, and nitric acid.



Landau facility



Vildbjerg facility

QUICK KAIZENS IN ACTION: WASTE REDUCTION

Problem: Team members in Spindale, North Carolina noticed that wood pallets used for shipping were being scrapped rather than recycled, leading to unnecessary environmental impact and costs to remove scrap wood and buy new pallets.

Solution: The team began separating and reusing wood pallets received with products that were in good condition, saving wood and costs.

Problem: Waste streams at our Sorgues, France site were being comingled and included in the hazardous waste category, despite not all the waste being hazardous.

Solution: EHS personnel implemented a detailed filing system to track the different types of wastes generated, their storage containers, manifests, dates of collection, etc. This allowed the site to have better traceability and auditability of the waste information, as well as reducing waste generation overall due to better monitoring and controls.

Handprint



Products That Protect

Water is a precious and scarce resource that sustains people, communities, and economies throughout the world. While vital to good health and well-being, water can also threaten people's health and safety when not managed properly.

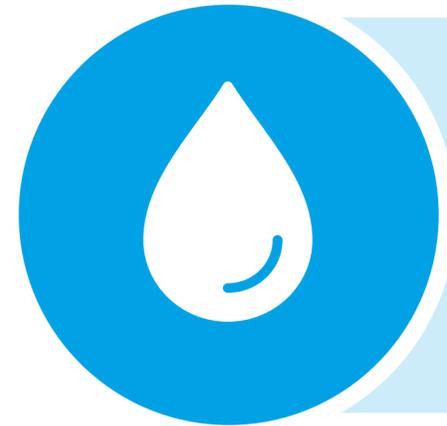
At Watts, we believe our products and solutions have an essential role to play in protecting shared water resources and the people who use and rely on them. For nearly 150 years, we have developed and designed products, components, and systems that solve the world's greatest water-safety challenges, conserve water, and improve energy efficiency. We design our products to benefit users and help their sustainability efforts based on this "triple play" of sustainability: **Safety and Regulation, Water Conservation, and Energy Efficiency.**



SAFETY AND REGULATION

These products ensure the health and safety of inhabitants of homes and commercial buildings. Products include our backflow preventers that keep potable water safe for consumption in the U.S. and Europe, where codes now require them.

75%*
OF WATTS
REVENUE STREAM



WATER CONSERVATION

These products help our customers conserve water in different ways: they alert them to leaks and floods so they can stop them before thousands of gallons of water are wasted and help prevent contamination in the municipal water supply and resulting water loss.

38%*
OF WATTS
REVENUE STREAM



ENERGY EFFICIENCY

These products help our customers improve the efficiency and sustainability of their buildings with finite control of the thermostat, reducing fluctuations in heating, and making water flow more efficient. Our products reduce energy utilization where possible while still providing comfort and safety for the buildings' occupants.

25%*
OF WATTS
REVENUE STREAM

* Products may fit into multiple categories



Safety & Regulation

Dating back to the industrial revolution, our products have kept water, water system equipment, and the people operating our water systems, safe. Preventing the over-pressurization of hot water vessels to prevent explosion was our earliest focus; today, water contamination and scalding are among the greatest risks we aim to address.

Water can become contaminated in the source water as well as in its distribution system after water treatment has already occurred. Additionally, the growth of pathogens continues to be a pervasive health threat to drinking water, particularly for populations most vulnerable to illness.

Temperature regulation is equally important to safety, as even small increases in water temperature can lead to scalding at faucets in homes and buildings. Scalding leads to over 100,000 emergency room visits per year in the U.S. One study published in the Journal of Burn Care Research found that hot water temperatures were unsafe in 41% of inspected urban homes.

EXAMPLES OF OUR PRODUCTS AT WORK

CHALLENGE

Backflow, or the reversal of the normal flow of water in a system, poses a constant threat of back siphonage to municipal drinking water systems. It can occur when a supply of potable water becomes connected to a line that contains contaminated water not suitable for drinking. The Environmental Protection Agency (EPA) estimates that at least 100,000 of these cross-connections are made per day in the U.S., resulting in water contamination and the potential to make people sick.



SOLUTION

Backflow preventers save water and mitigate disease. For nearly 50 years, Watts has set and continually improved the standard in backflow prevention through its multiple backflow preventer systems for municipal water systems, homes, and buildings. Backflow preventers ensure water does not reenter the potable water supply. These devices save millions of gallons of potable water each year from contamination.

Managing the supply and temperature of hot water is a year-round struggle for facility managers of high-occupancy buildings like hospitals, colleges, hotels, and office buildings. Temperature changes in plumbing systems are common as a result of seasonality, system pressure fluctuations, and hot-water heater malfunctions. Unmitigated temperature changes can give rise to waterborne bacteria including Legionella and lead to scalding.



The Powers™ IntelliStation® digitally mixes hot and cold water to proactively regulate temperature and evenly and efficiently distribute hot water throughout a building in a circulation loop. IntelliStation, in combination with point-of-use mixing valves, helps prevent scalding and maintain proper temperatures to mitigate pathogen growth. In 2021, Watts launched a fully smart, connected product with enhanced energy management features. With this upgrade, facilities managers can remotely monitor and control the device, enabling quick reaction if conditions change, as well as reduced energy consumption.

EXAMPLES OF OUR PRODUCTS AT WORK

CHALLENGE

Many service lines including the pipes, solder, and parts that supply homes with water may also contain lead. Conventional wisdom holds that running the tap for 10-15 seconds can reduce lead content in drinking water, however, that approach wastes water and does not completely eliminate contaminants. Additionally, perfluorooctane sulfonate and perfluorooctanoic acid (PFOS and PFOA) contamination from local wells and consumer products are serious health concerns for many homeowners.



SOLUTION

Big Bubba® BB-S100 Whole Home Filtration Systems filter lead, PFOA/PFOS, chlorine, and cysts from water at its point of entry into a home. The system filters up to 84,000 gallons of water in a home, avoiding the need to run the tap and keeping water safe to consume for all inhabitants.

Waterborne bacteria, including fatal pathogens such as Legionella, thrive in stagnant water in water heaters. Particularly following widespread closures early in the COVID-19 pandemic, healthcare facilities, hotels, office buildings, and schools faced high risks. While raising overall temperatures to kill bacteria is an option, it increases risk of scalding. A lack of plumbing codes or requirements for monitoring building water for bacteria and temperature control leave facilities managers to monitor both manually, which can leave risks undiscovered.



The Element® Q disinfects water from water heater to faucet using ultraviolet light and thermal disinfection while proactively tracking temperatures to help mitigate scalding risks. The system provides maintenance alerts and infection control reporting, alerting facilities managers to potential bacterial risks before they become dangerous. If ever the water gets too hot, a reporting platform sends a signal to the unit to perform a cooldown. The Element allows building owners, maintenance staff, and infection-control teams to control, manage, and maintain high regulatory standards in their buildings' domestic hot water.



POWERS™ INTELLISTATION® HELPS NEW YORK CITY HOSPITAL SAFELY MANAGE COVID-19 WATER DEMAND

A New York Hospital was in the process of completing a large addition just as the COVID-19 pandemic struck New York City. Anticipating a surge of patients in this new wing, facility managers expressed concern about having enough temperature-consistent hot water available to meet emergency demand and urgently needed to complete the facility’s hot water distribution system.

In consultation with a commercial plumbing manufacturers’ representative company, the hospital selected the Powers™ IntelliStation® digital mixing system to ensure temperature-consistent hot water delivery to the potentially hundreds of points of use required, during the pandemic and beyond. The IntelliStation was installed and balanced in the new facility in hours.

Once installed, the IntelliStation ensured steady circulation of 160°F (+/-2°F) water delivery to all the facility’s floors to mitigate the risk of Legionella. Point-of-use tempering valves also prevented the risk of scalding, ensuring accurate, temperature-consistent delivery of hot water throughout the facility.

“WE FELT GREAT RELIEF KNOWING WE HAD A STEADY SUPPLY OF SAFE HOT WATER READY FOR THE GROWING VOLUMES OF PATIENTS IN OUR CARE,” SAID THE HOSPITAL’S FACILITY MANAGER.





Conserving Water

Present and future generations depend on having enough water, and through our products, we work to conserve this scarce resource. Multiple assessments estimate that the world will face a 40% global water deficit by 2030; meanwhile, global fresh water use has increased six-fold over the past 100 years and has continued to grow at a rate of 1% per year since the 1980s, making it necessary that everyone do their part to conserve.

Our products serve as vital tools that assist our customers in preventing unnecessary water loss in municipal systems and in homes and buildings.

EXAMPLES OF OUR PRODUCTS AT WORK

CHALLENGE

Aging municipal infrastructure in the U.S. contributes to 2.7 trillion gallons of non-revenue water (water not yet sold to towns or cities) lost each year. Undetected leaks in aging pipes, water main breaks, and water contamination lead water to be wasted or to cycle through the water table again, ultimately leading the consumer to pay.



SOLUTION

ACV Assure™ helps water utilities monitor and control operations, pressure, flow, and water loss in their water-distribution network. The system alerts municipal water managers by text and email in the event of a pressure fluctuation or flow condition and enables them to shut off the water supply, potentially saving tens of thousands of gallons of water. Water cycling monitoring capabilities also alert managers to water stagnation, enabling them to trigger safety measures such as issuance of boil water notices.

Washing machines are the number one source of water damage in residential households. A broken part on a commercial washing machine can discharge water, leaking up to 200-250 gallons per minute. One such event can waste huge volumes of water and inflict extensive damage on a home or building.



IntelliFlow® provides homeowners alerts and automatic shutoff capability. The system alerts users to leaks in real-time with texts and email alerts and instantly shuts off the water supply. In 2021, Watts launched a smart, connected version that alerts customers to discharge events, enabling them to act quickly to repair and begin using the washing machine again.

Reverse osmosis (RO) filtration systems, known for providing great tasting drinking water, are in high demand in homes and businesses. However, the process by which most RO systems filter water is wasteful; filtering one gallon of drinking water often wastes between two and four gallons.



The ZeroWaste® RO System saves up to 7,000 gallons of water in a typical residential application by looping water used in the filtration process back into the hot water system. This technology is particularly valuable for consumers concerned about rising water costs and, more importantly, shortages.

EXAMPLES OF OUR PRODUCTS AT WORK

CHALLENGE

Scale buildup in pipes creates blockages, causing inefficient water flow and energy utilization. Buildings including hotels and hospitals typically use water softeners which backwash and discharge water and add salt and chemicals to pipes to breakdown the buildup.



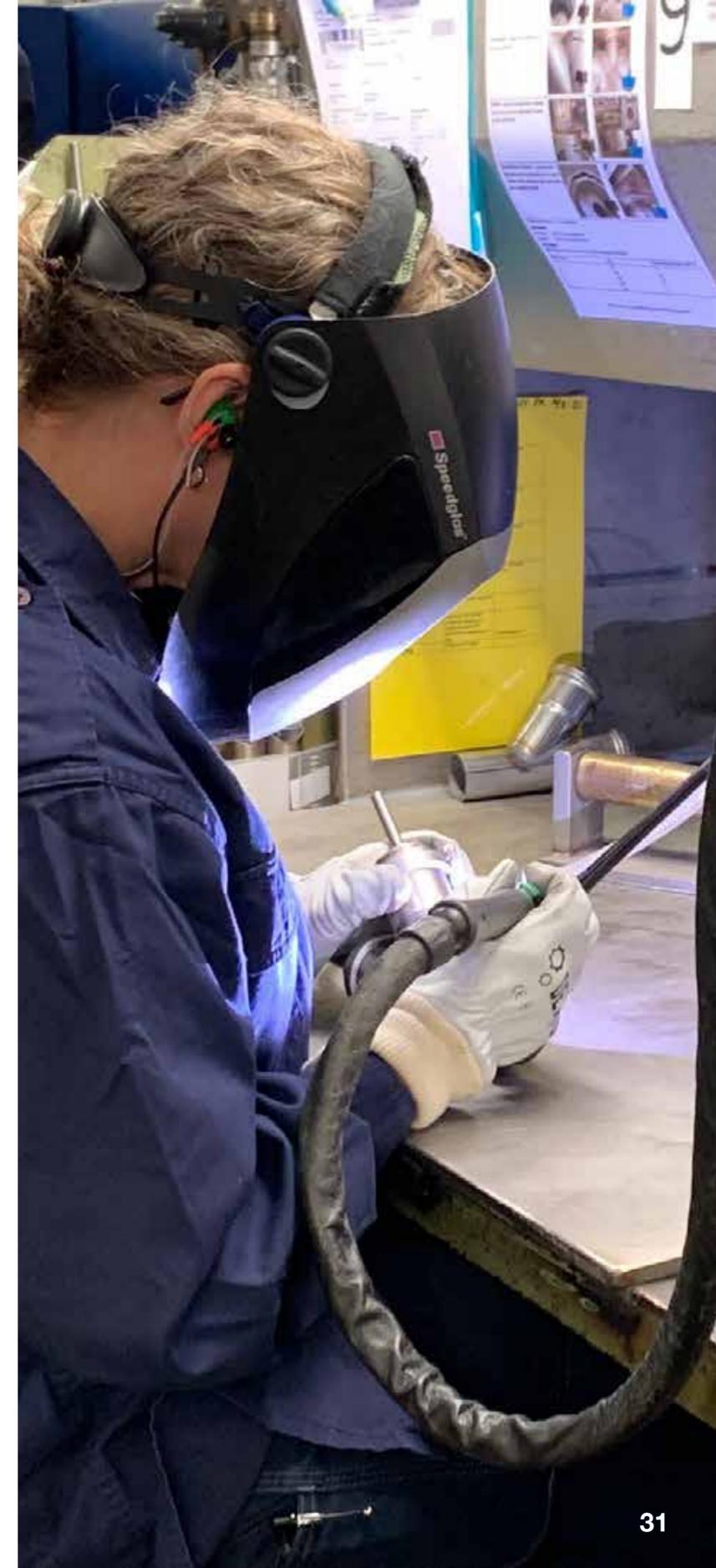
SOLUTION

OneFlow® Anti-scale Solution breaks down minerals in pipes, eliminating scale buildup and the need to backwash and discharge water. One 1,200-room Las Vegas hotel saved 1.3M gallons of water a year by installing OneFlow. Without wastewater to drain or added salt, it eliminates buildup in an environmentally safe manner.

Drainage systems on factory floors often waste water because insufficient flow capacity to remove water leads to pooling on floors. Additionally, waste and humidity collect on factory floors, creating hygiene and food safety challenges. In the absence of a hygienically designed, efficient drainage system, the contaminated sewer system and the clean production area may come into contact. Traditional systems also frequently lack the capacity to collect waste from processing activities and offer limited access to clean the inside of the drainage system.



BLÜCHER HygienicPro® drains are high-capacity drains that provide efficient flow, are easy to clean, and help mitigate bacterial growth while limiting water volumes and production downtime needed to operate and clean the drainage system. HygienicPro drains use 96.5% less water than traditional channels, flow comparison tests have found.



DETECTING LEAKS WHERE THEY CAN DO THE MOST DAMAGE

Our leak detection systems minimize loss of potable water and protect residential, commercial, and industrial owners from the destructive effects of water damage including costly repairs, insurance claims, and loss of revenue. Our systems are designed to detect large and small leaks within a plumbing system and include wireless leak sensors, shutoff valves, and apps for remote monitoring 24/7. And our Trident® wireless leak detection system is the only platform to receive FM approval.



The Detection Group provides real-time, reliable notifications of commercial property leaks to building managers



Sentinel Hydrosolutions, LLC leak defense systems alert and stop leaks throughout the residence



IntelliFlow alerts homeowners of washing machine leaks and stops them at the source



Improving Energy Efficiency

Heating and cooling air and water is a major source of greenhouse gas emissions. Heating and cooling account for 30% and 38% of CO2 emissions in commercial and residential settings; water heating represents about 15% of CO2 emissions in the residential sector, according to EIA's Annual Energy Outlook 2018.

We consciously design products to reduce their environmental impact and provide cost-savings for our end-user customers.

EXAMPLES OF OUR PRODUCTS AT WORK

CHALLENGE

Aging commercial boilers waste natural gas, emit high levels of greenhouse gases, and can be susceptible to carbon monoxide leaks. Carbon monoxide can be produced in a boiler when gas is not burned off completely.



SOLUTION

AERCO® Benchmark Platinum is a commercial condensing boiler with advanced combustion controls and patented O2 Trim technology that self-corrects to maintain precise air/fuel ratios.

In 2021, as compared to industry-standards, by using AERCO® high efficiency boilers and heaters, Watts customers avoided 95,000 metric tons of CO2 emissions, or the equivalent emissions from 14,000 cars annually. An average customer saves \$13,000 a year on natural gas and maintenance costs.

Additionally, with proper O2 levels, Benchmark Platinum reduces carbon emissions and helps increase gas efficiency up to an additional 9%.

Aging non-condensing commercial water heaters use unnecessarily high levels of gas.



The PVI® Conquest family of condensing water heaters in 2021 avoided around 35,000 metric tons CO2, or the equivalent emissions from 8,000 cars annually, and help increase efficiency up to an additional 10%.

Domestic water heat pumps traditionally use refrigerants, including propane and ammonia, to move heat from one set of coils to another. Propane and ammonia create chemical byproducts that are hazardous to the environment, have high GWPs, and are flammable.



The Aegis® Heat Pump is a highly efficient heat pump water heater that uses electricity and natural CO2 refrigerant to produce domestic hot water. Its CO2 refrigerant, R744, is non-toxic, non-flammable, has an ODP (Ozone Depletion Potential) of zero and a low GWP (Global Warming Potential). Aegis® saves an estimated 144 tons of CO2 annually.

European markets are heavily focused on energy efficiency and seek to reduce dependence on outside energy sources.



Our Microflex® pre-insulated piping system is composed of a thermal insulation around a carrier pipe and covered by a “closed chamber” protective UV-resistant outer casing. Microflex piping is suitable for use in heating, cooling, and sanitary applications allowing for reduced temperature loss and subsequent energy savings.

Best-in-Class Training

Our strong belief in providing our customers — including contractors, plumbers, distributors, engineers, employees, and building owners — with education dates back to the early 20th century when our water safety educational campaign informed plumbing inspectors about the critical roles both temperature and pressure regulation play in preventing water heater explosions. Today, our global Watts Works Learning Program is focused on customer support and protection and reflects customized investments intended to promote safe product use, extend product longevity, and instill confidence in our customers. We believe educating our customers about our products, as well as water safety, conservation, and efficiency, is foundational to maximizing the impact our customers, consumers and employees make on our water supply.

ENGAGEMENT AND ACCESSIBILITY FOR ALL

Our training strategy hinges on a four-part blended learning model, creatively designed to adapt to our customers' diverse preferences and schedules. Whether in-person or virtual, each session is interactive and engaging, yet succinct and focused.

When the pandemic made in-person learning impossible, it did not stop our efforts. Instead, we designed creative solutions to bring the learning to our customers. In 2021, more than 104,000 Watts Works learning sessions were completed around the world.



ONLINE LEARNING PROGRAM

- eLearning courses, available now in 11 countries and 7 languages, feature concise three-to-seven-minute modules and assessments to confirm knowledge retention
- eLearning courses enhance our new employee onboarding program
- 2021 highlight: program expanded to include 75 new courses and updates to 50 courses



LUNCH & LEARN

- Small group, one-hour trainings conducted either onsite with customers or virtually by the sales team members at Watts
- 2021 highlight: launched 10 new programs, including five that provide Continuing Education Units (CEU) credits
- We have 28 CEU courses available through both ASPE and AIA



VIRTUAL INSTRUCTOR LED TRAINING

- Live, virtual, interactive instructor-led, 30-minute training sessions with subject matter experts focused on specific product challenges
- 2021 highlight: pilot program garnered high ratings, particularly for courses on backflow



INSTRUCTOR LED TRAINING

- In-person training held in a Watts Works Learning Center focused on hands-on learning and product demonstration in our live wet lab
- While the program was on hold during the pandemic, we continued to invest in Learning Center sites with an expectation of opening our largest hands-on center to date in Fort Worth, Texas in 2022
- After a two-year hiatus caused by the COVID-19 pandemic, we reopened our Learning Centers in North America and invited customers and partners back in May 2022

Sustainable Innovation

We are committed to embedding sustainability into our products — both in their function and in the materials and processes we use to build and package them. In 2021, we took steps to further build our capacity to incorporate sustainability at the development stage of all new products. This investment helps build a future whereby our customers will have increased opportunities to be more sustainable through our products.

