



WATTS®

2023

SUSTAINABILITY REPORT



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Right: National Backflow Prevention Day in the U.S., an official event created by Watts to highlight the importance of backflow prevention, educate the public about this life-saving technology, and recognize water-quality professionals responsible for installing and maintaining backflow preventers



Please consider the environment before printing this report.



A Message From Our Chief Executive Officer

In 1874, Joseph Watts began developing a series of steam and water pressure regulators that would safeguard textile mill workers against catastrophic boiler failures. It was in his small machining shop in Lawrence, Massachusetts, where our company was founded — creating a ripple effect that would grow to positively impact communities and people around the globe. Today, we reflect on 150 years of close partnerships with our customers, tireless efforts of our people, and continuous improvement of innovative technologies — all to help make water safer and more accessible.

We embark on our next 150 years on strong financial footing, driving operational and commercial excellence, continued growth, and further development of an inclusive organization. During a record-breaking 2023, we exceeded \$2 billion in sales for the first time and improved adjusted operating margin to a record 17.8%, despite a challenging macro environment. We also made significant long-term investments to meet the current and future demands of our customers. Among these were investments in our digital strategy and the successful acquisitions of Bradley Corporation and Enware Australia in 2023, and Josam Company in 2024 — each bringing its own unique contributions and opportunities to support our long-term strategy. Integration has been going well and we are excited to add them to our family of brands.

We also achieved an ambitious goal set in early 2019 to expand our smart and connected enabled product portfolio to comprise 25% of total revenues, compared

to a 2018 baseline of high single-digits. Investments in our Smart & Connected strategy are delivering superior customer value with innovative solutions to promote water safety, energy efficiency, and water conservation. Additional investments in 2023 were aimed at supporting our customers in joining the global transition toward decarbonization, particularly through expanding our portfolio of electrically powered water heating products for our customers.

In addition to supporting our customers with innovations to reduce their environmental impacts, we have taken significant steps to minimize our own impacts and protect the communities where we operate. We are proud of our work in 2023 to advance water stewardship, a collaborative mission furthered by our dedicated teams around the world and engagement with industry peers. These efforts resulted in a 62% reduction in our own water use intensity since 2018.

Watts innovations would not be possible without our people. In 2023, we were proud to have our headquarters named one of the Top Places to Work by *The Boston Globe*. The incorporation of inclusivity as part of our strategic pillars, cultural behaviors, and global performance management is helping to build a high-performance, values-driven culture that welcomes and celebrates every employee. By the end of 2025, we plan to offer leadership and inclusivity training to every Watts employee globally.

Our teams have also looked outside our walls to generate impact, leveraging our expertise and commitment to water stewardship to support access to safe water for local communities around the world. Our ongoing partnership with the Planet Water Foundation provided clean drinking water to nearly 15,000 children and community members in Cambodia, Indonesia, Vietnam, and the Philippines in 2023. In addition, we have committed to donating up to \$1 million to nonprofit organizations dedicated to water-related causes and other issues of importance to our communities, from 2024 through 2027.

For the past 150 years, our mission has been driven by the belief that safeguarding water isn't just a business endeavor, it's an obligation. And we did all this while maintaining our strong commitment to ethical business practices consistent with our Values and Code of Conduct. Looking ahead, we are committed to continuing this journey with even greater determination, and we thank you for your unwavering trust, support, and partnership.

Sincerely,

Robert J. Pagano, Jr.
CEO, President, and Chairperson of the Board

“Today, we reflect on 150 years of close partnerships with our customers, tireless efforts of our people, and continuous improvement of innovative technologies — all to help make water safer and more accessible.”



A Message From Our Chief Sustainability Officer

We are pleased to share with you our eighth annual sustainability report, highlighting the significant strides we made in 2023 to integrate sustainability at every level of our business. These efforts reflect our strong belief that preparing for and addressing the impacts of climate change is foundational to fulfilling our mission: improving comfort, safety, and quality of life for people around the world through our expertise in water technologies. We are proud of the advancements we've made over the past year — throughout our supply chain and operations, in our approach to product strategy and design, and through engagement with our employees and communities.

Since 2018, we have worked toward achieving a set of goals related to our environmental performance. For the first time this year, we are expanding the sustainability performance goals we track and report on by adding measurable and timebound goals across all four pillars of our strategy: **Footprint**, **Handprint**, **Social Responsibility**, and **Corporate Governance**. We developed these goals with the intention to better drive our performance across the entire spectrum of our [sustainability strategy](#).

Over the past 10 years, we have reduced our global water usage by over 93 million liters. This achievement far surpassed our original goal to reduce water use

intensity by 3% annually — or a total of 15% by 2023 — and represents a 62% reduction in water use intensity since 2018. Still, as a global leader in water stewardship, we believe we can do more and have committed to continue to target 3% annual reductions through 2026. We are extending this progress from our sites to our communities and beyond — sharing our knowledge and learnings with partners and peers to accelerate water stewardship across multiple sectors.

This year, we have taken the important step of establishing an absolute carbon emissions reduction target, a change from our previous approach of targeting reduced emissions intensity. By 2034, our goal is to reduce our absolute carbon emissions by 30%. To achieve this new goal, we plan to target our highest emitting activities and implement efficient solutions, in addition to installing renewable energy onsite at our facilities.

A critical piece of our carbon reduction strategy will be the measurement of emissions throughout our value chain. In 2023, we continued to enhance visibility into the sustainability performance of our supply chain, embarking on a robust engagement process with our top 100 suppliers in collaboration with EcoVadis. By 2026, we expect to have systems in place to track our Scope 3 emissions, a significant first step in driving reductions.