Today, more than 93% of our 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.

CONNECTED SOLUTIONS

Our goal at Watts is to be a solutions partner, not merely a components supplier. We deliver superior customer value by transforming our traditional 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, providing data to optimize performance, and conserve critical

resources by increasing operability, efficiency, and safety. IntelliStation®, a digital mixing solution, is one example. In 2021, we launched this smart and connected product that enables facilities managers to remotely monitor and control the device, reduce energy consumption, and act quickly if conditions change. Broadly, we have made substantial progress in the development of smart and connected products, and expect to derive 25% of our revenue from them in 2023/24.



We expect smart and connected solutions to comprise 25% of our revenue in the next two years.

PRODUCT LIFECYCLE

From raw materials through production, we are continuously evaluating ways to extend the useful life of our products. Our philosophy is to create safe, efficient, long-lasting products made with high-recycling-value materials wherever possible. Many of our signature products like backflow preventers, valves, boilers, and hot-water systems and drains, have up to a 20-year lifespan and often beyond. Our boilers and water heaters have some of the longest product lives in the industry, which means we consume less material and create less waste. In fact, the original AERCO water heater installed in the historic Waldorf Astoria in New York City in 1967 was in operation for 40 years. We have developed repair and maintenance guidelines and kits for most of our products, which are included in our manuals. 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.

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 protective packaging by more than 80%. In 2021, 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.



OUR APPROACH TO SUSTAINABLE PACKAGING:

- Promote sustainable packaging 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

Social Responsibility



Social Responsibility

We are proud to be an agent for making people and communities safe, healthy, and strong. At Watts, enriching and protecting our people and finding meaningful ways to be more diverse, equitable, and inclusive are core to our business strategy. Our people-first approach extends globally through our corporate giving and community engagement initiatives.



Achieved zero recordable injuries at 13 sites



Completed 8,700+ hours of employee training



Established diverse hiring targets at 12 U.S. sites



Provided clean, safe drinking water for 10,000+ people

PEOPLE AND CULTURE

Our company thrives because of employees who bring diverse backgrounds, talents, and ideas to Watts. In an intensely competitive talent landscape, we set ourselves apart in 2021 by providing our employees with meaningful career growth opportunities, a positive and safe work environment, and affirmation that they are heard, valued, and respected. We also designed and invested in programs to increase diverse hires; expand diversity, equity, and inclusion (DEI) initiatives; and develop talent across our business.



Occupational Health and Safety (OHS)

At Watts, we believe that occupational injuries and illnesses are preventable. We recognize healthy and safe working conditions as a human right and commit to protecting the health and safety of all employees working at our facilities around the world. This commitment extends to contractors, visitors, customers, suppliers, and all other business partners.

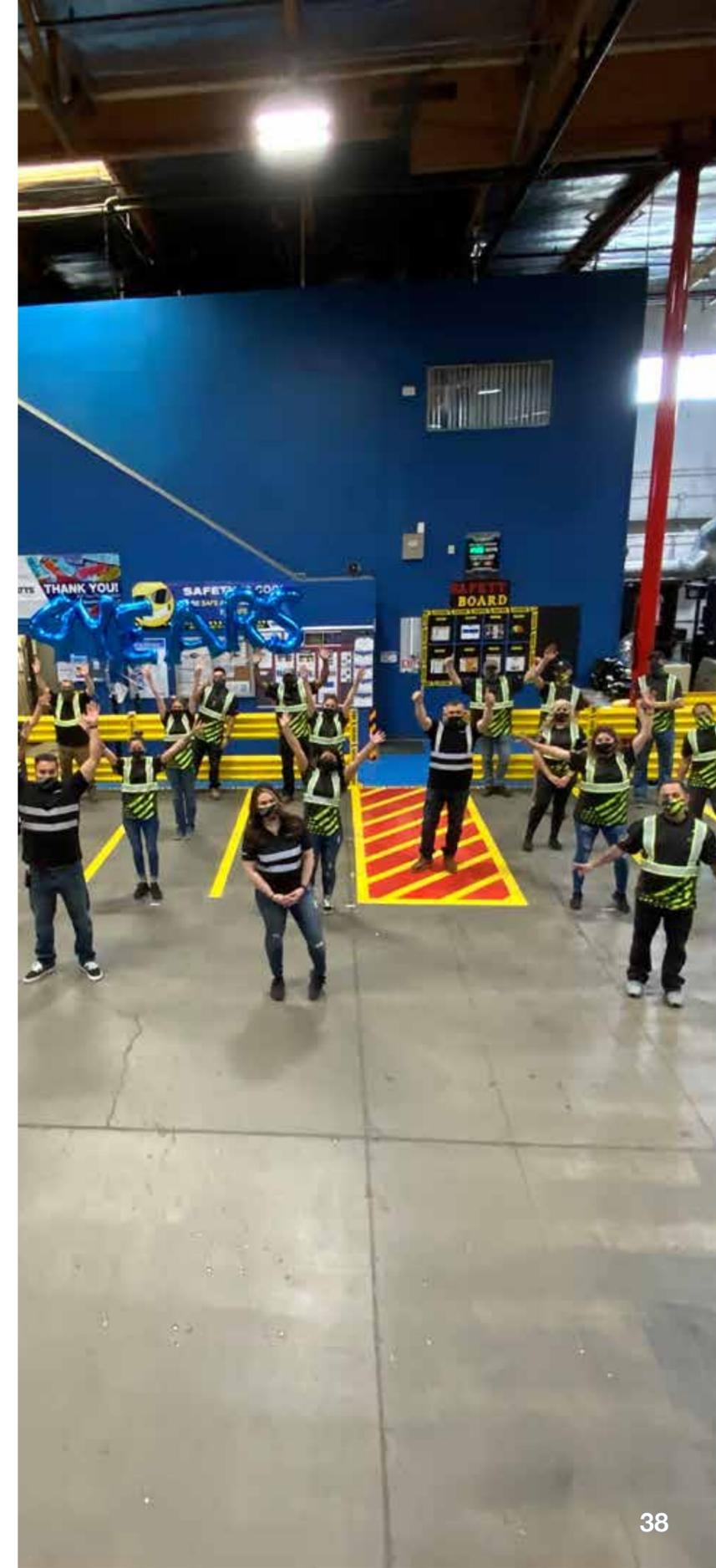
Our enterprise-wide OHS management system promotes operational excellence and enables Watts to build exceptional products in facilities that operate safely, ethically, and responsibly. Its key elements include worker participation and consultation, risk assessments, training, written procedures, internal and external auditing, and a framework for measuring program maturity and identifying opportunities for continuous improvement. In early 2022, our global OHS system achieved ISO 45001 certification, the international standard for occupational health and safety, and a testament to our strong commitment to protect employees and visitors from work-related accidents and diseases. Our contract manufacturing Maquiladora partner in Nogales, Mexico, also received this certification for the first time, and in 2021, our ISO 45001 certified sites represented 21% of our global population – an increase of 5% over 2020.

A CULTURE OF SAFETY

We aspire to be a zero-incident workplace, and in 2021, 13 of our operating and distribution sites achieved the important milestone of zero recordable injuries. Our Zero Incidents, Employee Engagement, Risk Reduction, and Operational Excellence (Z.E.R.O.) approach to drive a culture of safety at Watts empowers employees with the knowledge, tools, and resources they need to effectively identify hazards, mitigate risks, and explore improvements. This approach includes:

- **Safety Committees:** These committees generate opportunities to reduce risk and support the mitigation of those risks.
- **Job Hazard Analyses:** These analyses identify job-related hazards through a systematic risk assessment process.
- **Safety Stand-Downs:** These stand-downs bring employees and site leaders together to discuss safety performance and related issues, and identify opportunities for improvement.
- **Early Reporting:** Reporting early 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”). In 2021, employees submitted more than 5,000 near-miss reports and 14,000 safety observations.
- **Safety Training:** This training promotes a safe and healthy workplace. In 2021, we delivered more than 6,000 units of safety training to our employees on a variety of topics, including emergency preparedness, accident prevention, and tool and equipment safety as well as protective measures against COVID-19.

Injury reductions in 2021 were driven by multiple factors, including workstation optimization, increased investment in automation, cross-functional engagement, and professional development. Four of our largest sites in Europe and the U.S. achieved injury reductions of 50% or greater.



SAFETY PERFORMANCE

	Total Recordable Incident Rate (TRIR) Recordable Incidents per 200,000 Hours Worked	Lost Time Incident Rate (LTR) Lost Time Incident per 200,000 Hours Worked
2017	1.85	0.81
2018	1.98	0.64
2019	1.97	1.01
2020	1.51	0.68
2021	1.26	0.54

Each site presents its EHS performance as part of our Monthly Operating Reviews. Our standard metrics for safety include six KPIs: total recordable incident rate (TRIR), lost time incident rate (LTIR), near-miss reporting, safety observations reporting, risk-reduction scores and EHS standards. Twenty-four operating and distribution sites reduced their year-over-year lost time incident rates or had zero incidents, including four sites with reductions greater than 50%: Vildbjerg, Denmark; Virey le Grand, France; Landau, Germany; and Franklin, New Hampshire, USA.

OUR RESPONSE TO COVID-19

We have continued to maintain the majority of the protective measures against COVID-19 that we implemented at the onset of the pandemic and are continuously reviewing our workplace practices to ensure alignment with the latest guidance from local, national, and global health and safety organizations.

As vaccines to protect against the virus became more widely available in 2021, we implemented policies and programs to encourage vaccination among our employees globally. In addition to hosting dozens of on-site vaccination clinics, including in Bulgaria, Germany, and the U.S., we provided all U.S.-based employees with paid time off to cover vaccination appointments. In the U.S., we developed a vaccination raffle program to further encourage vaccination. Employees at sites that achieved a collective 80% vaccination rate became eligible for cash raffle prizes up to \$1,000, with every fully vaccinated employee at those sites receiving a \$100 or \$50 gift card.

The 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, including pandemic response. Championed by our CEO, and President of the Americas and Europe, we used a “Plan-Execute-Improve” model to identify and mitigate risks throughout the year, driving accountability throughout the organization.



In addition to hosting dozens of on-site vaccination clinics, we provided all U.S.-based employees with paid time off to cover vaccination appointments.

Diversity, Equity, and Inclusion (DEI)

DEI is vital to our business strategy and culture. When we invest in building a more diverse, equitable, and inclusive workforce, we are also investing in innovation and our ability to best serve our customers and communities. We strive to ensure that every Watts colleague feels seen, heard, and valued. We seek every opportunity to amplify and reflect diverse viewpoints throughout our business.

In 2021, we adopted a strategic plan that defines our comprehensive approach to equitable and inclusive growth. Approved by our Global Leadership Team and board of directors, the plan sets forth DEI goals and metrics for 2022 and the actions required to meet them. It also reflects employee feedback from our 2020 global DEI survey and spans five areas of focus: talent acquisition, talent management, talent development, benefits and offerings and engagement.

TALENT ACQUISITION

Objective: Define high-impact goals, programming, and success measures to ensure our sites attract, pursue, and hire diverse candidates

Actions:

- We developed diverse hiring goals for 12 U.S. sites for 2022 across four categories: female hires, diverse female hires, diverse hires (females and underrepresented groups), and senior-level management diverse hires.
- We conducted virtual and in-person campus recruitment activities for female and under-represented minorities.
- We established and grew partnerships with historically Black colleges and universities (HBCUs), Hispanic-serving institutions (HSIs), search firms that specialize in sourcing diverse candidates, and professional networks for female engineers to lay the groundwork for deeper 2022 action.
- We updated and shared resources with U.S. recruitment teams on best practices for improving diversity in talent acquisition.

TALENT MANAGEMENT

Objective: Promote greater inclusion of diverse talent in our talent assessment processes

Actions:

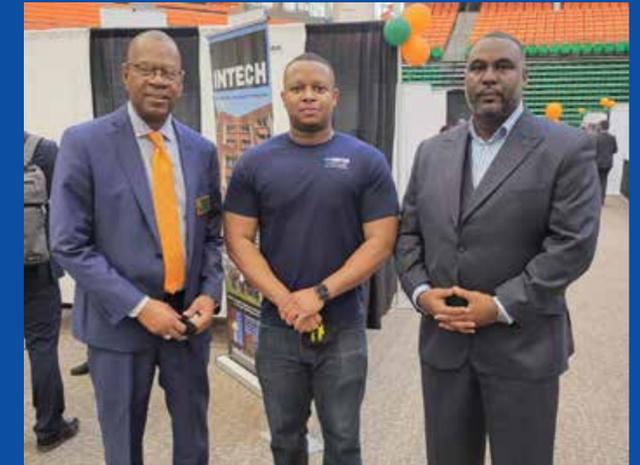
- In 2022, we plan to continue to expand our focus on emerging female talent as part of our strategic talent review process.

TALENT DEVELOPMENT

Objective: Establish development programs focused on diverse talent

Actions:

- We plan to incorporate DEI in our performance management assessment framework, as well as Global Leadership Team performance goals.
- We will continue to conduct unconscious bias training for the company's top 200 leaders.



The President of Florida A&M University meets with Watts employees during a career fair at the school

In 2021, Watts cultivated partnerships with five HBCUs with reputations for excellence in computer science, engineering, and business development.



Watts representatives meet with potential candidates at a recent Virginia Commonwealth University recruiting event

EMPLOYEE BENEFITS

Objective: Evaluate and adjust benefits policies through an equity lens

Actions:

- In 2022, we intend to conduct a thorough review and benchmark of our U.S. benefits offerings to identify competitive gaps and concerns related to health disparities, including gathering direct input from our employees and Employee Resource Groups (ERGs). The findings of our review will be reflected in our 2023 benefit plan offerings and phased in over time.
- We regularly analyze wages to diagnose and address pay inequities, with internal pay equity reviews embedded into our hiring and promotion processes. We conducted a broad assessment of pay practices in the U.S. in 2021 in furtherance of our goal to maintain pay equity in similar job functions based on gender, race, and ethnicity. We plan to conduct the next such broad analysis in 2023.

ENGAGEMENT

Objective: Engage with our employees, suppliers, and customers on our DEI focus and commitment

Actions:

- We brought together our six ERGs into a cross-ERG forum to foster dialogue on ways to elevate DEI across the company.
- DEI leaders held monthly listening sessions with ERGs to seek information and input on ways to advance DEI programming at Watts.
- We reflected our DEI commitment through educational partnerships and charitable donations to organizations serving diverse populations.
- We invested in diverse populations
 - San Antonio, Texas, USA: We partnered with Upward Bound, a U.S. Department of Education program that connects low-income and/or first-generation students with mentoring, college, and career opportunities.
 - Burlington, Ontario, Canada: We raised money for the Reach Out Centre for Kids, a nonprofit that provides mental health services to children and families who face systemic barriers and are at higher risk of mental health issues.
 - North Andover, Massachusetts, USA: We organized a global “Watts Pink for a Day” event that raised \$15,000 in support of the Susan G. Komen Foundation, a global nonprofit that invests in research to prevent and cure breast cancer.
- In 2022, we plan to implement U.S. supplier diversity guidelines for select U.S. sites to formalize our approach and increase our spending with diverse suppliers in the future.



Employees in North Andover, MA, USA celebrate Cinco de Mayo with a luncheon sponsored by Latin Americans at Watts Matter ERG

WATTS ERGs:

- Black Matters at Watts
- Women of Watts
- Pride Matters at Watts
- Latin Americans at Watts Matter
- Tech Matters at Watts
- Vets Matter at Watts

Talent Retention and Development

In 2021, the global labor market was extremely active with high voluntary turnover and escalating competition for talent. We implemented a number of measures to further distinguish Watts as an employer of choice and took several actions, including conducting a compensation market analysis, piloting flexible working arrangements, enhancing our focus on DEI, implementing recognition programs, and sharing tools to support employee development.

2021 HIGHLIGHTS



Compensation and Incentives: Following our 2021 U.S. pay equity assessment, we adjusted wages for hourly employees in the U.S. and Europe and implemented shift differential increases, hiring, and referral bonuses for employees to assist in the recruitment of production talent.



Work/Life Balance: In an effort to reduce employee overtime at production facilities, we increased and diversified recruiting efforts, including at technical schools and by expanding the number of recruitment agencies we source from. We also piloted a hybrid work and flexible work time policy at our North Andover and Andover corporate offices. The pilot was well received by our employees and has helped attract a broader talent pool. Moving forward, we plan to evaluate whether certain roles can be fully remote and which ones will remain on a hybrid schedule.



Employee Experience: In the U.S., we trained managers on how to nurture and retain their direct reports by identifying and facilitating growth opportunities. We also expanded our talent review process, a process to assess employee potential, to include more mid-level and junior employees.



Recognition and Appreciation: Our annual Connect Leadership Awards recognized individuals' accomplishments in helping Watts achieve strategic goals.



Engagement: An employee survey conducted in 2021 helped us gain insights on the topics of highest importance to our colleagues – in relation to both their personal desire to continue working at Watts and in achieving our business objectives. We also invested in vibrant social programming for employees, including celebrations for holidays and company-related milestones, volunteer events, and fitness competitions.

TRAINING AND DEVELOPMENT

We invest in our employees by providing opportunities that support them in enhancing their skills, competencies, and overall professional development. We offer a variety of in-person and virtual learning and development programs that, at all levels and regions, are designed to build and retain a strong global workforce. We encourage all managers and employees to include training and development goals as part of our annual performance management 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. Our best-in-class training educates our employees and customers in the proper use and installation of our product to maximize their benefits. In 2021, Watts employees completed more than 8,700 hours of online and in-person training.



EMPLOYEE RECOGNITION

We believe in recognizing teams and individual employees for their contributions – especially, those who go above and beyond their assigned duties. Our “Way to Go” Program recognizes exceptional team efforts that help to advance the Watts mission and embody our values, and our inventor recognition program recognizes an “invention,” 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. We also provide recognition and awards for trade secrets and prolific inventors.



The year 2021 was the most “innovative” year to date at Watts, with 33 employees receiving a total of nearly \$90,000 as part of the company’s Inventor Recognition and Award program. Since the inception of the program in 2017, 590 awards have been distributed, totaling more than \$334,000.

INTERNSHIP PROGRAM

Our student internship program aims to recruit, develop, and retain the next generation of top talent and future leaders at Watts. In 2021, 48 interns from across the U.S. participated. 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 the leadership teams.



As an intern on the New Product Development team at Watts Fort Worth, I had the opportunity to gain design, drafting, and hands-on testing and building experience through my work on the Lync Water Heater Skids. In my current role as a Production Engineer, I have been able to see the Lync Skids through to the production floor, giving me the chance to take part in a product's complete life cycle.



– Rebecca Nemeth, former intern

Co-Ops and Apprentices participate in key projects over a period of six to eight months to gain real-world experience and are paired with a mentor for guidance and support.

STRATEGIC TALENT REVIEW

Our approach to workforce planning provides a systematic framework that enables us to understand the current state of our global talent pool matched against current and future business needs and how we can solve for the gaps that may exist. Our Strategic Talent Review (STR) process assesses employee performance/potential, retention risk and impact, succession planning for key positions, and actions to facilitate employee development. This comprehensive approach to talent and succession allows us to have a deep understanding of our talent pool and their development needs, consider the company's future growth, and identify new positions that need to be filled to advance future business improvement and retain our current and future leaders. Our board of directors discusses succession planning at the executive level annually and periodically receives updates on significant developments.

In 2021, we accelerated our efforts to create greater succession depth throughout the organization by conducting deeper conversations on diversity and organizational mobility opportunities via the STR process. We believe this will help us identify successors faster and accelerate their readiness as future leaders. We have established quarterly talent meetings with our businesses following the STR process to discuss key talent and development actions. These conversations ensure shared accountability for identifying and executing the development and experiences needed for our key talent to progress in their careers with Watts.