As we actively manage our footprint and generate savings across our operations, we are also working to increase the environmental and social value of our products and services to society. This work includes targeted improvements in how we design and manufacture our products, investments in life cycle assessments (LCAs), and improving transparency for our customers through completion of Environmental Product Declarations (EPDs). By 2025, we aim to complete LCAs for more than 5,000 of our products, prioritizing sites and products with potential for the most significant impact. We believe one of our greatest opportunities to support the transition toward decarbonization is through our innovative product offerings, most notably our electrically powered heating solutions.

All our actions have ripple effects. We are working with urgency to meaningfully contribute to the global effort to combat climate change and preserve our most precious natural resource, water, for generations to come.

Sincerely,

Kenneth R. Lepage
General Counsel and Chief Sustainability Officer

“These efforts reflect our strong belief that preparing for and addressing the impacts of climate change is foundational to fulfilling our mission.”

Corporate Profile

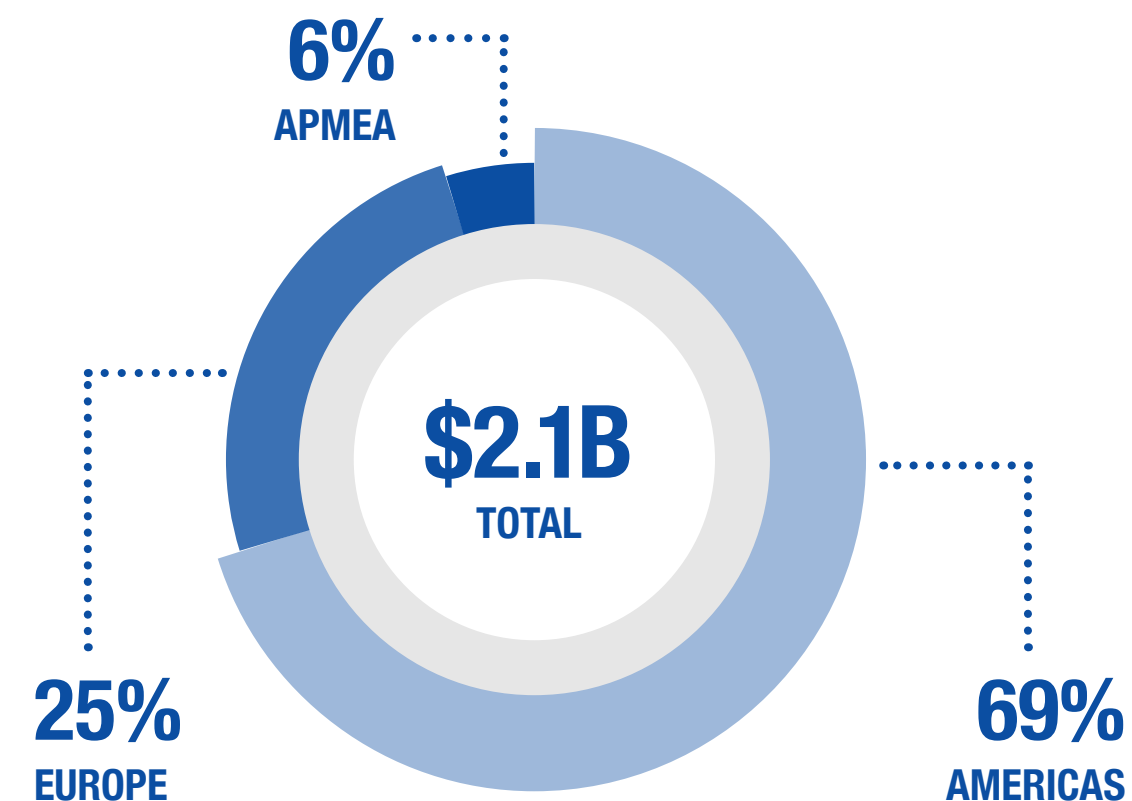
ABOUT WATTS WATER TECHNOLOGIES, INC.

Watts Water Technologies, Inc., through its family of companies (“Watts”), is a leading provider of solutions designed to promote safety, energy efficiency, and water conservation in the commercial, industrial, and residential markets of the Americas and Europe, and Asia-Pacific, the Middle East, and Africa (APMEA). For 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.

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 regional net sales percentages and the total are for the year ended December 31, 2023.



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; do 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 and solutions, specialty floor and tile products, food service products, and leak detection products

62% 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

4% DIY CHAINS

- Valves and our water-quality products

29% HVAC AND GAS PRODUCTS

- Commercial high-efficiency boilers, water heaters, and heating solutions
- Hydronic and electric heating systems for under-floor radiant applications
- Custom heat and hot water solutions, hydronic pump groups for boiler manufacturers, and alternative energy control packages
- Flexible stainless-steel connectors for natural and liquid propane gas in commercial food service and residential applications
- Most of our HVAC products and solutions feature advanced controls enabling customers to easily connect to the building management system for better monitoring, control, and operation

10% DRAINAGE AND WATER REUSE

- Drainage products, including connected roof-drain systems
- Engineered rainwater harvesting solutions for commercial, industrial, marine, and residential applications

Products

56% RESIDENTIAL AND COMMERCIAL FLOW

- Backflow preventers, water-pressure regulators, temperature and pressure-relief valves, thermostatic mixing valves, leak-detection and protection products, commercial washroom solutions, and emergency safety products and equipment
- Many of our flow-control and protection products are now smart and connected enabled products, capable of warning of leaks, floods, and freeze with alerts to building management systems and/or personal devices, giving our customers greater insight into their water management and the ability to shut off the water supply to avoid waste and mitigate damages

5% WATER QUALITY

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

* The percentages are based on total net sales for the year ended December 31, 2023.