TALENT MANAGEMENT SCORECARD

Talent Management Scorecards are produced monthly and presented to the Global Leadership Team for review. The scorecard highlights progress made on goals and initiatives across the HR function globally. It also provides an at-a-glance view of key metrics that are essential to retaining and developing a diverse global workforce, including headcount, turnover, hiring, internal fill rate, learning and development, engagement, culture, and new-hire diversity.

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 we encourage managers and their employees to have ongoing conversations throughout the year, our performance management process drives our ability to execute on our global strategy. Managers and employees collaboratively establish goals for the employee based on the cascaded goals of their leaders during the goal-setting phase of the annual performance management process. As year-end activities of this annual process begin, we ask employees to complete a self-assessment of their performance on their annual goals and culture behaviors, followed by a similar assessment by their manager. The outcome of this conversation can influence decisions on compensation and incentive rewards for the employee.

In 2021, eligible employees globally at Watts completed the performance review process.



WAY TO GO

A cross-functional team from two of our facilities in Europe helped ensure continued manufacturing of the COVID-19 vaccine after a failed actuator caused a production standstill at a major pharmaceutical facility. Once our team was notified, they acted quickly to identify the specialized replacement part within our inventory. The team then assembled and tested the part, and arranged an expedited delivery via taxi – a journey of roughly 800 km. Within 24 hours, the part was delivered and successfully assembled and mounted with the support of the Watts team. The pharmaceutical factory resumed full vaccine production within several hours, and the manufacturer expressed its gratitude for the quick and professional service given by Watts.

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. We power our One Watts Performance System (OWPS) through a collection of tools, processes, and behaviors that feed our continuous growth and potential as well as 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.

In 2021, employees were trained in the basics of our OWPS to simplify, standardize, and improve our work environment.



KAIZEN EVENTS AND GLOBAL REPORT-OUTS

We design Kaizen Events to drive meaningful improvements in critical areas that impact our customers and the efficiency of our operations. Driven by various lean methodologies, these cross-functional, multi-day improvement sessions enable a structured approach to problem-solving.

Six months following the conclusion of a Kaizen Event, we conduct a Global Kaizen Report-Out where Kaizen teams share the results and lessons learned to inspire other sites to drive continuous improvement within their facilities and operations. Leaders across the organization, including the Global Leadership Team, join report-outs and leverage learnings globally.

In 2021, more than 100 Kaizen Events linked to key performance indicator needs in the areas of safety, quality, delivery, cost, and growth were completed. Fifteen Global Kaizen Report-Outs were held to share lessons learned.

Quick Kaizens

Quick Kaizens are smaller-scale, incremental continuous improvement efforts that allow all employees at Watts to “fix what bugs them.” The Quick Kaizen Hub is a mobile-friendly, fully automated online portal that centralizes the company’s improvement activities. Multiple filtering capabilities allow for submissions to be tracked, searched, and benchmarked with ease. Each month, our Continuous Improvement Team announces the best submissions received and the site that submitted the most improvements. Winners receive a branded ‘wasteologist’ shirt and global recognition through various internal communication channels.

In 2021, Watts employees submitted more than 7,600 Quick Kaizens to the Hub, with more than half of all Quick Kaizens completed from areas outside of operations such as customer service,

IT, and accounting. The Quick Kaizen application has demonstrated the high engagement of our employees in improving their environment and workplace.

Blue Belt

Blue Belt is a special designation for our employees who have mastered the art of the Quick Kaizens. After training to learn how to detect and eliminate waste, an employee who logs three Quick Kaizens receives a Blue Belt certificate.

In 2021, more than 2,800 employees were trained to “fix what bugs them” and more than 1,100 were awarded a Blue Belt certificate.

Productivity Projects Pipeline

Throughout the year, we identify projects 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. We use a cloud-based project management system to capture, track, and monitor the progress of all activities. To drive accountability, we review annual productivity targets monthly at the site level, and across divisions, functions, and platforms – and, ultimately, with our Global Leadership Team. In 2021, our teams executed more than 1,700 productivity projects generating millions of dollars in savings.



In 2021, Watts employees submitted more than 7,600 Quick Kaizens to our Quick Kaizen Hub, an automated online portal that centralizes improvement efforts. More than 2,800 employees participated in Quick Kaizens, with more than 1,100 awarded a Blue Belt certificate for participating in three or more Quick Kaizens.



Community Impact

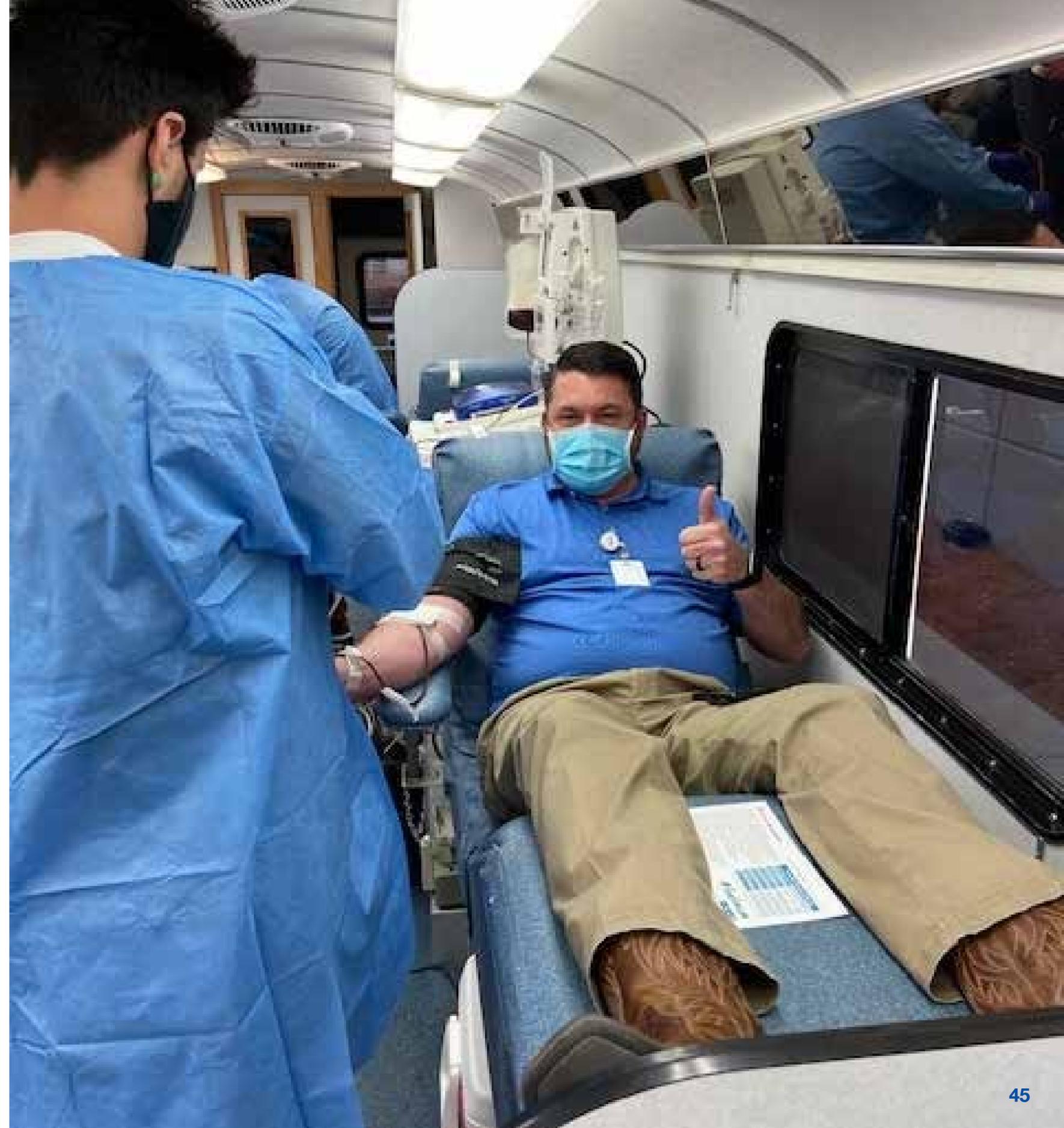
We strive to make a positive economic and social impact on our global community. During 2021, we supported those in need through donations to several non-profit charitable organizations and through our employees' volunteer efforts.

COMMUNITY INVOLVEMENT

- Plovdiv, Bulgaria, employees organized a blood drive to combat the low donation rate caused by COVID-19 and support local healthcare centers.
- Vernon, BC, Canada, employees volunteered with the Okanagan Similkameen Stewardship group to plant more than 400 indigenous species of trees and shrubs in a local park, which will help offset roughly 23 metric tons of CO2 over the next 20 years.
- Fort Worth, Texas, USA, employees worked with the Carter Blood Care Center Bus to donate blood following a severe weather event in Texas.
- St. Pauls, North Carolina, USA, employees marked the Dr. Martin Luther King Jr. Day of Service by sprucing up Sugar Memorial Park, where they previously had donated a picnic shelter.
- Andover, Massachusetts, USA, employees chose to donate \$10,000 in funding that had been earmarked for a holiday party to Lazarus House, a Lawrence, Massachusetts nonprofit serving people facing poverty, homelessness and food insecurity. Employees also contributed several large boxes of nonperishable food, personal care items and warm clothing to the organization.

EDUCATIONAL PARTNERSHIPS

- Export, Pennsylvania, USA, employees partnered with Saint Vincent College to support the Bearcat "B.E.S.T." Transition program, which provides professional development support and skills training for students with intellectual and developmental disabilities.
- San Antonio, Texas, USA, employees partnered with Upward Bound, a program within the U.S. Department of Education that connects low-income and/or first-generation students with mentoring, college, and career opportunities.
- North Andover, Massachusetts, USA, employees sponsored a Tech Challenge through The Water Council's Alliance for Water Stewardship, which provides creative thinkers with the opportunity to propose ideas and prototypes to major industry leaders and then provides the funding for the top projects.



FUNDRAISING AND VOLUNTEERISM

- Biassono and Gardolo, Italy, employees donated necessities, including food, hygiene products and clothing, to two local organizations supporting disadvantaged families.
- Franklin, New Hampshire, USA, employees brightened the holidays for 50 local children in need through gift donations to the Angel Tree Program.
- Burlington, Ontario, Canada, employees held a raffle to raise money for the Reach Out Centre for Kids, a nonprofit that provides mental health services to children and families who face systemic barriers and are at higher risk of mental health issues.
- Export, Pennsylvania, USA, employees launched the second “Ready to Serve” campaign, which pledged \$1 towards the National Restaurant Association Education Fund (NRAEF) for every Blue Hose kit purchased, and successfully reached its goal of \$20,000 in just two months.
- North Andover, Massachusetts, USA, headquarters donated \$32,000, some of which were matched employee contributions, to the American Red Cross to provide relief to communities recovering in the wake of Hurricane Ida.
- North Andover, Massachusetts, USA, headquarters organized a global “Watts Pink for a Day” event that raised \$15,000 in support of the Susan G. Komen Foundation, a global nonprofit that invests in research to prevent and cure breast cancer.
- Fort Worth, Texas, USA, and Blauvelt, NY, USA, 96 employees raised \$5,000 through their participation in “The Big Climb,” an event that generates financial support for the Leukemia and Lymphoma Society (LLS).
- Franklin, New Hampshire, USA, employees sponsored several local events such as Franklin Opera House’s “Summer Concerts in the Park” series, Mill City Park’s Winnepesaukee River Days, and the Franklin Animal Shelter’s annual 5K fundraising event.
- Spindale, North Carolina, USA, employees held a canned food drive in recognition of the Dr. Martin Luther King Jr. Day of Service, and more than 200 institutional-sized cans were collected and donated to a local homeless shelter.
- San Antonio, Texas, USA, employees donated 40 sets of bath, hand, and wash towels to a local organization, which were then given to people who could not afford proper hygienic care.
- Export, Pennsylvania, USA, employees raised more than \$10,000 for multiple sclerosis (MS) research during their fifth annual “Tee Off on MS” golf outing.
- Blauvelt, New York, USA, employees collected food for People to People, the region’s primary hunger-relief organization that helps individuals and families get back on their feet through development programs.
- Fort Worth, Texas, USA, employees donated \$2,500 to the Community Foodbank, which will generate more than 7,500 meals for those in need.



Global Engagements

Our ongoing partnership with the Planet Water Foundation supports the organization's work to bring clean water to the world's most impoverished communities through the installation of community-based water filtration systems and implementation of Water-Health and Hygiene Education programs. During 2021, we worked with Planet Water to fund the construction of six AquaTowers and AquaSan systems, which provided clean, safe drinking water for more than 10,000 people in Cambodia, India, Mexico, the Philippines, and Vietnam.

- On March 22, we supported nearly 2,000 community members of the Da Nhim Commune in Lam Dong, Vietnam, with clean water, sanitation supplies, and educational programming as part of World Water Day.
- On October 15, we partnered with Planet Water to provide clean drinking water, sanitation supplies, and educational programming to communities in Cambodia, India, Mexico, the Philippines, and Vietnam as part of Global Handwashing Day.



Corporate Governance



Corporate Governance

At Watts, we earn the trust of our many stakeholders through strong corporate governance and adherence to high ethical standards. We are committed to operating our business ethically, responsibly, and sustainably in order to create long-term value and opportunities for future growth. 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.

Governance and Accountability

Our board of directors continually works to improve the high ethical standards we promote and practice at Watts. The board has adopted our [Corporate Governance Guidelines](#) to assist and guide each of its nine members in serving in their director roles, and carrying out the many responsibilities within their charge.

In 2021, our board met four times and each committee of the board also met at least four times, with certain committees holding additional meetings as needed throughout the year. Each director attended at least three meetings (75%) of the board, and all committees of the board on which the director served. In addition, 100% of the board's membership attended the 2021 Annual Meeting of Stockholders, either in person or by telephone conference call.

We believe our board should be composed of directors who have the collective experience, qualifications, attributes, and skills required to make informed decisions, provide effective oversight, assess management's performance, and evaluate our strategic direction. Our board understands the important role diversity among its members has on our long-term success. In order to prioritize an increase in gender and racial diversity, all board member search processes include a requirement to identify and present a substantial number of qualified women and racially diverse candidates for the board's consideration.

WATTS BOARD OF DIRECTORS

Total Members:

9



Average Age: 61



Average Tenure: 7 years



Independent Directors: 7



Diverse Directors: 3/9



Directors With Experience in ESG Matters: 6/9



Committee Meeting Participation:

Audit (5), Governance and Sustainability Committee (formerly Nominating and Corporate Governance Committee) (4), Compensation (5)



Learn more about our board composition, responsibilities, and performance in our [2022 Proxy Statement](#).

Ethics, Integrity, and Transparency

We are committed to acting with integrity in every facet of our operations and strive to meet – and often exceed – applicable laws, regulations, and standards. We require all Watts directors, officers, and employees throughout all regions, which includes all subsidiaries globally, to adhere to our [Code of Business Conduct](#), a guide for applying our values to everyday actions and all business dealings, including with employees, suppliers, and other partners. When we follow our Code in our decisions and interactions, it allows us to Do the Right Thing, Always.

Now published in 15 different languages to reflect our global footprint, the Code is accessible via the company’s intranet and public website. Our Global Compliance Team regularly authors and distributes information through internal communications channels to promote awareness of the Code and timely related topics.

In addition to annual training, we require all employees to acknowledge the Code and its requirements and encourage them to raise questions and speak up if they observe conduct that violates it. Each year, we refresh our training by selecting different areas of focus, which in 2021 included EHS, unconscious bias, and bribery and anti-corruption. In 2022, new topics will include harassment and discrimination prevention, product safety and quality, fair competition, and insider trading.

99% In 2021, we met our goal to have 99% of employees complete our Code of Business Conduct training and acknowledge their adherence to the Code.

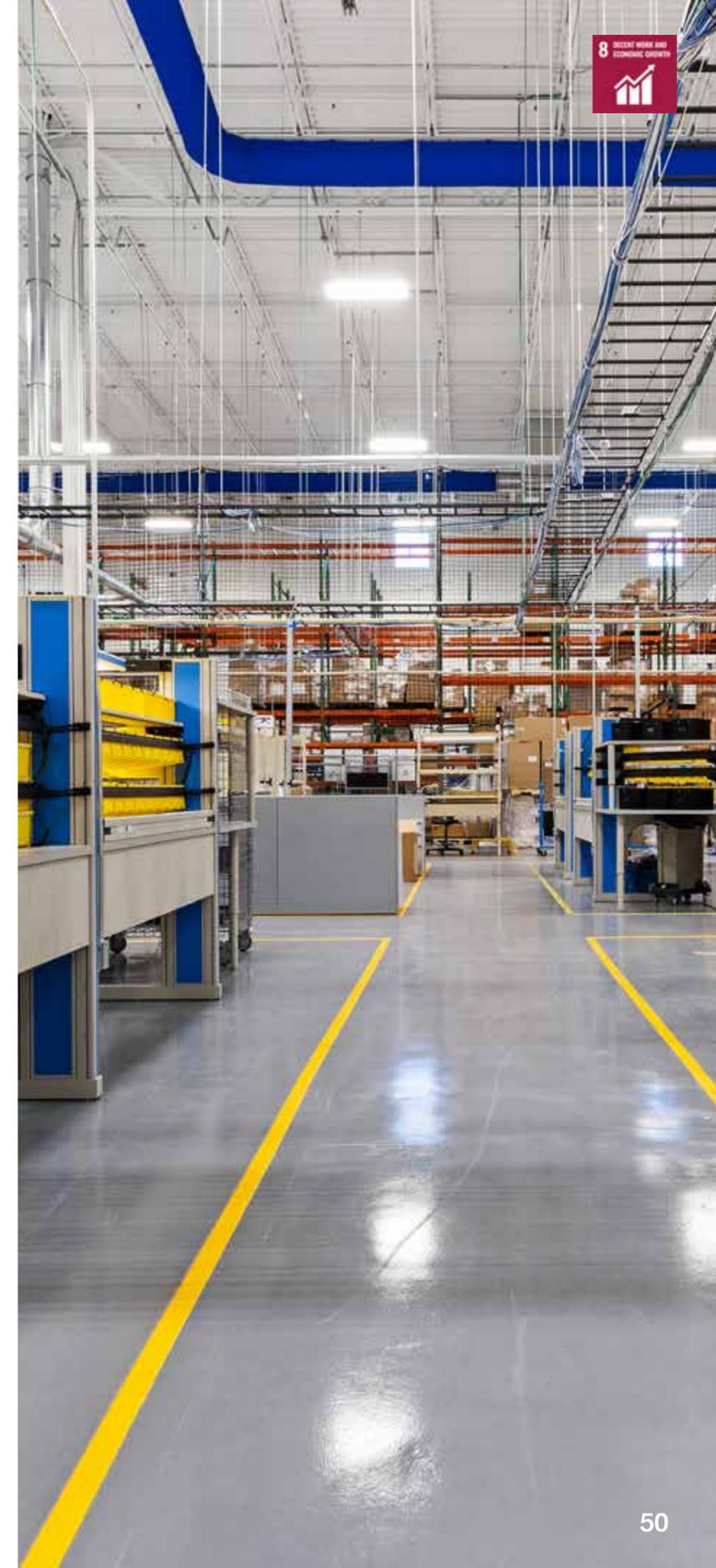
We also provide additional ethics and compliance training, both online and in person, throughout the year using a targeted approach that identifies positions, functions, and regions with a higher risk of potential incidents and in response to global trends and developments, and our own Hotline data. We also require select management and functional areas, including all employees director level and above 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, we conduct risk-based due diligence utilizing a multi-factor questionnaire, anti-corruption law notification and certification of compliance with such laws, and a continuous internationally denied parties search review. Based on questionnaire responses — in addition to automated risk-ranking through our third-party due diligence tool — we determine whether to further supplement the review with risk-based open-source investigations. Open-source investigations identify red flags, including business expertise, time in business, name variations, ownership, sanctions, embargoes, issues, politically exposed persons, entities, and persons on government watchlists, and any related events bearing on integrity.

The Compliance Team in each region then determines whether to approve going forward with the relationship or recommend further review and approval. Using our centralized third-party due diligence 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. We require all third parties to complete a certification agreeing to comply with all applicable anti-corruption laws.

We renew due diligence reviews for third parties every two years, but we conduct ongoing denied party list searches for all parties throughout the year, including multiple denied party list tools that reach ownership interests. 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 and address higher-risk third parties.



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 we review select compliance processes for evidence of fraud, corruption, or deficiencies, such as compliance with the U.S. Foreign Corrupt Practices Act. We also conduct routine audits of various policies and programs that compose our Global Compliance Program.

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 and Chief Sustainability Officer, is responsible for management and oversight of the ethics and compliance program. 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 and the Audit Committee, which share oversight for the Ethics and Compliance Program, regarding additional compliance and business ethics developments, including investigations, Ethics Hotline reports, and review status.

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 who perform work under government contracts and subcontracts or communicate with government entities in the U.S. 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.



In 2022, a global survey of our compliance program will further measure understanding and acceptance of compliance requirements and identify areas for enhancements.

PROTECTION POLICY

We encourage our employees to raise concerns about compliance, ethics, or business conduct without fear of negative consequences. Our Code specifically prohibits retaliation against anyone who reports a concern or participates in an investigation in good faith, 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 or participated in an investigation in good faith, will be subject to disciplinary action, including termination.

ANTI-CORRUPTION POLICIES

Our [Anti-Corruption Policy](#), last updated in 2020, is available in 14 languages and sets forth our zero-tolerance approach to bribery and corruption. Applicable to all Watts employees and subsidiaries globally, suppliers, and any third parties acting on our behalf, it prohibits the use of bribes, kickbacks, and other corrupt payments, including facilitation payments. Our [Global Business Courtesy Guidelines](#), which are available in 10 languages and detail the threshold levels at which employees must obtain approval for the receipt or gift of a business courtesy and the process for doing so, support our Anti-Corruption Policy. We apply various maximum thresholds based on the corruption risk profile of the country in which the business courtesy is being given or received to reflect different norms across our global footprint. All business courtesies involving any government officials anywhere must be submitted for preapproval.

No incidents of corruption were confirmed at Watts in 2021, nor were any legal actions regarding corruption brought against the company.

REPORTING CONCERNS

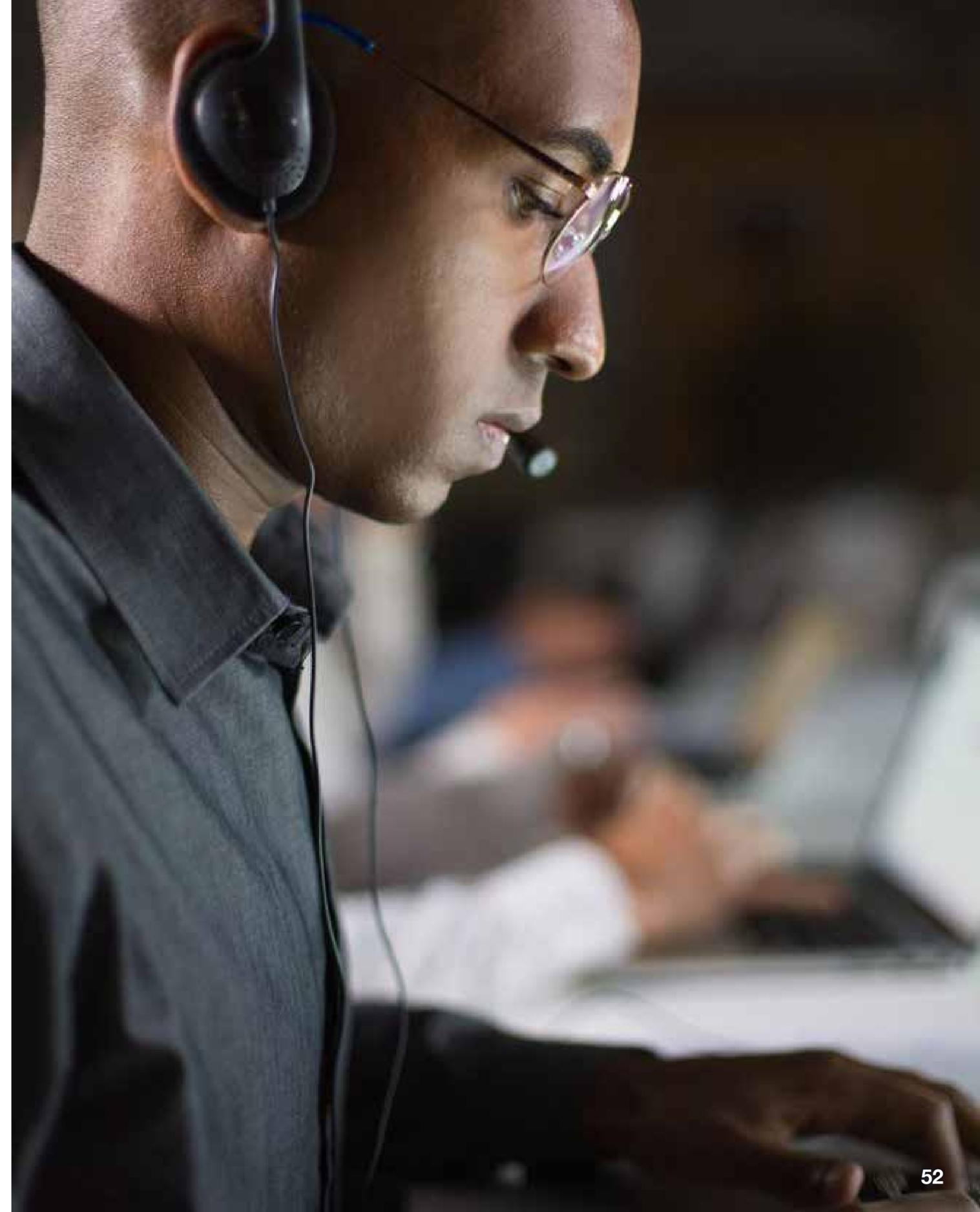
We regularly inform employees of the multiple avenues available to them to report ethics-related concerns, including to their manager/supervisor, HR, Internal Audit, Legal, Compliance, and our [Ethics Hotline](#), which is an independent, third-party, multilingual resource available 24 hours a day, seven days a week that allows employees to report anonymously and confidentially. This year, we updated our telephony system by providing dedicated in-country telephone numbers for each country in which we operate. These dedicated numbers provide multilingual support, including initial receipt of the report in the native language of the country from which the reporter is calling. Each of the numbers is listed on the website, and contact and access information is also provided in postings at each facility. In addition, in 2021 we conducted a global Ethics Hotline audit and refresher training to all employees, including how to access it, issue escalation, retaliation protections, and its importance to our broader compliance program.

The Deputy General Counsel/CCO reviews all Ethics Hotline matters and assigns them to an investigator. Primarily conducted by Human Resources and the Legal Department, investigations on these matters promptly take place by conducting interviews and collecting documentation in order to assess the validity of the report, with a goal of completing all investigations within 45 days of receipt. After the investigation is completed, the investigator reviews and documents the results and proposed actions, which in the case of a substantiated matter could include verbal and written coaching, verbal and written warnings, suspensions, or termination, which the Legal Department reviews before closing the matter. We report all matters 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 the Hotline and receives notifications of any matters submitted through the Ethics Hotline. All allegations of retaliation and whistleblower protection for reporting matters of concern or participating in an investigation are directed to, and addressed independently by, the Legal department at Watts Water.

Each year, we review the number of Ethics Hotline reports against an annual benchmarking report produced by Navex Global, a recognized leader in risk and compliance management software and the independent operator of our Ethics Hotline.



In 2021, the number of reports received by our Ethics Hotline was demonstrative of a healthy and effective Hotline according to the Navex Global benchmark.



Privacy and Cybersecurity

At Watts, we believe that protecting the security, integrity, and confidentiality of our stakeholders' data and privacy is critical to building and maintaining their trust. In addition to protecting the confidentiality and integrity of information, maintaining a robust cybersecurity program is also a foundational component of our business continuity strategy.

Our [Privacy Policy](#) informs users — of our website, mobile and desktop applications, and connected devices and services — about the data we collect from them and how we use it. 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. We also take measures to protect consumer privacy by aggregating data and anonymizing personal information.

We designed our global cybersecurity program to effectively prevent, detect, and respond to cybersecurity threats, and preserve the security and integrity of our information technology systems. Overseen by our Information Security Officer, who reports to our Chief Information Officer, our cybersecurity program aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework, a voluntary framework of guidance and best practices used widely across industries. We also partner with leading cybersecurity companies to assess and regularly test our security controls, incorporating feedback into our strategy, policies, and practices. We provide mandatory quarterly security training to all employees to further protect Watts and its employees against evolving cybersecurity risks.

OVERSIGHT AND ACCOUNTABILITY

The board of directors and Audit Committee receive regular updates from management on its approach to cybersecurity, as well as reports from the Chief Information Officer and Information Security Officer on our business and product security programs, risk management and risk profile, and the status of programs to strengthen the company's cybersecurity posture. The Audit Committee's charter was amended to add review and oversight of information security issues to the committee's general governance and oversight responsibilities. Our Cybersecurity Council, comprised of senior leaders, reviews and assesses security risks and issues from a business and technology perspective across all organizations within Watts.

Responsible Supply Chain

Our supply partners play an integral role in helping us deliver value to our customers, providing critical materials and services that support the production of finished goods throughout our global operations. We commit to preventing and mitigating social and environmental impacts in our supply chain, as well as partnering with suppliers that share our values and high standards of ethical business conduct.

In 2021, the impact of the COVID-19 pandemic continued to create a diverse range of supply chain challenges that disrupted both the production and flow of materials across our supply chain and logistic platforms. Over the past two years, we have become less dependent on sole sources while maintaining our commitment to having one of the most reliable and responsible supply chains in the industry.

With our standard procurement terms and conditions, we require Watts suppliers to comply with our standards for business conduct, product quality, and sustainability as outlined in our [Supplier Quality Manual](#) (now available in six languages), our [Code of Business Conduct](#) and our [Supplier ESG Standards](#). These requirements also include compliance with all applicable international human rights standards, as specified by local laws and regulations, and are integrated into our standard procurement terms and conditions and our anti-corruption due diligence processes. Our suppliers are also required under our standard procurement terms and conditions to comply with our [Anti-Corruption Policy](#), our [Global Anti-Human Trafficking Policy](#) and our [Conflict Minerals Policy](#), and are expected to require these same standards of their own suppliers.

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

- Safeguard human life by providing safe working conditions for all employees, customers, and contractors.
- Respect the protection of international human rights as specified by local laws, including laws prohibiting discrimination, child labor, forced

labor, and human trafficking. This includes laws such as the UK Modern Slavery Act, the California Transparency in Supply Chains Act of 2010, and alignment with our Supplier ESG Standards and the international frameworks embodied in those standards, such as the ILO's 1998 Declaration on Fundamental Principles and Rights at Work.

- 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.
- Keep the supply chain intact by complying with all applicable national, regional, state, and local laws and regulations governing the environment, as well as health and safety, in the countries in which they operate.

Our Vice President of Global Sourcing, together with our sourcing and procurement teams, is responsible for oversight of our responsible supply chain program, and the selection of reputable and qualified sources. Whenever possible, we work with local suppliers, meaning that the buying entity and the supplier are located in the same country.

QUALITY AUDITS

Through our Supplier Quality Audit Program, we work with our suppliers on quality corrective action plans to remediate issues of non-compliance and re-audits to check on improvements. We track nonconformances 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. We also measure suppliers for performance via monthly scorecards issued by Watts and compared to similar operations within the same manufacturing methods to align with best practices.

701

In 2021, we audited 701 suppliers, which represents 30% of our global supplier footprint, and the addition of 138 new suppliers to the program, an increase of 25% over 2020.



SUSTAINABILITY ASSESSMENTS

Within our Supplier Quality Audit program, we conducted 78 sustainability-focused assessments of suppliers in 2021. These assessments allow us to survey more deeply ESG performance among our suppliers, including workplace conditions, respect for human rights, supply chain mapping of conflict minerals, and the use of substances of concern. We partnered with the National Science Foundation – International Strategic Relations to assist Watts employees with these ESG assessments of select key strategic suppliers during the first year of this program.



In 2022, we are targeting approximately 30% of our global annual spend with sustainability assessments, along with our identified key strategic supply partners.

After a successful deployment of the Dun & Bradstreet ESG Rating Service on a trial basis with select suppliers in 2021, we have expanded our use of the service to include initial supplier selection and supplier review processes. The service is a web-based ratings platform that assesses the ESG operations of suppliers across 70 key topics, including through peer benchmarking and using leading sustainability frameworks such as Sustainability Accounting

Standards Board (SASB), Global Reporting Initiative (GRI), United Nations' Sustainable Development Goals (UN SDGs), Task Force on Climate-related Financial Disclosures (TCFD), and United Nations Principles for Responsible Investment (UN PRI). The tool provides us with a deeper understanding of supply chain sustainability risks. We are continuing to expand deployment of this resource to include suppliers representing approximately 30% of our global annual spend in 2022.

Also in 2022, we published our [Supplier ESG Standards](#) and began requiring our suppliers to acknowledge and certify their conformance with our [Code of Business Conduct](#) and with these Supplier ESG Standards. We aligned the standards with the ten principles of the U.N. Global Compact, the U.N. Guiding Principles on Business and Human Rights, and the ILO's 1998 Declaration on Fundamental Principles and Rights at Work. In 2022, we are targeting 77% of our suppliers — representing more than 99% of our global annual spend — with this certification process.



In 2022, we are targeting 77% of our suppliers — representing more than 99% of our global annual spend — with certification of compliance with our ESG Standards.

CONFLICT MINERALS

The most common raw materials found in our products are 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.

We require our suppliers to comply with our [Conflict Minerals Policy](#), which includes disclosing the use of conflict minerals, exercising due diligence on the source and chain of custody of these metals, and implementing corrective action if we identify a reasonable risk of violation. In 2021, we partnered with Assent Compliance, Inc., a global leading supply chain compliance partner, to enhance our analysis of the scope of our 3TG supply base and to deploy our 3TG supplier surveys. Through these efforts we were able to expand our 3TG survey to cover a total of 558 suppliers, an increase of 265 from 2020. We achieved a response rate of 77% from such suppliers in 2021. Our [2021 Conflict Minerals Report](#) is available on our website.

PUBLIC POLICY & ADVOCACY

We are committed to engaging with policymakers and sharing industry knowledge to advance our mission of improving the comfort, safety, and quality of life for people around the world through our expertise in water technologies. This includes partnering with a variety of industry organizations globally. For more details, please refer to p. 87.

Our advocacy on water safety dates back to the 1930s when Watts was recognized as the national leader on industry education. This advocacy has continued throughout our company's history. For more details, please refer to p. 8.

POLITICAL CONTRIBUTIONS

Watts does not make contributions to political organizations, causes, candidates, or campaigns. As such, the company made no political contributions in 2021. 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

Appendix

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About this Report

This Sustainability Report is the sixth annual publication of its kind for Watts Water Technologies, Inc. It highlights our commitment to sustainability and provides information about the progress we are making to promote a sustainable and prosperous future through responsible business practices across the dimensions of 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 2021 Sustainability Report was formally reviewed by our:

- Global Sustainability Task Force
- Executive Leadership Team
- Environment, Health, Safety, and Sustainability Steering Committee
- General Counsel and Chief Sustainability Officer

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,” as well as the Sustainability Accounting Standards Board (SASB). In many cases we have enhanced existing disclosures and have also disclosed new information in this year’s report and appendix.

Additional information about our ESG performance is available in our [2021 Annual Report](#), [Form 10-K](#) and [Proxy Statement](#), and on our company [website](#). We welcome your feedback 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 Index

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	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 almost 150 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 help purify and conserve water. For a more detailed description of Watt's business see pp. 6-8 of the 2021 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. 24 of the 2021 Form 10-K .
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: <ul style="list-style-type: none"> • Wholesalers • Specialty <ul style="list-style-type: none"> • High-efficiency boilers and water heaters, water filtration and conditioning products, specialty floor and tile products, and food service products • Original Equipment Manufacturers (OEMs) <ul style="list-style-type: none"> • 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 our customers and markets see p.5 of the 2021 Form 10-K .
GRI 102-7	Scale of the organization	In 2021, Watts employed a total of 4,585 people across 42 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 \$): 1,809 M Americas: 67% Europe: 28% APMEA: 5% For a more detailed description of the scale of our organization see p. 31 of the 2021 Form 10-K .
GRI 102-8	Information on employees and other workers	Diversity Profile, p. 92, 2021 Sustainability Report Appendix

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 102-9	Supply chain	<p>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 are committed to partnering with suppliers who share our values and high standards of ethical business conduct and operate in an economically, socially, and environmentally responsible manner.</p> <p>For a more detailed description of our supply chain see p. 54 of the 2021 Sustainability Report.</p>
GRI 102-10	Significant changes to the organization and its supply chain	<p>In 2021, the impact of the coronavirus pandemic created a diverse range of supply chain challenges that disrupted both the production and flow of materials across our supply chain and logistics platforms worldwide. At Watts, we placed significant focus on risk management and risk mitigation, but during the pandemic, unprecedented challenges demanded that we pivot and creatively rethink our sourcing strategy to ensure both short term and long term success. During the pandemic, our supply base and our spend increased, and we became less dependent on sole sources. With a focus on quality, delivery, the environment, climate change, and diversity, equity, and inclusion we continue to broaden our commitment to having one of the most reliable and responsible supply chains in the industry as we respond and react to the ever-changing markets in which we operate.</p> <p>For more information regarding disruptions to our supply chain in 2021 see p. 4 of the 2021 Form 10-K</p>
GRI 102-11	Precautionary, principle or approach	<p>Environmental Stewardship Watts adheres to the principle of the EHS&S Policy Statement that conforms 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. For more information regarding sustainability audits, see p. 15 and 55 of the 2021 Sustainability Report.</p> <p>Business Continuity Planning 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 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. For more information regarding our approach to climate-related business risks and opportunities, see p. 15-22 of the 2021 Sustainability Report, and for more information regarding risk assessment and management, see pp. 15-20 of the 2021 Form 10-K.</p> <p>Supply Chain Compliance 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. We require each supplier location to have a quality management system that meets our quality standards, and all suppliers are subject to initial qualification assessments, routine audits, quality process checks, and corrective action plans, when necessary. In 2021, we audited 701 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 identified 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 Conduct training, which has included training on the company’s supplier standards and fair labor practices. For more information on supplier management, please see our Supplier Quality Manual, p. 9.</p> <p>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, U.K. Bribery Act, and other anti-bribery laws, rules, and regulations – even if it is contrary to local customs and practices. In addition, we conduct routine audits of various policies and programs that compose our Global Compliance Program, including:</p> <ul style="list-style-type: none"> • 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 STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 102-12	External initiatives	In 2022 Watts became a participant in the UNGC. In 2021, the company participated in The Water Council's corporate water stewardship accelerator program. For more information see p. 19 of the 2021 Sustainability Report. To advance its mission, Watts partners with a variety of industry organizations and associations around the world, participating in several as a member, on committees and/or providing additional funding beyond traditional membership dues. A complete membership list can be found on p. 87-88 of the 2021 Sustainability Report Appendix.
GRI 102-13	Membership of associations	To advance its mission, Watts partners with a variety of industry organizations and associations around the world, participating in several as a member, on committees, and/or providing additional funding beyond traditional membership dues. A complete membership list can be found on p. 87-88 of the 2021 Sustainability Report Appendix.
Strategy		
GRI 102-14	Statement from senior decision-maker	Message from the CEO and President, p. 3, 2021 Sustainability Report
GRI 102-15	Key impacts, risks, and opportunities	See p. 9-10 (ESG Strategy/Materiality) and p. 26 (Handprint introduction) of the 2021 Sustainability Report, p. 90 of the 2021 Sustainability Report Appendix, and pp. 15-20 of the 2021 Form 10-K .
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: <ul style="list-style-type: none"> • 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 For more information see the Ethics and Compliance section on p. 50 of our 2021 Sustainability Report.
GRI 102-17	Mechanisms for advice and concerns about ethics	We regularly inform employees of the multiple avenues available to them to report ethics-related concerns, including to their manager/supervisor, HR, Internal Audit, Legal, Compliance, and our 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. Training on the Ethics Hotline covers the basics of how to utilize it, what happens when a matter is submitted, and its importance to our broader compliance program. All Ethics Hotline matters are reviewed by the Deputy General Counsel/Chief Compliance Officer and assigned to an investigator. Matters are promptly investigated by conducting interviews and collecting documentation in order to assess the validity of the report, with a goal of completing all investigations within 45 days of receipt. After the investigation is completed, the investigator reviews and documents the results and proposed actions, which in the case of a substantiated matter could include verbal and written coaching, verbal and written warnings, suspensions, or termination. 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 the Hotline and is notified of any matters submitted through the Ethics Hotline. All allegations of retaliation and whistleblower protection for reporting matters of concern or participating in an investigation are directed to, and addressed independently by, the Legal department at Watts Water. Each year, we review the number of Ethics Hotline reports against an annual benchmarking report produced by Navex Global, a recognized leader in risk and compliance management software and the independent operator of our Ethics Hotline. In 2021, the number of reports received by our Ethics Hotline was demonstrative of a healthy and effective Hotline according to the Navex Global benchmark. For a comprehensive overview of our commitment to Ethics, Integrity, Transparency see p. 50 of the 2021 Sustainability Report. Our Code of Business Conduct is available on our website.