FOOTPRINT TO HANDPRINT

Actively managing our footprint and generating savings across operations, while increasing the environmental and social value of our products and services to society

- Achieved five-year (2018-2023) eco-efficiency goals for water, emissions, and waste ahead of plan
 - 62% reduction in 2023 water efficiency compared to 2018 vs. the stated goal of 15% reduction
 - 60% reduction in 2023 Scope 1 & 2 GHG efficiency compared to 2018 vs. the stated goal of 15% reduction
 - 35% reduction in 2023 hazardous waste efficiency compared to 2018 vs. the stated goal of 15% reduction
- Committed to new decarbonization goals: 30% absolute reduction in Scope 1 & 2 emissions in 10 years starting in 2024
- Better quantifying our products' handprint benefits and future design through life cycle assessment modeling

WATTS SITES TO COMMUNITIES

Ensuring our ESG commitments extend to the customers and communities where we operate

- Increasing accountability of our suppliers and their adherence to ESG principles
- Sponsored a new pontoon boat for a local community organization that takes volunteers to remove trash from the Merrimack River, local waterways, and shorelines. This vessel will have an impact of removing ~6 US tons of trash annually.
- Performed quality audits for 1,075 suppliers, representing 22% of our global direct spend

BUSINESS STRATEGY INFLUENCED BY CLIMATE RISKS AND OPPORTUNITIES

Engraining sustainability into our strategic initiatives to drive our ESG principles across the business

- Employees and Sites: increased employee engagement and supported ERGs
- Analyzed production, logistics, and distribution to maximize our customer reach
- Increased our offering and sales from smart and connected enabled products – enabling our customers to achieve their environmental objectives
- Incorporating sustainability metrics into our new product development process

SUSTAINABILITY INTEGRATED AT EVERY LEVEL

Demonstrating our commitment to sustainability as an integral part of conducting business

- Making our products and operations more resilient to pollution, extreme climate events, and the increasing scarcity of water
- Reinforcing our mature ethics and compliance program through annual, global Code of Conduct training for all employees, consultants, and contractors
- Enhanced transparency, commitments, and reporting requirements – UNGC, WAVE, CEO Water Mandate, third-party environmental data validation

Our Goals

Across the four pillars of our strategy, we have established a series of measurable, timebound goals to continue to drive our performance over the next several years. Our goal-setting process engaged leaders from across our operations and considered our greatest opportunities for impact. We will report annually on progress against these goals.

FOOTPRINT

Watts is 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 pollution, scarcity, and flooding.

Our Goals:

- Reduce absolute GHG emissions by 30% by 2034, against a 2023 baseline
- Reduce our water intensity by 3% annually through 2026, against a 2023 baseline*
- Begin reporting on Scope 3 emissions in 2026
- Reduce our hazardous waste intensity by 3% annually through 2026, against a 2023 baseline

HANDPRINT

We are creating innovative products and smart solutions to protect, control, and conserve critical resources, and helping to educate our customers to support them in reducing their footprint through use of our products.

Our Goals:

- Invest in life cycle assessments (LCAs) to better design and manufacture with environmental impact in mind
 - Complete LCAs for all products in our largest facility by 2025
 - Complete LCAs for all products in our BLÜCHER facility by 2025
 - Complete LCAs for two products in France by 2025
 - Complete LCA for one product in APMEA by 2025
- Drive greater transparency for our customers on the environmental impacts of our products through Environmental Product Declarations (EPDs)
 - Complete 50 EPDs by 2026

SOCIAL RESPONSIBILITY

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

Our Goals:

- Expand opportunities for Watts employees to participate in leadership and professional development opportunities
- Offer leadership and inclusivity training to all employees globally by the end of 2025
- Grow the number of employees that participate in professional development training by 20% each year, through 2027
- Grow the number of all other professional development training sessions offered to employees by 10% each year, through 2027
- By 2027, exceed a score of 75% across inclusivity, engagement, and training indicators in our annual global employee engagement surveys
- Increase employee engagement in community projects through Watts Cares by 10% year over year through 2027
- From 2024 through 2027, donate up to \$1 million to nonprofit organizations dedicated to water stewardship and other causes important to our communities

CORPORATE GOVERNANCE

We are earning the trust of our stakeholders by operating responsibly and adhering to high 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.

Our Goals:

- Ensure that 99% of all employees, including part-time employees, consultants, and contractors, complete our Code of Business Conduct training and acknowledge their adherence to our Code, annually
- Drive supplier performance on environmental, social, and governance issues through robust engagement, expanded coverage of audits and evaluations, and conformance to our Code of Business Conduct and Supplier ESG Standards
 - Strive to include 100% of suppliers in our review of Dun & Bradstreet ESG ratings, annually
 - Require all new suppliers to confirm their conformance to Supplier ESG Standards prior to engaging with Watts

*Since 2014, we have reduced water use by over 91 million liters globally. We will soon reach the floor on water reduction as we require water for human consumption and manufacturing processes.

Evolving Our Sustainability Strategy

2014



- Began reporting on environmental data
- Launched monthly operating reviews

2016

- Published first annual Sustainability Report



2021

- Appointed first Chief Sustainability Officer
- CEO joined Board of The Water Council
- Developed EHSS policy
- Promoted to AA rating by MSCI
- Named to ISS Top 15% peer group
- Launched Employee Resource Groups (ERGs)
- Completed materiality assessment
- Disclosed against SASB



2018

- Set and disclosed environmental/eco-efficiency targets
- Began engaging ratings agencies



2020

- Launched global Diversity, Equity, and Inclusion initiatives
- Began reporting against global ESG standards and frameworks GRI and UNSDGs
- Performed business continuity analysis
- Achieved third-party independent verification for environmental data



2022

- Became first company to be WAVE Verified
- Issued Human Rights Policy
- Joined UN Global Compact
- Became CEO Water Mandate signatory
- Established dedicated Handprint staff
- Held ESG Leadership and brainstorming sessions for employees, managers, and leadership across regions globally



Present

- Attained Sustainalytics “low risk” rating
- Achieved recognition as one of America’s Greenest Companies by *Newsweek* and inclusion in the Top 300 U.S. companies for environmental sustainability
- Selected as one of America’s Climate Leaders 2023 by *USA Today*
- Earned *Newsweek*'s designation as one of America’s Most Responsible Companies for the fifth consecutive year, ranking among the Top 600 from 2,000 major U.S. firms across 14 industries. Achieved No. 50 overall and third in the industry, the highest ranking in five years of recognition.
- Gained further insights into our own supply chain's sustainability performance by engaging our top 100 suppliers by spend to join the EcoVadis platform. Of these suppliers, ~70% have completed and shared the EcoVadis scorecard.
- Participated in EcoVadis global ESG rating assessment for the first time in late 2023 as a global organization



Material Topics

In 2023, we completed a reporting gap assessment, aligned with requirements and recommendations from the Corporate Sustainability Reporting Directive (CSRD), the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the International Sustainability Standards Board (ISSB), to inform our global ESG reporting strategy and priority actions. In late 2023, we kicked off a double material assessment under CSRD requirements to determine the material ESG topics that will be reported in accordance with the European Sustainability Reporting Standards (ESRS).

In 2021, we completed a materiality assessment. These assessments help identify and report on ESG topics that have the most significant impact on our business and our stakeholders. It also identified ESG-related risks and opportunities for us to evaluate as we execute our growth strategy and societal trends that may impact our ability to meet stakeholder expectations. You can learn more about the materiality assessment and our material topic definitions in the [Appendix](#).

Following the materiality assessment, we identified several key focus areas for immediate attention and resources. Efforts in these areas are well underway and are detailed throughout this report, with highlights on progress on some of our top material topics:

Employee Attraction, Development, and Retention:

- Continued to establish partnerships with and conducted recruitment activities at universities to drive outreach to females and under-represented groups
- Implemented an augmented writing platform to enhance inclusivity in our job descriptions
- Launched a quarterly training and development calendar featuring virtual instructor-led training sessions offered through internal facilitators, as well as through external partnerships with best-in-class vendors
- Began a holistic review of our 2024 U.S. benefit plan offering with an eye toward improving our benefit proposition in the marketplace and provide best-in-class programs that meet the diverse needs of our employee population

Diversity, Equity, and Inclusion (DEI):

- Continued to implement our 12-month plan designed to execute on our DEI initiatives
- Established a diverse candidate slate policy to assist in our outreach efforts and expand the pool of qualified candidates
- Focused on 10 U.S. sites for directed implementation of the inclusion and recruiting pipeline outreach efforts
- Offered new supports to our ERGs, which continue to be a platform for employees to share common interests and experiences, gain professional development support, engage with our leadership teams, and drive initiatives to improve DEI at Watts
- Conducted internal, leader-led panel and keynote discussions on a variety of DEI topics
- Continued roll out of leadership and inclusivity training throughout the global organization

Occupational Health and Safety:

- Focused on elimination of hazards and engaging our employees on reporting of near-misses and safety observations to help us achieve record safety performance with a total recordable incident rate of 0.92 and a lost time rate of 0.49, improvements of 21% and 6% year-over-year, respectively
- To support continued improvement, conducted machine-guarding assessments across nine sites in the Americas and Europe and implemented standardized safety training across 11 operating sites in the Americas

Energy and Emissions:

- Decreased energy use and emissions by deploying an air leak detection program, on-site solar, LEDs, and other facility upgrades
- Completed our five-year plan well ahead of previously set targets, including:
 - Reduced our Scope 1 & 2 market-based emissions intensity by 60% in 2023, far surpassing our goal of 15% as compared to 2018
- Committed to absolute reductions in Scope 1 & 2 GHG emissions– 30% over the next 10 years

Sustainable Innovation and Digital Transformation:

- Advanced efforts of embedding sustainability into product development to help improve our customers' ability to achieve their sustainability goals, as well as minimizing our impact on the environment
- Enhanced several of our products with smart and connected enabled technology to allow customers to better understand and control their water usage. By the end of 2023, 25% of our revenue came from such products

Climate Change Risk and Resilience:

- Installed solar at four of our manufacturing facilities generating ~700,000 kWh of electricity
- Supported and accelerated utility-level decarbonization by purchasing ~7,200 metric tons of CO2 equivalent (MTCO2e) certified wind renewable energy certificates (RECs). RECs represent 47% of our market-based emissions globally, as Americas region has the largest share of our global scope 2 emissions

Water Stewardship:

- Annual donations of AERCO boiler test units to support local community organizations while avoiding scrap at the same time (see [water section](#))
- Sponsored a new pontoon boat for a local community organization that takes volunteers to remove trash from the Merrimack River, local waterways, and shorelines. This vessel will have an impact of removing ~6 US tons of trash annually
- Engaged our suppliers, communities, and stakeholders in our watersheds and water value chains globally

Contributing to the UN Sustainable Development Goals

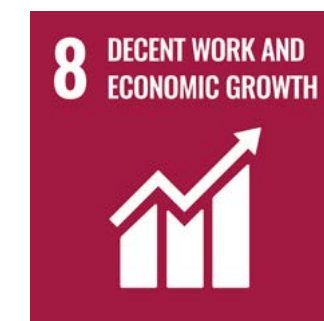
The United Nations (UN) Sustainable Development Goals (SDGs) provide the best-shared definitions of our global challenges and serve as a framework to determine where we can make the greatest impact. Watts is focused on addressing key impacts and opportunities to minimize the environmental footprint of 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.



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. To advance this work, our talent acquisition and DEI teams continue to establish partnerships with institutions, professional networks, and search firms, attend career fairs, and collaborate with our ERGs. Our Women of Watts ERG launched a mentorship program in 2023 and promotes and cultivates a more inclusive environment.