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
Governance		
GRI 102-18	Governance structure	<p>Board of Directors Christopher L. Conway Michael J. Dubose David A. Dunbar Louise K. Goeser W. Craig Kissel Joseph T. Noonan Robert J. Pagano, Jr. Merilee Raines Joseph W. Reitmeier</p> <p>Board Committees Audit Committee Governance & Sustainability Committee Compensation Committee</p> <p>The board has adopted our Corporate Governance Guidelines to assist and guide each of its 9 members in serving in their director roles, and carrying out the many responsibilities within their charge.</p> <p>For more information regarding governance structure, roles and composition of the board, see p. 49 of the 2021 Sustainability Report, p. 12-15 of the 2021 Form 10-K, and our 2022 Proxy Statement.</p>
GRI 102-19	Delegating authority	<p>Our board, primarily through its Governance and Sustainability Committee, provides oversight of the Company’s approach to sustainability and corporate social responsibility. In addition, our Compensation Committee oversees the Company’s approach to improving diversity, equity, and inclusion as well as talent development. The board and its committees regularly discuss with management our approach to sustainability, including risks and opportunities, and implications for the company’s strategy.</p> <p>For more information on Board Governance please see p. 49 of the 2021 Sustainability Report.</p>
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	<p>Our board of directors has overall authority and responsibility for our sustainability efforts. In addition to general board oversight, our Governance and Sustainability Committee is primarily responsible for oversight of governance matters, the Compensation Committee is responsible for oversight of human capital issues and the Audit Committee is responsible for oversight of our corporate ethics and compliance program. At the management level, our General Counsel and Chief Sustainability Officer, who reports directly to our Chief Executive Officer, has general oversight responsibility for all sustainability matters. Our General Counsel and Chief Sustainability Officer also chairs our global Sustainability Steering Committee, which is made up of senior company leaders and is responsible for formulating our sustainability strategy and overseeing the execution of our environmental, social and governance initiatives.</p> <p>For more information regarding executive-level responsibilities for economic, environmental, and social topics see p. 13, ESG Governance, 2021 Sustainability Report</p>
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	<p>Sustainable business practices and products are essential to creating financial and non-financial value for our stakeholders. We believe that embedding sustainability into our products, operations and governance benefits our company and its diverse external stakeholders, including customers, investors and non-governmental organizations (NGOs). We completed a materiality assessment in September 2021 to inform our future strategy and action. This assessment helped us identify, evaluate and stratify numerous ESG topics that impact our business and its stakeholders, including ESG-related risks and opportunities as we execute on our growth strategy, as well as societal trends that may impact our ability to create long-term value and respond to external stakeholder demands and expectations.</p> <p>For more information about how we engage stakeholders on ESG topics see p. 13 of our 2021 Sustainability Report and p. 85-86 of the 2021 Sustainability Report Appendix.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 102-22	Composition of the highest governance body and its committees	<p>Our board of directors has overall authority and responsibility for our ESG strategy and performance. This includes governance oversight by our Governance and Sustainability Committee; oversight of human capital matters by our Compensation Committee; and oversight of our corporate ethics and compliance program by our Audit Committee.</p> <p>Watts Board of Directors Total Members: 9 Average Age: 61 Average Tenure: 7 years Independent Directors: 7 Diverse Directors: 3/9 Directors with Experience in ESG matters: 6/9 Committee Meeting Participation: Audit (5), Governance (4), Compensation (5)</p> <p>For more information about our board of directors and committees, see our board of directors page. Committee descriptions, composition and responsibilities are available in our 2022 Proxy Statement, pp. 17-20</p>
GRI 102-23	Chair of the highest governance body	<p>W. Craig Kissel was chairperson of the board of directors until Robert J. Pagano Jr. replaced him in February 2022.</p> <p>For more information see our board of directors page.</p>
GRI 102-24	Nominating and selecting the highest governance body	<p>The composite skills of the board members and the ability and willingness of individual board members to complement each other and to rely on each other's knowledge and expertise should produce informed board members who are not afraid to disagree and who can intelligently assess management's performance and evaluate our strategic direction. In considering whether to recommend any candidate for nomination to the board, including candidates recommended by stockholders, the Governance and Sustainability Committee must be satisfied that the recommended nominee has, at a minimum:</p> <ul style="list-style-type: none"> • the highest personal and professional integrity; • sound business and strategic judgment; • the ability to devote sufficient time and energy to the board; and • the ability and willingness to challenge management while refraining from assuming management's role. <p>For more information see pp. 20-21 of our 2022 Proxy Statement.</p>
GRI 102-25	Conflicts of interest	<p>We have a Conflicts of Interest Policy publicly available on our website. We also require select management and functional areas, including all employees director-level and above to complete an annual Conflict of Interest certification and disclosure, stating they have read, understand, and will comply with our Conflict of Interest policy.</p> <p>Our board has also adopted a written Related Persons Transaction Policy which requires review of transactions with related persons. This policy covers, but is not limited to, the related party transactions and relationships required to be disclosed under SEC rules. See pp. 23-24 of our 2022 Proxy Statement.</p> <p>For more information see the Governance section, p. 50 of the 2021 Sustainability Report.</p>
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	<p>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).</p> <p>The board has adopted our Corporate Governance Guidelines to assist and guide each of its 9 members in serving in their director roles, and carrying out the many responsibilities within their charge, including, but not limited to:</p> <ul style="list-style-type: none"> • Monitoring overall company performance, and the integrity of our financial controls and legal compliance procedures • Appointing executive officers, and overseeing succession planning, and our executive officers' performance and compensation • Supervising the development of operating, financial and other corporate plans, strategies and objectives • Overseeing our approach to sustainability and corporate social responsibility • 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

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 102-27	Collective knowledge of highest governance body	For information on the expertise present in our board of directors, see p. 20-23 of our 2022 Proxy Statement .
GRI 102-28	Evaluating the highest governance body's performance	Our board of directors evaluates the board's own performance, as well as the effectiveness of its three standing governance committees, annually. For more information see p.16 and p. 19 of the 2022 Proxy Statement and our Corporate Governance Standards .
GRI 102-29	Identifying and managing economic, environmental, and social impacts	See ESG Strategy & Materiality, p. 9-10 2021 Sustainability Report Risk Factors, p. 13-15 of the 2022 Proxy Statement .
GRI 102-30	Effectiveness of risk management processes	<p>Management and our internal audit team conduct annual risk assessments to evaluate corruption and bribery-related risks at all Watts locations and operations globally. Our teams 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.</p> <p>The Audit Committee, chaired by Director Merilee Raines, 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:</p> <ul style="list-style-type: none"> • Overseeing the integrity of financial statements • Evaluating compliance with legal and regulatory requirements • Managing systems of internal control over financial reporting • Overseeing internal audit function • Evaluating and/or reviewing the performance of internal audit function • Overseeing the effectiveness of internal control structure • Reviewing management's assessment and management of risk • Managing qualification, independence and performance of independent auditor • Evaluating management's approach to cybersecurity assessment and risk mitigation • Forming "whistle-blowing" procedures <p>For more information see Governance & Accountability section on p. 49 of the 2021 Sustainability Report. For information on board committee oversight see p. 18 of the 2022 Proxy Statement.</p>
GRI 102-33	Communicating critical concerns	For more information see ESG Governance, p. 13 of the 2021 Sustainability Report
Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	Stakeholder Engagement, p. 13 of the 2021 Sustainability Report
GRI 102-41	Collective bargaining agreements	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		<p>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 (ELT).</p> <p>In 2021, Watts had approximately 1,666 employees worldwide who were represented by unions, collective bargaining agreements or works councils. That is approximately 36% of our total workforce.</p>
GRI 102-42	Identifying and selecting stakeholders	<p>Our diverse stakeholders around the world play 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.</p> <p>For more information regarding identification of and engagement with our Key Stakeholders see p. 13 and 85 of the 2021 Sustainability Report.</p>
GRI 102-43	Approach to stakeholder engagement	<p>We are committed to stakeholder engagement as an integral component of our ESG Strategy. Regular and open dialogue with our employees, investors, customers, suppliers, governments, local communities, and others allows us to gain an understanding of the key issues that require collaboration to achieve our highest level of ESG performance. Through our materiality process in 2021, Watts conducted a worldwide survey of connected employees on an ESG materiality survey, along with one-on-one interviews with key stakeholder groups such as investors, NGOs, customers and validated results materiality assessment with members of the ELT.</p> <p>For more detailed information about our methods of engagement, see p. 13 of the 2021 Sustainability Report.</p>
GRI 102-44	Key topics and concerns raised	<p>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. Watts developed a universe of material ESG topics in our industry & sub-industry through benchmarking. We then identified topics recognized as important by peers, customers, ESG standard setters, ESG ratings agencies, and megatrends.</p> <p>For more information regarding key topics and concerns raised with stakeholders see p. 10 of the 2021 Sustainability Report.</p>
GRI 102-45	Entities included in the consolidated financial statements	Watts Water Technologies, Inc. and Subsidiaries
Reporting Practice		
GRI 102-46	Defining report content and topic boundaries	<p>In order to address the principle of materiality, Watts undertook 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 our key focus areas, Watts has selected and prioritized material topics using a materiality matrix. Through communication and engagement with all our key stakeholder groups, 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, topics considered as material for Watts were included in our 2021 Sustainability Report.</p> <p>See About this Report, p. 57 of our 2021 Sustainability Report</p>
GRI 102-47	List of material topics	See Materiality, p. 10 of our 2021 Sustainability Report, and p. 90 of the 2021 Sustainability Report Appendix
GRI 102-48	Restatements of information	No restatements of information within the 2021 Sustainability Report with respect to our previous report.

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 102-49	Changes in reporting	<p>Through the application of the Materiality Principle in the Sustainability Report 2021, we have added further to our reporting on material topics. For more information, see Materiality, p. 10, 2021 Sustainability Report.</p> <p>We have also provided additional reporting in alignment with SASB, available on p. 79, 2021 Sustainability Report Appendix, and the UN Sustainable Development Goals, on p. 11 of the 2021 Sustainability Report.</p> <p>In 2021 we closed three sites for which Watts had operational control. These three sites are included in environmental data reporting for 2021, but will not be reported on in following years.</p>
GRI 102-50	Reporting period	01.01.2021 - 12.31.2021
GRI 102-51	Date of most recent report	2020 Sustainability Report
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	Questions or comments should be directed 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 and includes some additional GRI material topic disclosures to provide additional context on the company operations and performance. This is part of our expanded effort to increase transparency & disclosure of information provided in our sustainability reporting, which includes full indexes for the GRI, the Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals, all available in the appendix of this report. We have joined the United Nations Global Compact and will incorporate Communications on Progress into our sustainability annual reporting starting next year.
GRI 102-55	GRI content index	GRI Index, p. 65, 2021 Sustainability Report Appendix
GRI 102-56	External assurance	<p>No third party external assurance of our 2021 Sustainability Report has taken place.</p> <p>Verification of environmental data can be found on p. 94 of the 2021 Sustainability Report Appendix.</p>
GRI 205: Anti-corruption		
GRI 103-1, 2, 3	Management approach	<p>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 facilitation payments, and hotline and issue escalation. Employees are encouraged to report any violations to the Legal Department or through our Hotline, so that they can be investigated and properly resolved.</p> <p>Management, including the compliance function and our internal audit team, conduct annual risk assessments to evaluate corruption and bribery-related risks. Our other audits include: bi-annual due diligence policy review; quarterly business courtesy 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.</p> <p>Before entering into new business relationships with third parties acting on our behalf, we conduct risk-based due diligence utilizing a third-party automated risk-ranking tool, which is based on Transparency International's Corruption Perception Index (CPI), the industry at issue, and the geographic region. The tool incorporates a multi-factor questionnaire, anti-corruption law notification, and certification of compliance with such laws. 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.</p> <p>For more information see the Ethics, Integrity & Transparency section on p. 50 of our 2021 Sustainability Report.</p>
GRI 205-1	Operations assessed for risks related to corruption	<p>Ethics, Integrity, and Transparency section, p. 50, 2021 Sustainability Report</p> <p>GRI 205: Anti-Corruption (Management approach GRI 103-1,2,3), p. 65, 2021 Sustainability Report Appendix</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE												
GRI 205-2	Communication and training about anti-corruption policies and procedures	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. For more information see the Ethics, Integrity, and Transparency section on p. 50 of our 2021 Sustainability Report.												
GRI 205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption were confirmed at Watts in 2021, nor were any legal actions regarding corruption brought against the company.												
GRI 206: Anti-competitive Behavior														
GRI 103-1, 2, 3	Management approach	Ethics, Integrity, and Transparency, p. 50 of the 2021 Sustainability Report												
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no incidents of specifically anti-competitive, anti-trust, or monopoly practices												
GRI 301: Materials														
GRI 103-1, 2, 3	Management approach	<p>The most common raw materials found in our products are 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. We require our suppliers to comply with our Conflict Minerals Policy, which includes disclosing the 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, exercising due diligence on the source and chain of custody of these metals by working with their suppliers to develop an understanding of the origin of these metals, and implementing 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.</p> <p>From raw materials through production, we are continuously evaluating ways to extend the useful life of our products. Our philosophy is to create safe, efficient, long-lasting products made with high-recycling-value materials wherever possible. Our 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. 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.</p> <p>See our Conflict Minerals Policy here.</p>												
GRI 301-2	Recycled input materials used	<p>Our BLÜCHER and AERCO products use post-consumer recycled stainless steel.</p> <table border="1"> <thead> <tr> <th>RECYCLING AND REUSE</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Metal Scraps and Chips Recycling (Kg)</td> <td>5,000,000</td> <td>6,929,846</td> </tr> <tr> <td>Plastic Re-grind Reuse (Kg)</td> <td>88,084</td> <td>215,366</td> </tr> <tr> <td>Global Electronic Waste Recycling (Kg)</td> <td>230</td> <td>3,453</td> </tr> </tbody> </table>	RECYCLING AND REUSE	2020	2021	Metal Scraps and Chips Recycling (Kg)	5,000,000	6,929,846	Plastic Re-grind Reuse (Kg)	88,084	215,366	Global Electronic Waste Recycling (Kg)	230	3,453
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Global Electronic Waste Recycling (Kg)	230	3,453												
GRI 302: Energy														
GRI 103-1, 2, 3	Management approach	We are committed to mitigating the impact on the environment through continuous improvement of our manufacturing and business operations. To achieve this, we comply with all applicable laws, regulations and standards related to energy efficiency, emissions, energy use and consumption. We routinely engage with facilities and other personnel to enhance data collection, track key performance metrics, and identify and implement projects to meet our eco-efficiency reduction goals.												

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE																		
GRI 302-1	Energy consumption within the organization	<table border="1"> <thead> <tr> <th>ENERGY CONSUMPTION</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>ELECTRICITY (kWh)</td> <td>65,085,079</td> </tr> <tr> <td>NATURAL GAS (M3)</td> <td>5,843,411</td> </tr> <tr> <td>PROPANE (Liter)</td> <td>174,133</td> </tr> <tr> <td>DIESEL (Liter)</td> <td>32,408</td> </tr> <tr> <td>ACETYLENE (M3)</td> <td>36</td> </tr> <tr> <td>PROPYLENE (Liter)</td> <td>23,619</td> </tr> <tr> <td>TOTAL ENERGY (MWH)</td> <td>129,856</td> </tr> <tr> <td>ENERGY ECO-EFFICIENCY (MWH/\$1M)</td> <td>71.78</td> </tr> </tbody> </table>	ENERGY CONSUMPTION	2021	ELECTRICITY (kWh)	65,085,079	NATURAL GAS (M3)	5,843,411	PROPANE (Liter)	174,133	DIESEL (Liter)	32,408	ACETYLENE (M3)	36	PROPYLENE (Liter)	23,619	TOTAL ENERGY (MWH)	129,856	ENERGY ECO-EFFICIENCY (MWH/\$1M)	71.78
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		Please see p. 82 for historical environmental data.																		
GRI 302-3	Energy intensity	71.78 MWH/\$1M Please see p. 82 for historical environmental data.																		
GRI 302-4	Reduction of energy consumption	Energy consumption increased from 2020 to 2021 by 6,263 MWh. This is due to company growth as reflected in increased revenue. Despite the total increase, our energy intensity/eco-efficiency has improved as has our use of renewable energy. A comprehensive overview of our 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. 21-22 of the 2021 Sustainability Report.																		
GRI 302-5	Reductions in energy requirements of products and services	See Improving Energy Efficiency section, p. 31, 2021 Sustainability Report																		
GRI 303: Water and Effluents																				
GRI 103-1, 2, 3	Management approach	We are committed to minimizing pollution and protecting water resources through responsible and efficient withdrawal, consumption, and discharge across all our operations. To achieve this, we comply with all applicable laws, regulations, and standards related to global water stewardship. Our goal is to enhance employee health and safety, understand water risk in the communities in which we operate, and engage relevant local stakeholders. We routinely engage with facilities and other personnel to enhance data collection, track key performance metrics, and identify and implement projects to meet our eco-efficiency reduction goals.																		
GRI 303-1	Interactions with water as a shared resource	<p>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.</p> <p>We joined The Water Council (TWC) and the Alliance for Water Stewardship (AWS) in 2021. Watts first became a member of TWC and AWS to support the expansion of the company's role in global water stewardship and sustainability. As part of that commitment, Watts began the Water Council's Corporate Water Stewardship Accelerator Program in April 2021 and has been working with its sites globally to assess current conservation measures and plan for future water stewardship projects. To begin the program, 42 Watts sites were evaluated using the World Resources Institute's Aqueduct Water Risk Atlas to comprehensively assess water risk at each location. The analysis indicated that all Watts facilities are in low or medium water-risk areas, as defined by stress and scarcity levels. Additionally, water withdrawal, onsite consumption, and wastewater discharges were analyzed to determine which sites would have the highest upstream and downstream impacts on local water systems. This data allowed Watts to get a detailed view of the watersheds and water risks across the sites, understand the role the company's sites play in the watershed system, and pinpoint processes that can reduce water consumption.</p>																		
GRI 303-2	Management of water-discharge related impacts	Water Stewardship, p. 18, 2021 Sustainability Report																		

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE																
GRI 303-3	Water withdrawal	111,903,727 liters Please see p. 82 for historical environmental data.																
GRI 303-4	Water discharge	111,903,727 liters																
GRI 303-5	Water consumption	<table border="1"> <thead> <tr> <th>WATER CONSUMPTION (L)</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>APAC</td> <td>11,646,713</td> </tr> <tr> <td>EUROPE</td> <td>29,727,807</td> </tr> <tr> <td>N. AMERICA</td> <td>70,529,207</td> </tr> <tr> <td>TOTAL WATER CONSUMPTION</td> <td>111,903,727</td> </tr> </tbody> </table> <p>A comprehensive overview of our water withdrawal throughout the years, as well as information on data collection, reporting & review for water savings and future targets can be found on p. 18-20 of the 2021 Sustainability Report.</p>	WATER CONSUMPTION (L)	2021	APAC	11,646,713	EUROPE	29,727,807	N. AMERICA	70,529,207	TOTAL WATER CONSUMPTION	111,903,727						
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GRI 305: Emissions																		
GRI 103-1, 2, 3	Management approach	We are committed to minimizing pollution and protecting water resources through responsible and efficient withdrawal, consumption, and discharge across all our operations. To achieve this, we comply with all applicable laws, regulations, and standards related to global water stewardship. Our goal is to enhance employee health and safety, understand water risk in the communities in which we operate, and engage relevant local stakeholders. We routinely engage with facilities and other personnel to enhance data collection, track key performance metrics, and identify and implement projects to meet our eco-efficiency reduction goals.																
GRI 305-1	Direct (Scope 1) GHG emissions	<table border="1"> <thead> <tr> <th colspan="2">2021 SCOPE 1 GHG EMISSIONS</th> </tr> </thead> <tbody> <tr> <td colspan="2">Natural Gas, Diesel, Propane, Acetylene, Propylene (MTCO2e)</td> </tr> <tr> <td>N. AMERICA</td> <td>7,667</td> </tr> <tr> <td>EUROPE</td> <td>3,965</td> </tr> <tr> <td>APMEA</td> <td>31</td> </tr> <tr> <td colspan="2">Company Cars (MTCO2e)</td> </tr> <tr> <td>EUROPE</td> <td>181.69</td> </tr> <tr> <td>TOTAL SCOPE 1 EMISSIONS</td> <td>11,845</td> </tr> </tbody> </table> <p>For more information see p. 21 of the 2021 Sustainability Report.</p>	2021 SCOPE 1 GHG EMISSIONS		Natural Gas, Diesel, Propane, Acetylene, Propylene (MTCO2e)		N. AMERICA	7,667	EUROPE	3,965	APMEA	31	Company Cars (MTCO2e)		EUROPE	181.69	TOTAL SCOPE 1 EMISSIONS	11,845
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GRI 305-2	Energy indirect (Scope 2) GHG emissions	<table border="1"> <thead> <tr> <th colspan="2">2021 SCOPE 2 GHG EMISSIONS</th> </tr> </thead> <tbody> <tr> <td colspan="2">Energy Location based (MTCO2e)</td> </tr> <tr> <td>N. AMERICA</td> <td>10,993</td> </tr> <tr> <td>EUROPE</td> <td>4,495</td> </tr> <tr> <td>APMEA</td> <td>1,994</td> </tr> <tr> <td>TOTAL SCOPE 2 EMISSIONS</td> <td>17,483</td> </tr> <tr> <td colspan="2">Energy Market-Based (MTCO2e)</td> </tr> <tr> <td>TOTAL SCOPE 2 EMISSIONS</td> <td>14,228</td> </tr> </tbody> </table> <p>For more information see p. 21 of the 2021 Sustainability Report.</p>	2021 SCOPE 2 GHG EMISSIONS		Energy Location based (MTCO2e)		N. AMERICA	10,993	EUROPE	4,495	APMEA	1,994	TOTAL SCOPE 2 EMISSIONS	17,483	Energy Market-Based (MTCO2e)		TOTAL SCOPE 2 EMISSIONS	14,228
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GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE												
GRI 305-3	Other indirect (Scope 3) GHG emissions	<table border="1"> <thead> <tr> <th colspan="2">2021 SCOPE 3 GHG EMISSIONS</th> </tr> </thead> <tbody> <tr> <td colspan="2">Business Air Travel (MTCO₂e)</td> </tr> <tr> <td>N. AMERICA</td> <td>1,044</td> </tr> <tr> <td>EUROPE</td> <td>5.163</td> </tr> <tr> <td>TOTAL SCOPE 3 EMISSIONS</td> <td>1,049</td> </tr> </tbody> </table>	2021 SCOPE 3 GHG EMISSIONS		Business Air Travel (MTCO ₂ e)		N. AMERICA	1,044	EUROPE	5.163	TOTAL SCOPE 3 EMISSIONS	1,049		
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GRI 305-4	GHG emissions intensity	<table border="1"> <thead> <tr> <th colspan="2">2021 GHG EMISSIONS INTENSITY</th> </tr> </thead> <tbody> <tr> <td>GLOBAL SCOPE 1+2 TOTAL (MTCO₂e)</td> <td>26,073</td> </tr> <tr> <td>GLOBAL SCOPE 1+2 GHG INTENSITY (MTCO₂e/\$M)</td> <td>14.41</td> </tr> </tbody> </table> <p>Please see p. 82 for historical environmental data.</p>	2021 GHG EMISSIONS INTENSITY		GLOBAL SCOPE 1+2 TOTAL (MTCO ₂ e)	26,073	GLOBAL SCOPE 1+2 GHG INTENSITY (MTCO ₂ e/\$M)	14.41						
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GRI 305-5	Reduction of GHG emissions	<table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>REDUCTION</th> </tr> </thead> <tbody> <tr> <td>GLOBAL SCOPE 1+2 TOTAL (MTCO₂e)</td> <td>28,229</td> <td>26,073</td> <td>-7.64%</td> </tr> <tr> <td>GLOBAL SCOPE 1+2 GHG INTENSITY (MTCO₂e/\$M)</td> <td>18.71</td> <td>14.41</td> <td>-22.98%</td> </tr> </tbody> </table>		2020	2021	REDUCTION	GLOBAL SCOPE 1+2 TOTAL (MTCO ₂ e)	28,229	26,073	-7.64%	GLOBAL SCOPE 1+2 GHG INTENSITY (MTCO ₂ e/\$M)	18.71	14.41	-22.98%
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GRI 306: Waste														
GRI 103-1, 2, 3	Management approach	<p>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.</p> <p>For more information see p. 23-24 of our 2021 Sustainability Report.</p>												
GRI 306-1	Waste generation and significant waste-related impacts	<p>Since 2014, Watts sites have been tracking their waste streams on an annual basis. Watts set 2018 as the baseline year for measuring our hazardous waste intensity and set internal targets for individual sites. We significantly advanced our data collection process by implementing automatic bill collection. Our sites report progress on internal targets monthly and we have seen an increase in interest and engagement across sites to identify and implement various waste delineation and reduction products to reduce our overall waste outputs and increased recycling and reuse. Machining and passivation wastes are the most prevalent across the organization and the sites with these operations are all working on projects to delineate, reduce, and recycle more of these materials.</p> <p>For more information see p. 23-24 of our 2021 Sustainability Report.</p>												
GRI 306-2	Management of significant waste-related impacts	<p>Watts has a number of projects underway, including replacement of a commonly used coolant with one that will increase tooling and machine life. In addition, coolant oil skimming and waste coolant evaporation capacity is increasing to reduce the volume of off-site waste disposal.</p> <p>An additional significant waste stream is associated with passivation in our Fort Worth, TX, USA and Vildbjerg, Denmark sites. These sites have projects underway to investigate extending bath times and less frequent wasting of tank baths. In 2021, the Fort Worth site introduced an alternative chemistry that resulted in increased safety, extended bath life, and improved quality. An additional project is being scoped to increase bath life even further. Ultimately, these projects reduce the frequency to dispose of strong passivation baths and reduce wastewater treatment sludge.</p> <p>For more information see p. 23-24 of our 2021 Sustainability Report.</p>												

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 306-3	Waste generated	Watts discloses and has data verified for its yearly total waste generated and other environmental data via invoices, site records, vendor manifests, and compliance reporting. In 2021, the amount of hazardous waste generated was 2,151,435 kg For more information see p. 94-95 of our 2021 Sustainability Report Appendix [verification statement]
GRI 306-4	Waste Diverted from Disposal	In 2020, the Franklin, NH, USA foundry operation introduced a new process in the foundry which increased both the capacity and quality of the sand cores. This project utilizes a chemical scrubbing process, and the scrubber bath yields a recoverable amine solution that is returned to the distributor for recovery and reuse. In 2021, this same foundry initiated the decommissioning of the leaded-product foundry operation which was idled in 2018. As a result, the current equipment will be sold or recycled, and the space will be repurposed for non-leaded activities. In 2021, the Franklin, NH, USA valve operation introduced a project to delineate waste oils, resulting in recycling of high-quality oils and a 43% reduction of hazardous waste. Percentage recycled: Data as requested is not available at this time. Watts has a strong metal recycling program at our manufacturing facilities. In 2021, we recycled or reused 6,929,846 kg of metal scraps and chips and reused 215,366 kg plastic regrinds, globally.
GRI 307: Environmental Compliance		
GRI 103-1, 2, 3	Management approach	Watts strives to comply with all applicable international declarations, conventions, and treaties, as well as all national, regional, and local regulations, and requires 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.
GRI 307-1	Non-compliance with environmental laws and regulations	The organization was externally inspected globally by 7 government agencies in 2021 relative to environmental compliance and found to be in compliance for all inspections. No fines, penalties, or notices of non-compliance were issued.
GRI 308: Supplier Environmental Assessment		
GRI 103-1, 2, 3	Management approach	We are committed to preventing and mitigating social and environmental impacts in our supply chain, as well as partnering with suppliers who share our values and high standards of ethical business conduct and operate in an economically, socially, and environmentally responsible manner. 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. 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 six languages. These expectations are based on the guiding principles in our Code of Business Conduct and our Supplier ESG Standards, which are also available on our website, as well as local laws and regulations, and are integrated into our standard supplier contracts procurement terms and conditions. Also in 2022, we published our Supplier ESG Standards and began requiring our suppliers to acknowledge and certify their conformance with our Code of Business Conduct and these Supplier ESG Standards. Concerns or violations regarding our supply chain or supplier quality may be reported at any time via our Ethics Hotline or website. For more information see Responsible Supply Chain section on p. 54-55 of the 2021 Sustainability Report.
GRI 308-1	New suppliers that were screened using environmental criteria	Through our Supplier Quality Audit Program, we audited 701 suppliers in 2021, which represents 30% of our global supplier footprint. We added a total of 138 new suppliers to this program in 2021 – an increase of 25% over the prior year.
GRI 401: Employment		
GRI 103-1, 2, 3	Management approach	Talent Retention and Development, p. 42-43, 2021 Sustainability Report
GRI 401-1	New employee hires and employee turnover	In 2021, we added 891 new hires to our global workforce and our voluntary turnover rate was 13%.

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>We provide our full-time 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:</p> <ul style="list-style-type: none"> • 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 • Employee wellness program • Business travel and accident insurance • Relocation programs • Employee discounts • Fitness and tuition reimbursement <p>We comply with applicable local laws regarding benefits and pay for part-time, temporary, and full-time employees.</p>
GRI 403: Occupational Health and Safety		
GRI 103-1, 2, 3	Management approach	<p>Working safely is a condition of employment at Watts. Our goal is to provide a safe work environment for all our employees, contractors, and visitors. We are committed to meeting or exceeding regulatory and other requirements consistent with our Code of Business Conduct. We strive to create a zero-injury workplace culture and to continuously improve occupational health and safety performance through the implementation of our EHS Management System. Our safety rules apply to all third parties performing activities at our locations, including suppliers, contingent workers, contractors, vendors, visitors, and all other non-Watts employees. For example, contractors are required to follow our safety practices when working on our sites if they do not have equivalent or more stringent practices.</p>
GRI 403-1	Occupational health and safety management system	<p>Watts has a centralized occupational health and safety management system in place. The central system is certified to ISO45001:2018 standards and is implemented across the global organization and includes all employees and other workers in the organization. Key elements of the system include worker participation and consultation, risk assessments, training, written internal standards (procedures), internal and external auditing, and an occupational safety and health framework for measuring program maturity and continued opportunity for improvement.</p>
GRI 403-2	Hazard identification, risk assessment, and incident investigation	<p>Our centralized occupational health and safety management (OHS) system includes a risk assessment process by which sites assess safety, ergonomic, and occupational health hazards and associated risks within the workplace. Risk assessments include a scoring system that takes the hierarchy of controls into consideration. Health risks incorporate qualitative and/or quantitative assessments with the assistance of qualified third parties and include exposures to noise and chemicals. Individual operating sites prioritize these risk assessments and provide a monthly update of progress toward top risks during the monthly operating review. Operating sites also have a target risk reduction goal established annually to continue to reduce overall workplace hazards and mitigate risks.</p> <p>Watts has multiple opportunities for workers to report workplace hazards including meeting with their supervisors, safety committees, near miss, safety observation programs and through our Ethics Hotline. Our near miss and safety observation programs includes tracking open items to closure through our EHS software, Gensuite. Watts sets an expectation that all employees report workplace hazards proactively to reduce the opportunity for future injuries. "STOP WORK" is included in our OHS training for new employee orientation as well as annual refresher training.</p> <p>Included in the OHS system is our incident investigation standard, which assigns responsibility for investigating injuries and determining root cause, corrective, and preventive actions. Workers, supervisors, and EHS professionals are involved in these investigations.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 403-3	Occupational health services	<p>Watts provides occupational health services in various methods. We have an occupational health professional on staff in our largest site who provides direct occupational health services on on-site employees as well as supports the balance of the sites globally regarding ergonomics and injury evaluations and triage. The occupational health professional also interfaces with our outside occupational health clinics in assessing care and return to work. In the cases of Mexico and our largest site in France, we also have occupational medical professions on staff as required by country regulations. All employees have access to outside medical services and where we have input influence over the clinics, we seek occupation-specific clinics.</p> <p>Work-related medical records are either maintained by human resources or the environmental health organization. These organizations follow country-specific requirements for the confidentiality of medical records and worker access to these records. In cases of non-work-related medical records, these records are maintained solely by the human resource organization.</p> <p>The occupational health services are focused on quality of care for work-related matters and also administer return-to-work programs where allowed by country specific requirements (e.g. Canada and US). In addition, proactive stretching programs are in place across many US based site to encourage prevention of injury.</p> <p>Wellness programs include flu clinics, COVID-19 vaccination clinics, and stretching programs. Health screenings were impacted by the COVID-19 pandemic and will be reintroduced as conditions allow.</p>
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	<p>Worker participation and consultation is incorporated into our OHS system. Workers participate in developing risk assessments (job hazard analysis), training programs, safety committees, and lean/continuous improvement programs. Workers are also expected to participate in our early reporting programs including near miss and safety observation reporting and, where allowed, offered token recognitions to both reporting and providing solutions. These recognitions vary around the world and often include awarding points to workers so that they may order company logo gifts such as tee shirts, hats, and electronic items (e.g. headphones).</p> <p>Worker participation and consultation is specifically stated in our standard procedure for incident investigation and risk assessment, encouraging direct input into solutions including redesign of workstations, alternative tools, improved PPE, and additional training. The modifications emphasize the hierarchy of control to drive at corrective and preventive actions that provide long-term benefits in occupational health and safety.</p> <p>Worker disciplinary actions are focused on intentional behaviors that violate specific safety rules (e.g. intentional bypass of a machine guard or operating a fork truck without proper training). Watts has a Safety-Critical policy that employees are trained on at new-hire orientation and annually to emphasize the importance of following company safety rules.</p> <p>Workers are expected to STOP WORK when they feel they are in an unsafe situation or are asked to conduct a task that they are not trained to do. Workers are not disciplined for proactively reporting unsafe conditions or acts.</p> <p>Watts has historically held employee Safety Stand Downs annually to encourage employee participation and awareness around trending injury concerns. The safety stand down approach varies by site, but generally includes training, outside guests, and discussion of injury trends.</p>
GRI 403-5	Worker training on occupational health and safety	<p>Our OHS system requires training for all employees in accordance with country-specific regulations as well as specific job duties. Each site assesses both compliance obligations as well as other specific training topics that are applicable to workers' job duties. Each site prepares a training plan and executes the plan over the year. Training is delivered in the local language and, where additional language assistance is needed, training is delivered to accommodate. Training plans include the frequency of training and vary by site. For example, more complex training may be broken down into shorter segments to enhance its effectiveness.</p> <p>Select trainings require testing (e.g. forklift) while others are validated by demonstration (lockout/tagout) or exercises (e.g. emergency response drill). Training is delivered through competent trainers that may require specialized training (e.g. forklift) or competency through education or experience (e.g. internal safety professional or third party).</p> <p>Training is delivered during company working hours. If workers need to be sent off-site for specialized training, the workers are compensated.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 403-6	Promotion of worker health	<p>Watts provides our employees with a comprehensive benefits package through the mix of plans designed to support their individual and/or family's health and wellness needs. We offer a standard 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 legislation or national practices in support of their social system. In addition to these government-sponsored programs, we provide supplementation coverage of benefits in certain countries where we have large employee populations, which may include:</p> <ul style="list-style-type: none"> • 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 programs • Paid time off • Business travel and accident insurance • Relocation programs • Employee discounts • Fitness and Tuition reimbursement <p>For temporary workers, benefits are covered by their respective employer. However, for on-site wellness activities, temporary workers are welcome to participate (e.g. flu clinics, COVID-19 vaccinations).</p>
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>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 prevention 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.</p> <p>The full list of independent testing and certification organizations can be found on p. 87 of the Appendix.</p>
GRI 403-8	Workers covered by an occupational health and safety management system	<p>All workers across the organization, including temporary workers, are subject to the OHS system. For example, temporary workers participate in the new-hire orientation along with new Watts employees. Watts doesn't distinguish between workers when implementing the OHS system and if temporary workers become employees, they become integrated into the annual training obligations.</p> <p>In 2021, Watts conducted 24 audits across 14 individual sites including 7 sites audited against ISO45001 by external auditors. Global employees covered under ISO45001 certification increased from 16% in 2020 to 21% in 2021.</p> <p>In addition, the Watts Corporate central OHS system was audited and recommended for certification in December 2021, with final certification issued in February 2022 by our certifying body, NSF International. The central audit included data from random sites across the organization to test for adherence to the Watts OHS system. This certification is confirmation that the central OHS system applied by Watts across the organization is in conformance with ISO45001.</p> <p>Watts also conducted 5 site-level internal audits administered by the Corporate EHS organization.</p>