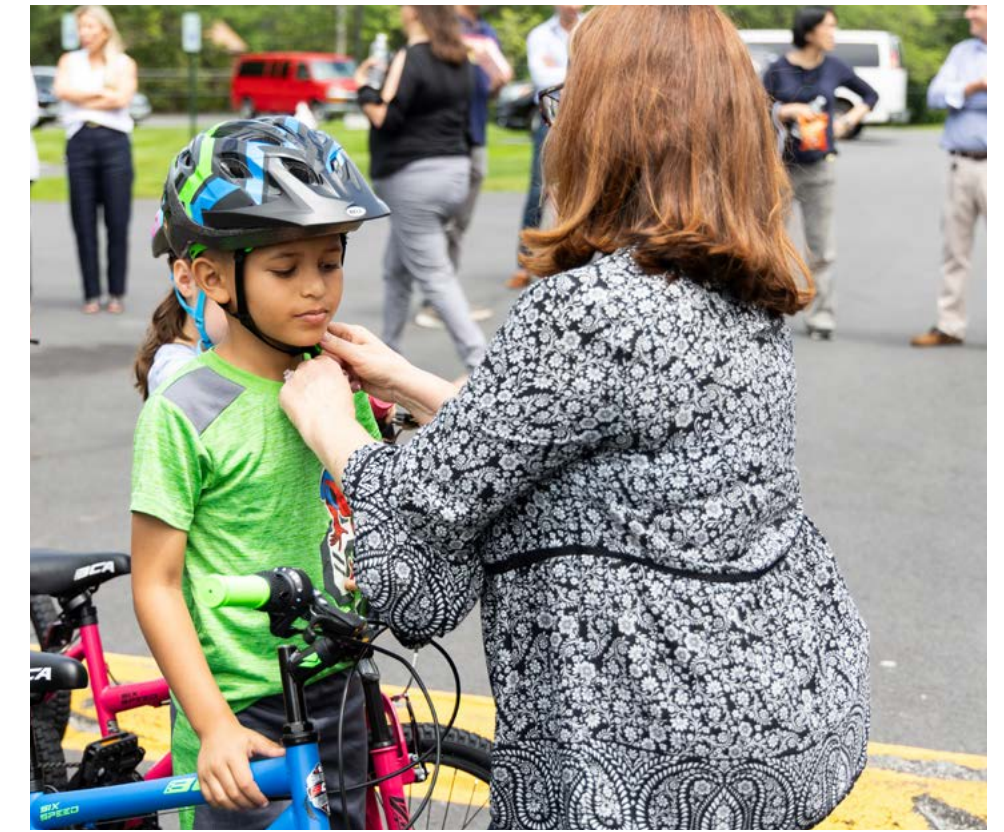
Clean Water & Sanitation, SDG 6: We believe access to clean water is a fundamental human right, yet billions of people around the world experience water insecurity and water stress daily. Our products play an essential role in protecting and conserving water resources and the people who use and rely 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. In 2023, we provided clean, safe drinking water to 24,440 people through our ongoing partnership with the Planet Water Foundation and sponsorship of emergency support following an earthquake in Turkey.



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. As of December 31, 2023, we employed approximately 5,100 employees across 21 countries.* Our commitment extends beyond our company walls through educational partnerships and charitable donations. Our [Human Rights Policy](#) outlines our commitment to promoting human rights within our labor force. The policy applies not only to our employees but also to our supply chain partners.



Industry, Innovation & Infrastructure, SDG 9: For nearly 50 years, our backflow prevention valves 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 prevention valves 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 flood early on, which allows for early intervention, either manually or remotely. In 2023, approximately 42% of our revenue was generated from clean-tech products.



Watts partners with Lawrence Boys & Girls Club (MA, USA) to host its second Build-a-Bike event



Watts partners with Planet Water Foundation to bring clean water to water-stressed communities

*Aligns with 2023 Annual Report and includes Bradley Corporation



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, and hazardous and non-hazardous waste generated at our sites. In 2023, despite including Enware in our environmental boundary, we reduced over 1,308 metric tons of Scope 1 and 2 market-based carbon emissions, as compared to 2022. We are identifying opportunities and investing in solutions to accelerate our transition to the circular economy and finding ways to appropriately 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 not only our energy consumption and carbon emissions by 30% over the next 10 years, but also to help our customers reduce their carbon emissions by developing new technologies in our product portfolio. AERCO boilers helped customers avoid ~89,000 metric tons of CO₂, which is nearly three times the Watts Scope 1 and 2 emissions for 2023. We supported decarbonization by installing solar at four of our manufacturing facilities, generating ~700,000 kWh of electricity. We continued adoption of energy efficiency best practices and purchase of RECs to offset our global emissions.*



Life Below Water, SDG 14: Our oceans and seas are precious natural resources that are home to much of the world's biodiversity, and 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. Through the use of our Ballast Water Management Systems, 2 billion gallons of transferred ballast water are analyzed per year. The International Maritime Organization (IMO), a UN Special Agency, saw a need for this technology. We're helping to preserve biodiversity by preventing 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.

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

**This total includes Enware data and does not include Bradley data for 2023 calculations.*

Right: Our Blauvelt, NY, USA team completed a project to optimize production floor space and revamp manufacturing processes. Employees at this facility produce high-efficiency AERCO boilers that help customers avoid ~89,000 metric tons of CO₂, which is nearly three times the Watts Scope 1 & 2 emissions for 2023.



ESG Governance

Our board of directors' Governance and Sustainability Committee has primary responsibility for the oversight of our ESG efforts and strategy. The Governance and Sustainability Committee reviews the company's ESG performance and strategic plans at its regularly scheduled quarterly meetings and receives additional updates from our chief sustainability officer as needed.

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.

During 2023, our chief sustainability officer presented to the Governance and Sustainability Committee on a number of ESG topics, including progress reports on sustainability initiatives, U.N. CEO Water Mandate participation, updates on sustainability training programs, and new regulatory requirements relating to ESG disclosures. We also continued to review areas of material risk to Watts with our board, including risks related to climate change and actions we are taking to mitigate those risks.