GRI STANDARDS

DISCLOSURE TITLE

WATTS RESPONSE

<p>GRI 403-9</p>	<p>Work-related injuries</p>	<p>Rates are based on 200,000 hours worked and include both employee and temporary workers combined (no distinction) for the global organization.</p> <table border="1"> <thead> <tr> <th colspan="4">FATALITIES</th> <th colspan="4">HIGH-CONSEQUENCE (LOST TIMES ONLY)</th> <th colspan="4">RECORDABLE ONLY (NO LOST TIME)</th> </tr> <tr> <th>Year</th> <th>Number</th> <th>Rate</th> <th>Hours</th> <th>Year</th> <th>Number</th> <th>Rate</th> <th>Hours</th> <th>Year</th> <th>Number</th> <th>Rate</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>0</td> <td>0.00</td> <td>9,650,373</td> <td>2021</td> <td>24</td> <td>0.50</td> <td>9,650,373</td> <td>2021</td> <td>34</td> <td>0.70</td> <td>9,650,373</td> </tr> <tr> <td>2020</td> <td>0</td> <td>0.00</td> <td>8,865,719</td> <td>2020</td> <td>29</td> <td>0.65</td> <td>8,865,719</td> <td>2020</td> <td>36</td> <td>0.81</td> <td>8,865,719</td> </tr> <tr> <td>2019</td> <td>0</td> <td>0.00</td> <td>9,539,222</td> <td>2019</td> <td>48</td> <td>1.01</td> <td>9,539,222</td> <td>2019</td> <td>45</td> <td>0.94</td> <td>9,539,222</td> </tr> </tbody> </table> <p>Primary type of injury is lacerations, which account for 20% of total recordable injuries. Lost time injuries are driven by lacerations.</p> <p>Hazards are identified through multiple means including conducting workstation risk assessments, employee near miss and safety observation reporting, workplace first aids, and injuries.</p> <p>Efforts to mitigate injuries consider the hierarchy of controls and include:</p> <ul style="list-style-type: none"> • Increase automation • Existing workstation redesign • New workstation design • Job rotations • Routine stretching programs • Physical assessments (e.g. worker practices, positioning, PPE) • Workstation assessments – e.g. minor modifications to operating practices (e.g. position worker closer to workstation to reduce reach; modify tools; modification of PPE) 	FATALITIES				HIGH-CONSEQUENCE (LOST TIMES ONLY)				RECORDABLE ONLY (NO LOST TIME)				Year	Number	Rate	Hours	Year	Number	Rate	Hours	Year	Number	Rate	Hours	2021	0	0.00	9,650,373	2021	24	0.50	9,650,373	2021	34	0.70	9,650,373	2020	0	0.00	8,865,719	2020	29	0.65	8,865,719	2020	36	0.81	8,865,719	2019	0	0.00	9,539,222	2019	48	1.01	9,539,222	2019	45	0.94	9,539,222
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<p>GRI 403-10</p>	<p>Work-related ill health</p>	<p>Rates are based on 200,000 hours worked and include both employee and temporary workers combined (no distinction) for the global organization.</p> <table border="1"> <thead> <tr> <th colspan="4">FATALITIES</th> <th colspan="4">HIGH-CONSEQUENCE (LOST TIMES ONLY)</th> <th colspan="4">RECORDABLE ONLY (NO LOST TIME)</th> </tr> <tr> <th>Year</th> <th>Number</th> <th>Rate</th> <th>Hours</th> <th>Year</th> <th>Number</th> <th>Rate</th> <th>Hours</th> <th>Year</th> <th>Number</th> <th>Rate</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>0</td> <td>0.00</td> <td>9,650,373</td> <td>2021</td> <td>2</td> <td>0.04</td> <td>9,650,373</td> <td>2021</td> <td>1</td> <td>0.02</td> <td>9,650,373</td> </tr> <tr> <td>2020</td> <td>0</td> <td>0.00</td> <td>8,865,719</td> <td>2020</td> <td>1</td> <td>0.02</td> <td>8,865,719</td> <td>2020</td> <td>1</td> <td>0.02</td> <td>8,865,719</td> </tr> <tr> <td>2019</td> <td>0</td> <td>0.00</td> <td>9,539,222</td> <td>2019</td> <td>0</td> <td>0.00</td> <td>9,539,222</td> <td>2019</td> <td>1</td> <td>0.02</td> <td>9,539,222</td> </tr> </tbody> </table> <p>Primary type of injury is strains which account for 40% of total recordable injuries. Lost time injuries are driven by strains.</p> <p>Hazards are identified through multiple means including conducting workstation risk assessments, employee near miss and safety observation reporting, workplace first aids and injuries.</p> <p>Efforts to mitigate work-related ill health consider the hierarchy of controls and include:</p> <ul style="list-style-type: none"> • Increase automation • Existing workstation redesign • New workstation design • Job rotations • Routine stretching programs • Physical assessments (e.g. worker practices, positioning, PPE) • Workstation assessments – e.g. minor modifications to operating practices (e.g. position worker closer to workstation to reduce reach; modify tools; modification of PPE) 	FATALITIES				HIGH-CONSEQUENCE (LOST TIMES ONLY)				RECORDABLE ONLY (NO LOST TIME)				Year	Number	Rate	Hours	Year	Number	Rate	Hours	Year	Number	Rate	Hours	2021	0	0.00	9,650,373	2021	2	0.04	9,650,373	2021	1	0.02	9,650,373	2020	0	0.00	8,865,719	2020	1	0.02	8,865,719	2020	1	0.02	8,865,719	2019	0	0.00	9,539,222	2019	0	0.00	9,539,222	2019	1	0.02	9,539,222
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GRI STANDARDS

DISCLOSURE TITLE

WATTS RESPONSE

GRI 404: Training and Education																	
GRI 103-1, 2, 3	Management approach	<p>We invest in our employees by providing opportunities that support their professional growth and development, and to 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 their 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.</p> <p>Career Development</p> <ul style="list-style-type: none"> • On-Demand Virtual Learning – Due to the shift to remote work during the pandemic, 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 2021, 166 managers completed this program. • 360° Assessments – These evaluations provide executive leaders with feedback and tools to help them continually develop in their careers and improve their effectiveness. <p>For more information regarding the management approach, performance review, and KPIs, see p. 40 of the 2021 Sustainability Report.</p>															
GRI 404-1	Average hours of training per year per employee	<p>In 2021, Watts employees completed over 8,700 hours of online and in-person training combined – averaging just under two hours of training completed per employee.</p> <table border="1" data-bbox="892 754 1892 960"> <thead> <tr> <th>GENDER</th> <th>TOTAL EMPLOYEE TRAINING HOURS</th> <th>AVERAGE TRAINING COMPLETED PER EMPLOYEE (HOURS)</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>5,854</td> <td>2.03</td> </tr> <tr> <td>Female</td> <td>2,757</td> <td>1.67</td> </tr> <tr> <td>Unspecified</td> <td>102</td> <td>1.85</td> </tr> <tr> <td>Total</td> <td>8,713</td> <td>1.90</td> </tr> </tbody> </table>	GENDER	TOTAL EMPLOYEE TRAINING HOURS	AVERAGE TRAINING COMPLETED PER EMPLOYEE (HOURS)	Male	5,854	2.03	Female	2,757	1.67	Unspecified	102	1.85	Total	8,713	1.90
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GRI 404-2	Programs for upgrading employee skills and transition assistance programs	<p>Employment Security</p> <p>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:</p> <ul style="list-style-type: none"> • Severance pay, which considers employee age and years of service • Job placement service • Other forms of transition assistance (e.g., training, retraining, counseling, etc.) <p>For information on programs upgrading employee skills see p. 42-43 of the 2021 Sustainability Report</p>															
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	<table border="1" data-bbox="892 1346 1666 1504"> <thead> <tr> <th>REGION</th> <th>PERCENTAGE OF EMPLOYEES WITH A COMPLETED 2021 PERFORMANCE MANAGEMENT BY REGION</th> </tr> </thead> <tbody> <tr> <td>Americas</td> <td>98.82%</td> </tr> <tr> <td>APMEA</td> <td>100%</td> </tr> <tr> <td>Europe</td> <td>97.01%</td> </tr> </tbody> </table>	REGION	PERCENTAGE OF EMPLOYEES WITH A COMPLETED 2021 PERFORMANCE MANAGEMENT BY REGION	Americas	98.82%	APMEA	100%	Europe	97.01%							
REGION	PERCENTAGE OF EMPLOYEES WITH A COMPLETED 2021 PERFORMANCE MANAGEMENT BY REGION																
Americas	98.82%																
APMEA	100%																
Europe	97.01%																

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 405: Diversity and Equal Opportunity		
GRI 103-1, 2, 3	Management approach	<p>Our success depends largely on 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.</p> <p>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.</p> <p>We strive to promote equal pay among male and female employees at Watts. We review individual compensation rates for gender equality through ad hoc reviews of compensation during market competitiveness evaluations.</p> <p>For more information see p. 40-43 of the 2021 Sustainability Report and pp. 20-23 of the 2022 Proxy Statement.</p>
GRI 405-1	Diversity of governance bodies and employees	Corporate Governance, p. 48, 2021 Sustainability Report
GRI 405-2	Ratio of basic salary and remuneration of women to men	We strive to promote equal pay among male and female employees at Watts. We conducted a broad assessment of pay practices in the U.S. in 2021 in furtherance of our goal to maintain pay equity in similar job functions based on gender, race, and ethnicity; We plan to conduct the next such broad analysis in 2023 Individual compensation rates undergo ad hoc reviews during market competitiveness evaluations to address pay gaps, and wages and hours are covered in our Code of Business Conduct.
GRI 413: Local Communities		
GRI 103-1, 2, 3	Management approach	<p>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.</p> <p>For more information see p. 45-47 of the 2021 Sustainability Report.</p>
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement, p. 45-47 of the 2021 Sustainability Report.
GRI 414: Supplier Social Assessment		
GRI 103-1, 2, 3	Management approach	<p>Expectations of suppliers across various areas of ethics and integrity as well as social and environmental responsibility are covered in our Supplier Quality Manual which can be viewed on our website. The Supplier Quality Manual specifically incorporates the Watts Code of Business Conduct and requires supplier acknowledgment of compliance with it, including agreement to our Anticorruption Policy. In addition, in 2022 we published our Supplier ESG Standards and we require our suppliers to acknowledge and certify their conformance with the Code of Conduct and these Supplier ESG Standards, which are informed by the ten principles of the United Nations Global Compact initiative, the United Nations Guiding Principles on Business and Human Rights and the International Labor Organization (ILO)'s 1998 Declaration on Fundamental Principles and Rights at Work. We are targeting 77% of our suppliers, representing over 99% of our annual spend, with this certification process. Concerns or violations of our standards regarding our supply chain or supplier quality may be reported at any time through our Ethics Hotline. Together with the legal department, the team regularly monitors key social and environmental performance indicators in our supply chain to ensure compliance with our standards, including in areas of health and safety, human and labor rights, social responsibility, and conflict minerals.</p> <p>For more information see p. 54-55 of the 2021 Sustainability Report.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
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. Onboarding new suppliers are required to certify compliance with international human rights standards as specified by local law, as well as our Global Anti-Human Trafficking Policy and Conflict Minerals Policy, as part of the Supplier Quality Audit Program. We added a total of 138 new suppliers to this program in 2021 – an increase of 25% over the prior year. For more information see p. 54-55 of the 2021 Sustainability Report.
GRI 416: Customer Health and Safety		
GRI 103-1, 2, 3	Management approach	We are committed to manufacturing products, systems, and solutions in safe workplaces that are environmentally responsible. We participate in and contribute to local and government initiatives around the world that improve the quality of life in communities where we live and work.
GRI 416-1	Assessment of the health and safety impacts of product and service categories	The majority of our sales comes from products that have been approved under regulatory standards incorporated into national, state, and municipal plumbing, heating, building, and fire prevention codes all around the world. We develop our products and enhance our existing products under a supervised stage-gate process that includes design for safety, testing at multiple stages before launch, and steering committee oversight to ensure we have safe, reliable products go to market. We also invest heavily in training our customers on safe use and installation of products. We manufacture quality products that are safe, reliable, and code compliant. We maintain stringent quality assurance 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. We have a global quality framework to identify and address product safety incidents promptly. Our manufacturing facilities undergo routine audits for process and quality-control procedures, ensuring that both our processes and products have consistent quality throughout the product life cycle. We conduct product testing and periodic re-testing for re-certification — in accordance with standard compliance methodologies. For more information on how Watts and our products have promoted safety and regulation, see p. 27, Our Handprint: Safety & Regulation section, of the 2021 Sustainability Report; For best-in-class-training information ensuring occupational and product safety, please see. p. 34 of the 2021 Sustainability Report
GRI 417: Marketing and Labeling		
GRI 103-1, 2, 3	Management approach	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 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.
GRI 417-3	Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance concerning marketing communications

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
Company-specific Non-GRI Disclosure: Material Topic: Emergency Preparedness and Response		
GRI 103-1, 2, 3	Management approach	Emergency Preparedness and Response, p. 39, 2021 Sustainability Report
n/a	Emergency preparedness and response	Emergency Preparedness and Response, p. 39, 2021 Sustainability Report

SASB Index

SASB TOPIC	DISCLOSURE CODE	SASB METRIC	
Energy Management	RT-EE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Total energy consumed: 467,481.60 GJ Percentage grid electricity: 234,306,284 GJ (50%) Percentage renewable: 53,855, 276 GJ (11%) of our total energy is attributed to wind renewable energy credits (RECS)
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated,percentage recycled	Amount of hazardous waste generated: 2,151.44 t Percentage recycled: Data, as requested, is not available at this time. Watts has a strong metal recycling program at our manufacturing facilities. In 2021, we recycled or reused 6,929.85 t of metal scraps and chips and reused 215.366 t of plastic regrinds, globally.
	RT-EE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	Watts did not sustain any reportable spills in 2021.
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	Watts issued no product recalls in 2021.
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	Watts had no monetary losses as a result of legal proceedings associated with product safety in 2021.
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue thatcontain IEC 62474 declarable substances	Data is not available.
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	Watts does not report this information as requested by the standard. We actively pursue Energy Star certification on those products that qualify. For example, 25% of our Heat and Hot Water Systems revenue was from Energy Star products.
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Although we do not report total revenue from energy-related and energy efficiency-related products, Watts has a 150 year history of developing and designing products, components, and systems that solve the world's greatest water-safety challenges, conserve water, and improve energy efficiency. In 2021, 25% of our revenue was from products that help our customers improve the efficiency and sustainability of their buildings with finite control of the thermostat, reducing fluctuations in heating, and making water flow more efficient. For more information, see p. 26-35, Our Handprint: Products that Protect of our 2021 Sustainability Report.

SASB TOPIC	DISCLOSURE CODE	SASB METRIC	
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	Watts is committed to ensuring compliance with 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 comply with all applicable trade laws and regulations and expect the same from our suppliers. For more information on how we manage raw materials, see p. 54, Responsible Supply Chain and p. 59, 66, and 76, GRI 102-11, 301 and 413 of our 2021 Sustainability Report. Also see our Conflict Minerals Policy here.
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	We are committed to acting with integrity in every facet of our operations and strive to meet – and often exceed – applicable laws, regulations, and standards. For information on our Global Compliance Program and compliance procedures, including training, third-party due diligence, risk assessments, gifts and entertainment, and business courtesy and anti-corruption policies, see p. 50-52, Ethics, Integrity, and Transparency of our 2021 Sustainability Report and p. 65, GRI 205
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	No incidents of corruption were confirmed at Watts in 2021, nor were any legal actions regarding corruption brought against the company.
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	No incidents associated with anticompetitive behavior were confirmed at Watts in 2021, nor were any legal actions regarding corruption brought against the company.
Activity Metric	RT-EE-000.A	Number of units produced by product category	See p. 6-7, Revenue and Products, Customers, and Markets of our 2021 Sustainability Report. For additional information about our company and scale, please see our 2021 Annual Report .
	RT-EE-000.B	Number of employees	In 2021, Watts employed a total of 4,585 people.

SDG Index

ALIGNED SDG GOAL	TARGETS	OUR IMPACT: HOW WE ARE CONTRIBUTING
SDG 5: Gender Equality – Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Target 5.4 • Target 5.5 	<ul style="list-style-type: none"> • Diversity, Equity, and Inclusion, p. 40 • Talent Acquisition, Diversity, Equity, and Inclusion, p. 40
SDG 6: Clean Water and Sanitation – Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> • Target 6.1 • Target 6.3 • Target 6.4 • Target 6.b 	<ul style="list-style-type: none"> • Taking Local Action to Drive Impact, p. 19 • Our Footprint, p. 15 • Water Stewardship, p. 18 • Safety & Regulation, p. 27 • Global Engagements, p. 47 • Keeping Generations of People and Water Safe, p. 8
SDG 8: Decent Work and Economic Growth – Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> • Target 8.2 • Target 8.8 	<ul style="list-style-type: none"> • Diversity, Equity, and Inclusion, p. 40 • Ethics, Integrity, and Transparency, p. 50 • Responsible Supply Chain, p. 54
SDG 9: Industry, Innovation, and Infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<ul style="list-style-type: none"> • Target 9.1 • Target 9.4 	<ul style="list-style-type: none"> • Sustainable Innovation, p. 35 • Safety and Regulation, p. 27 • Conserving Water, p. 30 • Improving Energy Efficiency, p. 33 • Privacy and Cybersecurity, p. 53 • Detecting Leaks Where They Can Do the Most Damage, p. 32
SDG 12: Sustainable Consumption and Production – Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Target 12.2 • Target 12.5 • Target 12.6 	<ul style="list-style-type: none"> • Our Footprint, p. 15 • Environment, Health, and Safety Management, p. 17 • Water Stewardship, p. 18 • Taking Local Action to Drive Impact, p. 19 • Energy and Emissions, p. 21 • Waste Reduction, p. 23 • Product Lifecycle, Sustainable Innovation, p. 35
SDG 13: Climate Action – Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Target 13.1 • Target 13.2 	<ul style="list-style-type: none"> • Our Footprint, p. 15 • Energy and Emissions, p. 21 • Shifting to Cleaner Electricity Powered by Renewables callout, Energy and Emissions, p. 21 • Water Stewardship, p. 18 • Conserving Water, p. 30
SDG 14: Life Below Water – Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	<ul style="list-style-type: none"> • Target 14.2 	<ul style="list-style-type: none"> • Taking Local Action to Drive Impact, p. 19 • Waste Reduction, p. 23 • Contributing to the UN Sustainable Development Goals, p. 11

Environmental Data

WATER	2014	2015	2016	2017	2018	2019	2020	2021
Withdrawals: Municipal Supply (Liters)	201,586,525	184,394,341	200,065,018	198,634,913	222,138,840	193,812,312	130,334,449	111,903,727
Consumption (Liters)								
APAC	38,902,000	37,823,510	44,143,000	54,124,000	80,650,162	34,444,473	10,673,627	11,646,713
EUROPE	44,805,180	40,990,760	43,137,540	45,974,842	43,250,378	41,960,837	42,126,405	29,727,807
N. AMERICA	117,879,345	105,580,071	112,784,478	98,536,071	98,238,300	116,406,941	77,534,417	70,529,207
Discharges: Municipal Treatment (Liters)	201,586,525	184,394,341	200,065,018	198,634,913	222,138,840	193,812,312	130,334,449	111,903,727
WATER ECO-EFFICIENCY (M3/\$M)	133.17	125.63	143.07	136.36	141.95	121.09	86.39	61.85

ENERGY CONSUMPTION	2014	2015	2016	2017	2018	2019	2020	2021
ELECTRICITY (kWh)	78,888,704	75,679,370	71,583,480	72,681,696	67,933,680	62,568,448	61,309,093	65,085,079
NATURAL GAS (M3)	5,729,747	6,454,121	6,716,075	6,368,092	5,697,142	5,546,331	5,753,167	5,839,721
PROPANE (Liter)	132,452	204,171	203,614	196,826	160,095	123,110	133,562	169,793
DIESEL (Liter)	81,745	74,710	50,281	63,548	52,160	30,303	18,554	32,408
ACETYLENE (M3)	2,946	4,300	2,889	402	311	113	13	36
PROPYLENE (Liter)	89	0	7,735	10,847	9,780	15,357	11,844	23,619
TOTAL ENERGY (MWH)	141,600	146,600	145,000	142,500	130,200	127,647	123,593	129,856
ENERGY ECO-EFFICIENCY (MWH/\$1M)	93.55	99.88	103.69	97.82	83.20	79.75	81.93	71.78

HAZARDOUS WASTE	2014 (KG)	2015 (KG)	2016 (KG)	2017 (KG)	2018 (KG)	2019 (KG)	2020 (KG)	2021 (KG)
APAC	0	0	2,780	5,770	16,690	17,100	18,600	12,000
EUROPE	1,558,425	1,488,420	1,260,119	1,563,147	1,878,784	1,933,648	2,214,848	1,950,894
N. AMERICA	372,316	313,835	198,142	162,725	167,407	151,351	121,422	188,541
TOTAL (KG)	1,930,741	1,802,255	1,461,041	1,731,642	2,062,881	2,102,099	2,354,870	2,151,435
HAZARDOUS WASTE ECO-EFFICIENCY (KG/\$M)	1,276	1,228	1,045	1,189	1,318	1,307	1,561	1189.163719

GHG EMISSIONS	2014	2015	2016	2017	2018	2019	2020	2021
SCOPE 1: Natural Gas, Diesel, Propane, Acetylene, Propylene (MTCO2e)								
N. AMERICA	8,168	9,598	10,092	9,241	8,045	7,629	7,855	7,667
EUROPE	3,134	3,203	3,191	3,369	3,208	3,262	3,465	3,965
APMEA	3	3	3	3	3.14	1.27	26.31	31
SCOPE 1: Company Cars (MTCO2e)								
EUROPE <i>*Sites: Biassono, Dattenberg, Hautvillers, Landau, Moirans, Sorgues, St. Neots, Vildbjerg, Virey</i>								182
SCOPE 2: Electricity Location Based (MTCO2e)								
N. AMERICA	20,040	18,477	16,419	16,719	15,353	13,589	10,488	10,993
EUROPE	6,529	6,323	6,604	6,686	6,461	6,680	4,628	4,495
APMEA	1,884	1,890	2,147	2,280	2,416	2,307	1,768	1,995
RECs								-6,174
WATTS GLOBAL SCOPE 1+2 TOTAL (MTCO2e)	39,758	39,494	38,456	38,298	35,486	33,468	28,230	23,154
WATTS GLOBAL SCOPE 1+2 GHG INTENSITY (MTCO2e/\$M)	26.27	26.91	27.50	26.29	22.68	20.84	18.71	12.80
SCOPE 3: Business Air Travel Emissions (MTCO2e)								
N. AMERICA	2,241	3,056	4,263	4,417	5,397	5,065	1,049	1,044
EUROPE						185	21	5

ANNUAL COMPLIANCE PROCEDURES

	NPDES (Storm Water)	POTW (Public Owned Treatment Works)/ CATEGORICAL	TRI (Toxic Release Inventory)/ EPCRA (Emergency Planning and Community Right To Know Act)	Tier II/EPCRA	State Air Permits - includes VOC (Volatile Organic Compounds) and more	RCRA (Resource Conservation and Recovery Act)
Export	X			X		
FT Myers	X					
Nogales						
San Antonio	X			X	X	
St Pauls	X		X	X		
Vernon						
Spindale	X					
Woodland	X	X	X	X	X	X
Franklin	X	X	X	X	X	X
Franklin						
Sparks	X			X		
Groveport						
Blauvelt	X	X	X	X	X	
Ft. Worth	X	X	X	X	X	X
Ningbo						
Apex						

Stakeholder Engagement

For nearly 150 years, our company has built a reputation for protecting and sustaining the world’s water supply through our diverse portfolio of water products and solutions. A diverse range of global stakeholders play 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 key stakeholder groups in a variety of ways, as outlined in the table below.