Stakeholder Engagement

For 150 years, our company has built a reputation for protecting and sustaining the world's water supply through our broad portfolio of water products and solutions. 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 described in the [Stakeholder Engagement](#) section of the Appendix.

OUR LEADERSHIP'S ACTIVITIES OUTSIDE OF WATTS ON WATER STEWARDSHIP IN 2023

- Utility Management Conference / AWWA Panel Discussion on the Watts ESG Journey & Water Stewardship
- Boston College Center for Corporate Citizenship panel discussion on rethinking resiliency
- The Water Council sponsor of events and panel discussion on building water resiliency

ENGAGING EMPLOYEES VIA ESG WORKSHOPS

- Americas' Leadership Meeting (January 2023) - Writing the Watts Future Story
- Fluid Solutions EU Workshop (April 2023)
- APMEA Virtual Workshop (October 2023)

Since 2021, our CEO Robert J. Pagano, Jr., has been a member of the board of directors of [The Water Council](#), a global hub dedicated to solving critical water challenges by driving innovation in freshwater technology and advancing water stewardship.

Right: Watts Water participating in a panel discussion on enhancing resiliency at the 2023 Water Leaders Summit hosted by The Water Council



Footprint



Footprint

At Watts, our reputation for quality, safety, and reliability is known worldwide from the extensive portfolio of differentiated solutions 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 delivering innovative products and services that support our customers in doing the same.

Since 2014, Watts has centrally collected and managed our energy and water consumption, waste generation, utility costs, and carbon emissions for all major sites. To ensure accuracy, we use a cloud-based SaaS 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, Supply Chain, and every other function can have real-time access to site-specific and enterprise-wide data to help monitor our environmental performance. Our [Environmental Data](#) is available in the Appendix.

The scope of our environmental reporting covers 39 facilities globally, including office buildings, manufacturing sites, distribution centers, and warehouses. The facilities listed here are within our operational boundaries for environmental performance in 2023 and represent approximately 93% of our global workforce. For 2023, our Enware facility and contract manufacturing facility in Nogales are included in our footprint reporting; our Bradley and Josam facilities are not.

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

Globally, the greatest drivers of our water consumption are product testing, process water, drinking water, and sanitation. The greatest drivers 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.

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	
Nogales, Mexico*	
North Andover, MA	
Reno, NV	
San Antonio, TX	

Spindale, NC	
St. Pauls, NC	
Vernon, BC, Canada	
Woodland, CA	
Biassono, Italy	
Dattenberg, Germany	
Eerbeek, Netherlands	
Gardolo, Italy	
Hautvillers, France	
Laundau, Germany	
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	
Sydney, Australia	

*contract manufacturing partner

- Office
- Manufacturing
- Distribution Center
- Headquarters
- ISO 9001
- ISO 14001
- ISO 45001

Footprint

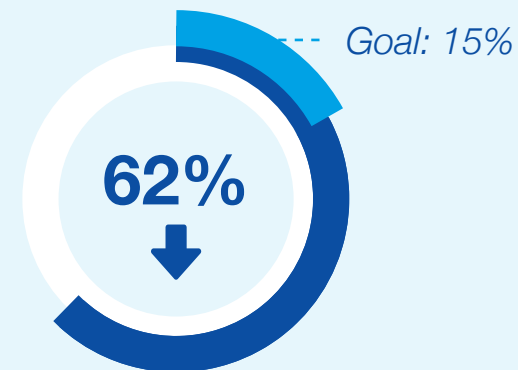
Reducing our water, energy, carbon, and waste footprints



WATER



Absolute Reduction since 2014



Intensity Reduction*
**baseline year 2018*

- Sponsored a new pontoon boat for a local community organization that takes volunteers to remove trash from the Merrimack River, local waterways, and shorelines. This vessel will have an impact of removing ~6 US tons of trash annually.
- Donated an AERCO boiler to a local youth organization in New York.
- Recommitted to eco-efficiency reduction goals
- Signed the CEO Water Mandate

ENERGY



Absolute Emissions Reduction since 2014

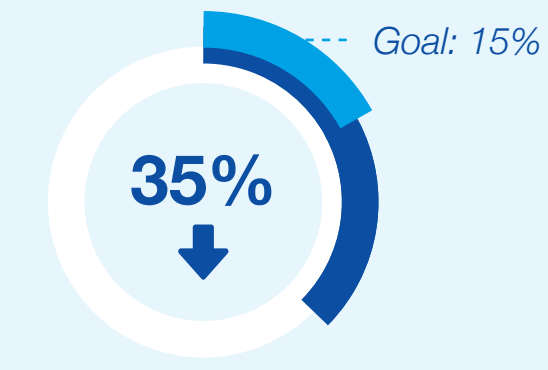


Intensity Reduction*
**baseline year 2018; market-based emissions*



- Certified renewable energy certificates (RECs) reduced our market-based Scope 2 carbon emissions in 2023 by 28%
- Two sites installed on-site solar in 2023, generating ~650,000 kWh of electricity annually

WASTE



Intensity Reduction*
**baseline year 2018*

Recycling in 2023

- METAL SCRAPS
4,965,279 Kg
- PLASTIC REGRIND
16,800 Kg
- ELECTRONIC WASTE
12,146 Kg

- Reporting non-hazardous stats
- Waste benchmarking analysis in 2023 revealed Watts diverted nearly 60% of waste from landfills through recycling programs in Europe and parts of APMEA and Americas at our top 10 sites, representing over 80% of Watts global population

ALL

Tracking environmental data since 2014



of global manufacturing footprint certified to ISO 14001 standards



Exceeded 2018-2023 stated YOY eco-efficiency reduction goals



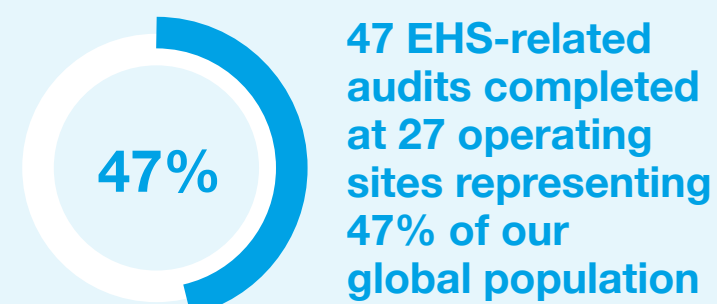
Third-party environmental data verification since 2020

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 Global Leadership 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 2023, we completed 47 internal and external audits at 27 of our operating sites, focusing on EHS-related compliance and management system effectiveness, representing an increase of 2%. These audits are part of our overall EHS Management System, with

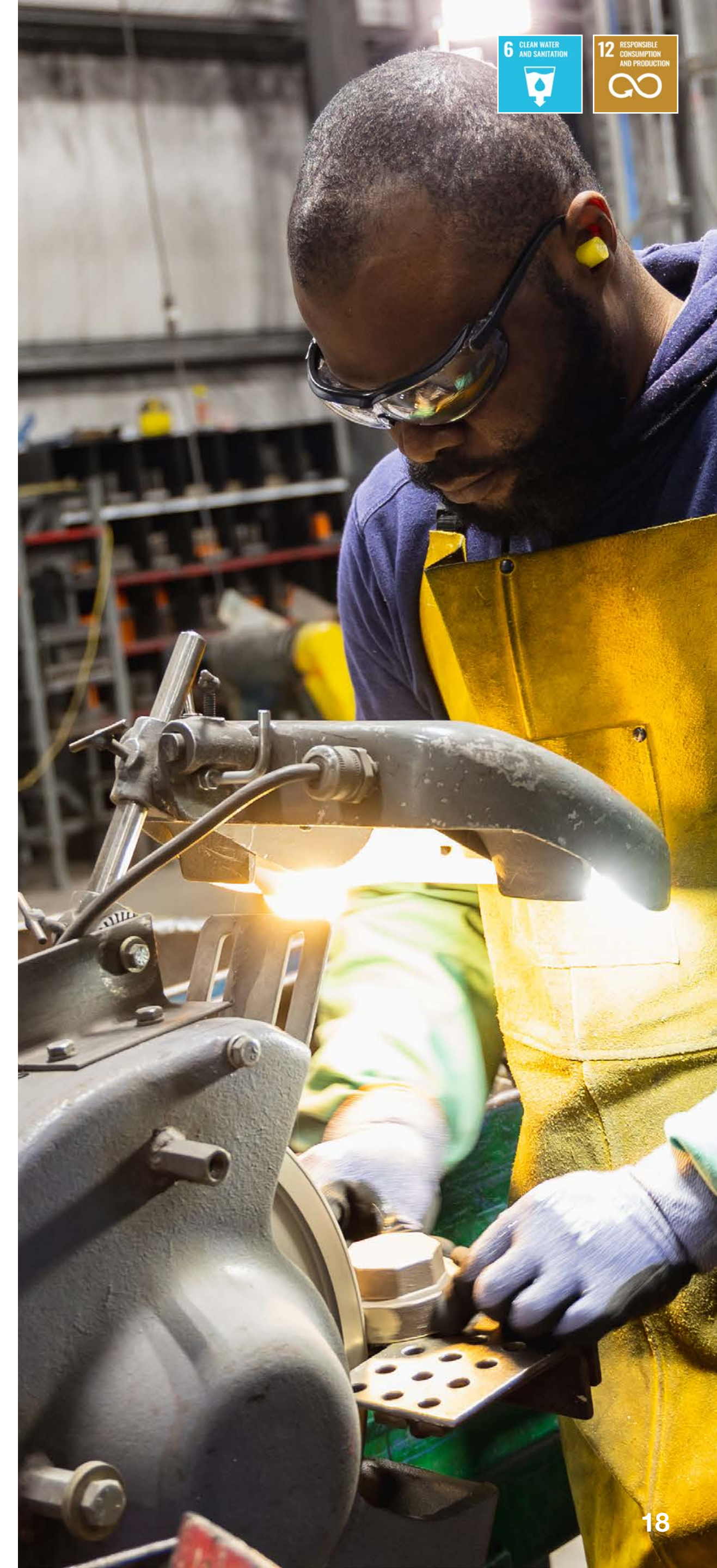


audits conducted annually and assigned based on regulatory obligation, management system (ISO) obligation, relative risk, and global sampling. For details of types and frequency of audits across all locations of operations, please refer to the [table](#) in the Appendix.

Meaningful engagement with our employees, contractors, and utility vendors has always been important to us 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 major manufacturing and distribution sites on a routine basis, as well as establishing annual reduction targets.

ISO CERTIFICATION

Our ISO 14001 certified sites represent 47% of our global population, a slight decrease due to the closure of the Mery, France site. The pursuit of this certification provides an external framework to measure continuous maturation of our environmental management and is inclusive of our overall global system. You can learn more about the certification of our occupational health and safety (OHS) management system in the [Occupational Health and Safety](#) section of this report.



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. Our actions include:

- reducing the amount of water we use and discharge in our operations;
- ensuring our business practices protect the water quality and supply in the communities where we operate;
- developing effective and innovative products and services that solve longstanding water challenges in improving water quality and water conservation; and
- sharing our expertise and learnings within our industry to drive greater awareness and collective action on water stewardship.

This commitment is formalized through our Corporate [Environment, Health, Safety, and Sustainability Policy](#).