	KEY TOPICS	METHODS OF ENGAGEMENT	EXAMPLES OF ENGAGEMENT IN 2021	
EMPLOYEES	<ul style="list-style-type: none"> Employee attraction, development, and retention Ethics, integrity, and transparency Occupational health and safety Product responsibility, safety, and quality Human rights Data security and privacy Diversity, equity, and inclusion Governance and accountability 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 Code of Conduct/Ethics Hotline training Global and site-based DEI engagement events
CUSTOMERS	<ul style="list-style-type: none"> Product responsibility, safety, and quality Ethics, integrity, and transparency Occupational health and safety Environmental compliance Human rights Sustainable innovation and digital transformation Sustainable sourcing Governance and accountability Recycling and waste 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Training and professional development Energy efficiency challenges/solutions Heating challenges/solutions Leak detection concerns Water challenges/solutions Wastewater challenges/solutions

STOCKHOLDERS
AND DEBT
HOLDERS

SUPPLIERS

COMMUNITY

REGULATORY
AUTHORITIES

BOARD OF DIRECTORS

	KEY TOPICS	METHODS OF ENGAGEMENT	EXAMPLES OF ENGAGEMENT IN 2021		
STOCKHOLDERS AND DEBT HOLDERS	<ul style="list-style-type: none"> Diversity, equity, and inclusion Employee attraction, development, and retention Governance and accountability Occupational health and safety 	<ul style="list-style-type: none"> Climate change risk and resilience Product responsibility, safety, and quality Environmental compliance 	<ul style="list-style-type: none"> Annual Report/10-K Annual shareholders meeting Annual sustainability report Company filings with the U.S. SEC Investor meetings and conferences 	<ul style="list-style-type: none"> Investor relations website Quarterly earnings conference calls Quarterly earnings release Other press releases 	<ul style="list-style-type: none"> Economic value ESG performance and social responsibility
SUPPLIERS	<ul style="list-style-type: none"> Governance and accountability Ethics, integrity, and transparency Sustainable sourcing Human rights Occupational health and safety Employee attraction, development, and retention 	<ul style="list-style-type: none"> Diversity, equity, and inclusion Energy and emissions Water stewardship Recycling and waste 	<ul style="list-style-type: none"> Code of business conduct Direct engagement with sourcing, global commodity leaders, buyers, supplier quality engineering teams Harrington quality management system Kaizen events Site visits 	<ul style="list-style-type: none"> Supplier code of conduct Supplier quality manual Terms and conditions on purchase orders ESG standards certification Dunn and Bradstreet and NSF, ESG assessment 	<ul style="list-style-type: none"> Supply and demand logistics
COMMUNITY	<ul style="list-style-type: none"> Community engagement and giving back Data security and privacy Ethics, integrity, and transparency Recycling and waste 	<ul style="list-style-type: none"> Human rights Occupational health and safety Diversity, equity, and inclusion Climate change risk and resilience Talent pipelines 	<ul style="list-style-type: none"> Company website Educational partnerships Local outreach via donations and volunteerism Planet Water partnership 	<ul style="list-style-type: none"> Scholarships Social media Early in Career Programs Student internships 	<ul style="list-style-type: none"> Education and training opportunities Environmental impacts Internship and Co-op Programs
REGULATORY AUTHORITIES	<ul style="list-style-type: none"> Governance and accountability Ethics, integrity, and transparency Occupational health and safety Water stewardship Energy and emissions 	<ul style="list-style-type: none"> Recycling and waste Product responsibility, safety, and quality Human rights 	<ul style="list-style-type: none"> Direct engagement ISO audits and permit application Codes and Standards body membership and participation 	<ul style="list-style-type: none"> Economic value Product compliance 	
BOARD OF DIRECTORS	<ul style="list-style-type: none"> Occupational health and safety Product responsibility, safety, and quality Diversity, equity, and inclusion Employee attraction, development, and retention Ethics, integrity, and transparency Emergency preparedness and response Sustainable innovation and digital transformation Environmental compliance 	<ul style="list-style-type: none"> Governance and accountability Energy and emissions Data security and privacy Water stewardship Community engagement and giving back Recycling and waste Climate change risk and resilience Human rights Sustainable sourcing Public policy and advocacy 	<ul style="list-style-type: none"> Quarterly board meetings Quarterly and ad hoc committee meetings Annual meeting Mid quarter CEO board letter 		<ul style="list-style-type: none"> Governance oversight

MEMBERSHIP OF ORGANIZATIONS

	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES
3-A Sanitary Standards, Inc.	Americas and Europe	No	Yes	No
Aicarr (Italian Association for HVAC, Heating)	Europe	Yes	No	No
Air-Conditioning, Heating & Refrigeration Institute	Americas	Yes	Yes	Yes
American Backflow Prevention Association	Americas	Yes	No	No
American Fire Sprinkler Association	Americas	Yes	No	No
American Rainwater Catchment Systems Association	Americas	No	Yes	No
American Society for Testing and Materials	Americas	Yes	Yes	No
American Society of Heating, Refrigerating and Air-Conditioning Engineers	Americas	Yes	Yes	No
American Society of Mechanical Engineers	Americas	Yes	Yes	No
American Society of Plumbing Engineers	Americas	Yes	No	No
American Society of Sanitary Engineering	Americas	Yes	Yes	Yes
American Supply Association	Americas	Yes	Yes	Yes
American Water Works Association	Americas	Yes	Yes	No
Angaisa (National Association for Plumbing)	Europe	Yes	No	No
Anima (Italian Mechanical Association for Industry)	Europe	Yes	No	No
Anti-Backflow Technology Group	APMEA	Yes	No	No
ASA (Aqua Italia: Fluid Solutions Association)	Europe	Yes	No	No
ATTB (Associate Thermische Technieken België)	Europe	Yes	No	No
BDH (Federation of German Heating Industry)	Europe	Yes	No	No
BFV (Bundesverband Flächenheizungen und Flächenkühlungen e.V.)	Europe	Yes	No	No
Canadian Institute of Plumbing & Heating	Americas	Yes	No	No
Canadian Standards Association	Americas	No	Yes	No
China Association for Quality Inspection	APMEA	Yes	No	No
China Data Center Committee	APMEA	Yes	No	No
China Valve Industry Association	APMEA	Yes	No	No
Confindustria Monza e Brianza (Italian Association of Industry)	Europe	Yes	No	No
Confindustria Trento (Industry for Trento region)	Europe	Yes	No	No
Council of Industry	Americas	Yes	No	No
CTI (Italian ThermoTechnical Association)	Europe	Yes	No	No
DDA (Dutch Data Center Association)	Europe	Yes	No	No
Distretto Trentino Tecnologico (Area Trento District for Technology)	Europe	Yes	No	No

MEMBERSHIP OF ORGANIZATIONS

	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES
DSIV Deutscher Schüttgut-Industrie-Verband	Europe	Yes	No	No
EL 20 Standards Committee	APMEA	No	Yes	No
EVOLIS	Europe	Yes	No	No
GCCP (Genie Climatique Couverture-Plomberie)	Europe	Yes	No	No
International Association of Plumbing and Mechanical Officials	Americas	Yes	Yes	Yes
International Code Council	Americas	Yes	Yes	No
Irrigation Association	Americas	No	Yes	No
Manufacturers Alliance for Productivity and Innovation	Americas	Yes	No	No
Master Plumbers Association	APMEA	Yes	No	No
National Fire Protection Association	Americas	Yes	No	No
National Fire Sprinkler Association	Americas	Yes	Yes	No
NSF International (National Sanitary Foundation)	Americas	No	Yes	No
ODE (Heating Networks Flanders)	Europe	Yes	No	No
Opentherm Association	Europe	Yes	No	No
Plastic Pipe Institute	Americas	Yes	Yes	Yes
Plumbing and Drainage Institute	Americas	No	Yes	No
Rockland Business Association	APMEA	Yes	No	No
Syndicat ACR (ancien MTA concept)	Europe	Yes	No	No
The Water Council (TWC)	Global	Yes	No	Yes
TMP (Technical Association for Plastic Material)	Europe	Yes	No	No
UNCP-FFB (Federation Francaise du Batiment)	Europe	Yes	No	No
Underwriters Laboratories	Americas	No	Yes	No
UNI (Italian Standard Unification)	Europe	Yes	No	No
Uniclimate	Europe	Yes	No	No
USC Foundation for Cross-Connection Control and Hydraulic Research	Americas	No	Yes	No
VDMA - Machinery and Plant Engineering Association	Europe	Yes	Yes	No
VIZ - Verband der Installations-Zulieferbetriebe	Europe	Yes	No	No
Water & Sewer Distributors of America	Americas	No	Yes	No
Water Quality Association	Americas	Yes	No	No
WBT (Werkgroep Beveiligingstoestellen) - consultative institution for KIWA	Europe	Yes	No	No
Western Regional Backflow Conference	Americas	No	Yes	No
WS026 Australian Standards Committee	APMEA	No	Yes	No

MEMBERSHIP OF ORGANIZATIONS

	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES
Assotermica (Italian Thermotecnic Association)	Europe	Yes	No	No
DIN (German Standard Comitte)	Europe	Yes	Yes	No
Australian Chamber of Commerce and Industry	APMEA	Yes	No	No
PPIG (Plumbing Products Industry Group)	APMEA	Yes	No	No
AIG (Australian Industry Group)	Americas	Yes	No	No
Australian Backflow Association	Americas	Yes	No	No

Material Topic Definitions

TOPIC	DEFINITION
Environmental topic definitions	
Climate change risk and resilience	Forecasting and adapting to the risks posed by climate change, including severe weather events and increased scarcity of natural resources. Evaluating potential opportunities to mitigate climate impacts and increase resilience against risks.
Energy and emissions	Managing the energy consumption and greenhouse gas emissions of our operations and value chain by increasing energy efficiency and adopting more renewable energy sources.
Environmental compliance	Complying with all relevant environmental legislation while managing operations which generate water, waste, air pollutants or hazardous waste and any environmental liabilities associated with pollution, contamination and the emission of toxic or carcinogenic substances.
Product responsibility, safety, and quality	Supporting the safe use of products and minimizing negative environmental impacts through all lifecycle stages. Minimizing risks to employees and customers by assessing health and safety impacts of products through auditing, marketing, labeling and compliance checks.
Recycling and waste	Limiting the waste generated as a result of our operations, including employing appropriate programs to reduce waste and maximize recycling and reuse of materials.
Sustainable sourcing	Facilitating supply chain resiliency by tracking and evaluating supplier performance in local operating communities across social, environmental, ethics and risk dimensions.
Water stewardship	Managing water as a shared community resource by monitoring our water use and wastewater discharge-related impacts. Implementing efforts to reduce consumption, especially in water-stressed areas.
Social topic definitions	
Community engagement and philanthropy	Fostering relationships with our communities through employee volunteering, corporate giving and strategic relationships with non-profit organizations.
Diversity, equity and inclusion	Maintaining a culture that recognizes, appreciates and creates opportunities for diverse representation of people in the workforce (e.g., gender pay equity, diversity at every level of the organization and business resource groups). Fostering a culture that is inclusive, authentic and free of discrimination to build a sense of belonging among Watts employees. Aligning our policies and training to support inclusivity.
Emergency preparedness and response	Developing a plan of action to minimize the risk of potential emergencies in the workplace and having processes in place to minimize impacts of emergencies.
Employee attraction, development, and retention	Committing to and investing in employees by attracting, developing and retaining a skilled workforce, including providing opportunities that enable skill development and professional growth.
Human rights	Identifying and managing the social risks (e.g., human rights violations) present in our supply chain. Affirming our commitment to the basic rights and freedoms of all peoples.
Occupational health and safety	Protecting the health and safety of employees and contractors while at work. Fostering a positive safety culture that places a high level of importance on shared safety beliefs, values and attitudes.

TOPIC

DEFINITION

Governance topic definitions	
Data security and privacy	Safeguarding data to protect the security, integrity and confidentiality of our customer, supplier, and employee data, as well as using collected data responsibly and securely.
Ethics, integrity, and transparency	Operating with integrity and complying with relevant regulations and the highest standards of ethical and lawful conduct, including anti-bribery and corruption practices and whistleblower protections.
Governance and accountability	Adhering to established governance principles by providing risk management activities, ethical and environmental compliance, freedom of association and collective bargaining, and a management structure that allows for appropriate oversight, transparency and fair executive compensation. Providing adequate governance and accountability for managing ESG strategy and performance.
Public policy and advocacy	Engaging with policymakers and providing industry knowledge and experience that informs the development of relevant environmental and social policies and regulations.
Sustainable innovation and digital transformation	Investing in the development of technologies that enable process optimization and digitization; and create competitive advantage.

Diversity Profile

GLOBAL

GENDER	ENTIRE COMPANY	INDIVIDUAL CONTRIBUTOR	MANAGEMENT	EXECUTIVE
Female	36%	29%	20%	14%
Male	64%	71%	80%	86%

U.S.

GENDER

GENDER	ENTIRE COMPANY	MANAGEMENT
Female	27%	19%
Male	73%	81%

MILITARY VETS BY CLASSIFICATION

	MANAGEMENT
Retired	7.8%
Newly Separated	3.4%
Inactive Reserve	3.4%
Special Disabled	1.2%
Vietnam Era	0.8%
Active Reserve	0.6%

ALL U.S. EMPLOYEES ETHNICITY BREAKDOWN

ETHNICITY	OVERALL	INDIVIDUAL CONTRIBUTOR	MANAGEMENT
American Indian/Alaskan Native	1.9%	0.8%	0.0%
Asian	4.3%	4.1%	9.9%
Black/African American	9.7%	6.2%	2.9%
Hispanic/Latino	15.8%	12.9%	5.8%
Native Hawaiian or Other Pacific Islander	0.3%	0.2%	0.3%
Two or more races	1.3%	1.5%	1.2%
White	65.8%	72.9%	79.0%
Other	0.9%	1.4%	0.9%

Headcount by Country

COUNTRY	COUNT OF EMPLOYEE ID
Australia	31
Belgium	43
Bulgaria	249
Canada	163
China	210
Denmark	328
Finland	5
France	689
Germany	220
Italy	225
Korea, Republic of	1
Mexico	14
Netherlands	16
New Zealand	44
Norway	9
Poland	14
Russian Federation	1
Spain	14
Sweden	23
Tunisia	352
United Arab Emirates	18
United Kingdom	43
United States of America	1873
Grand Total	4585

Contract Type by Gender

	COUNT OF EMPLOYEE ID
Full time	4505
Male	2868
Female	1582
(blank)	55
Part time	80
Male	15
Female	65
Grand Total	4585

Contract Type by Region

REGION	COUNT OF EMPLOYEE ID
Regular	4522
Americas	2029
APMEA	293
Europe	2200
Temporary	63
Americas	25
APMEA	1
Europe	37
Grand Total	4585

Region by Contract Type & Gender

	COUNT OF EMPLOYEE ID
Americas	2054
Regular	2029
Male	1483
Female	546
Temporary	25
Male	15
Female	10
APMEA	294
Regular	293
Male	168
Female	125
Temporary	1
Female	1
Europe	2237
Regular	2200
Male	1207
Female	952
(blank)	41
Temporary	37
Male	10
Female	13
(blank)	14
Grand Total	4585

Percent of Headcount by Region

REGION	COUNT OF EMPLOYEE ID
Americas	44.80%
APMEA	6.41%
Europe	48.79%
Grand Total	100.00%

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: 2021 (01 January - 31 December inclusive)

Scope of Verification

The verification covers the period 01 January to 31 December 2021 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 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 be used as 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 and hazardous waste are not associated with emissions the same approach was applied to data collection within "Resource Advisor" and the key outputs are litres (water and kg (hazardous waste)).

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 01 January 2021 to 31 December 2021 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:

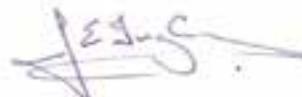
- The verification boundary is defined in the table below. All other source streams are outside the verification boundary.
- Sites where utilities are included in the rent are only included in the inventory if available. Applies to Ningbo DC, Shanghai, Calgary, Peoria, Amsterdam, Eerbeek & Wingene.
- 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 1 fleet emissions cover the sites with a complete fleet inventory for 2021: Biassono, Dattenberg, Hautvillers, Landau, Moirans, St. Neots, Vildbjerg, and Virey. Hautvillers covers both Hautvillers and Sorgues sites in France.
- Scope 2 RECS cover sites where contractual instruments were used in 2021: Franklin, Export, Franklin - DC , Blauvelt, D20, North Andover & Ft Worth. These instruments / contracts were started part way through 2021 (month varies depending on site).
- Hazardous waste covers sites where hazardous waste was produced. Vildbjerg, Biassono, Mery, Ft. Worth, Landau, Hautvillers, Franklin, Rosieres, Virey, Ningbo, Nogales, Plovdiv, Sorgues, Gardolo, Moirans & Woodland. Other sites do not produce hazardous waste.

SCOPE	Subscope	Activity Data	tCO2e (LocationBased)	tCO2e (Market Based)
1	Acetylene	36.04 m3	0.13	0.13
1	Diesel	32,408 litres	88	88
1	Fuel Oil	14,730 litres	40	40
1	Propane	169,793litres	258	258
1	Propylene	23,619 litres	39	39
1	Natural Gas	5,839,721 m3	11,238	11,238
1	Fleet*	74,366 litres	182	182
	Scope 1 Totals		11,845	11,845
2	Electric Power	65,085,079 kWh	17,483	20,402
2	RECs**	14,959,799 kWh		-6,174.34
	Scope 2 Totals		17,483	14,228
3	Business Travel - Air	6,463,530 km	1,049	1,049
	Scope 3 Totals		1,049	1,049
All	Total		30,377	27,122
Other	Water Consumption (litres)	111,903,727		
Other	Hazardous Waste (kg)***	2,151,435		



Andrew Shepherd
Lead Verifier

26 April 2022



John Ingham
Independent Reviewer

28 April 2022