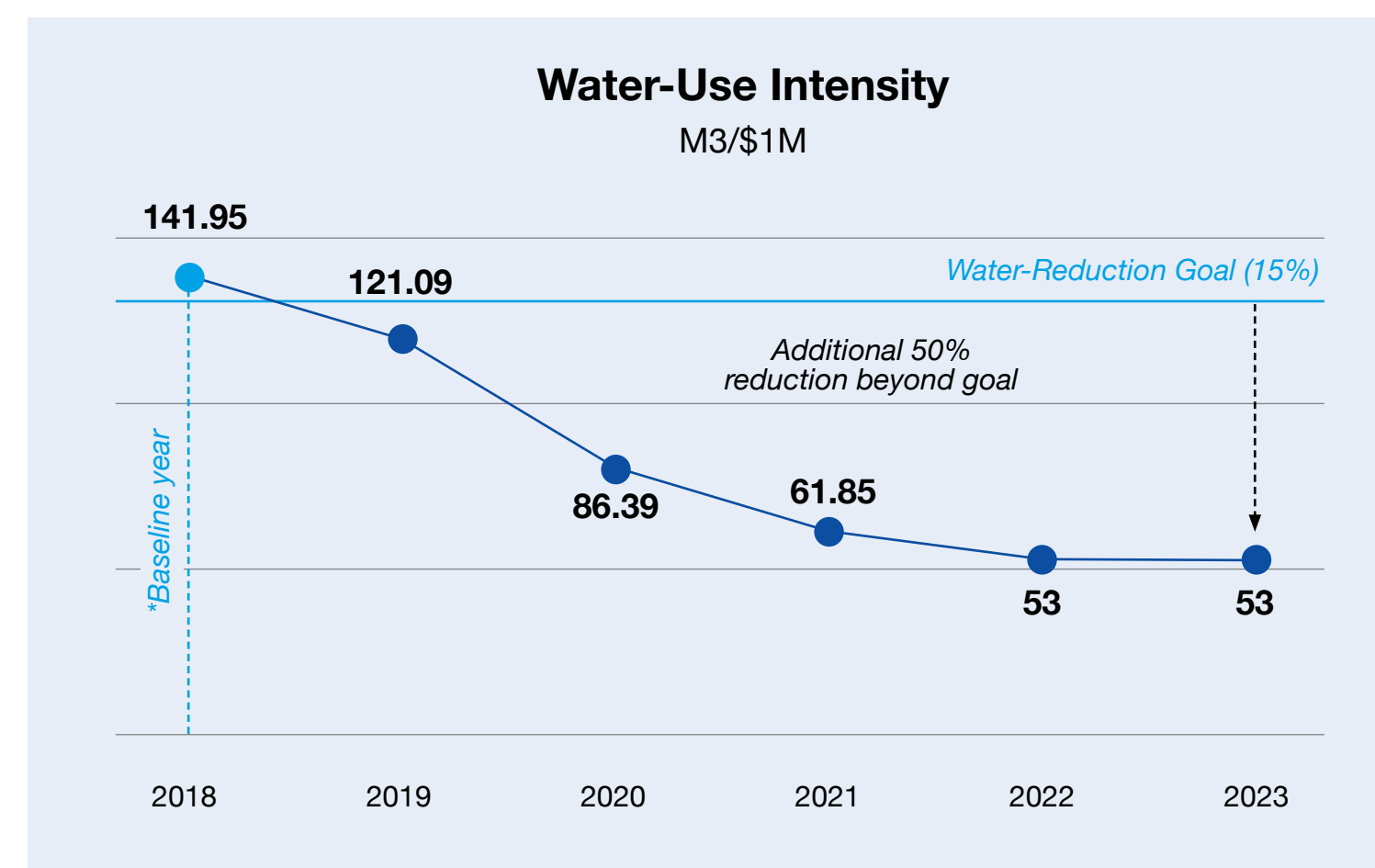
PROGRESS AGAINST OUR WATER REDUCTION COMMITMENTS

We have committed to reduce our water intensity by 3% annually against a 2018 baseline. In 2023, we achieved a water intensity reduction of 62% since 2018, against a stated goal of 15%. Our water stewardship work was independently verified by SCS Global Services, an international leader in third-party certification of sustainability claims. For more information regarding our 2023 water consumption data, please visit the [Appendix](#).

We continue to increase the accuracy and immediacy of our total water usage data so we can take action to reduce it. Our data collection process utilizes a monthly, automatic bill collection system for all utilities across 39 Watts sites. Armed with information provided through monitoring solutions and applications, cross-functional teams come together regularly to increase awareness of our water intensity and execute reduction strategies.

69%

We have seen a 69% reduction in water use in 2023 compared to 2022 at our corporate headquarters in North Andover, MA, USA, primarily due to the installation of an improved, smart irrigation system. New irrigation zoning, smart sensors, and a leak detection system have eliminated more than 2.8 million liters of water.



WATER STEWARDSHIP: OUR 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 local and 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
- Striving to ensure 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

Since we began tracking water consumption data in 2014, we have reduced over 93 Million liters of water globally over the past 9 years. With the recommitment to 3% annual water intensity reduction for the next 3 years, we may soon approach a limit on reducing water intensity.

We intend to focus on sites whose human and hygiene related water consumption is a small percentage of the total consumption to find opportunities for reduction, reuse, and recycling of testing and process related water use.



UNDERSTANDING WATER AS A SHARED RESOURCE

In 2022, Watts became the first company to successfully complete verification for The Water Council’s WAVE: Water Stewardship Verified program, indicating we have assessed water-related risk across our enterprise, identified the highest water-related impacts using credible water-related data, and implemented best practices in improving water stewardship performance. As part of the WAVE process, 16 Watts sites, representing 82% of our global water consumption, have participated in the WAVE Accelerator program. Each site team conducted a water balance to learn more about their water inputs and outputs and engaged stakeholders in their surrounding communities.

As a result of this work, we are taking action locally and globally to reduce water consumption, increase reuse, improve water quality, reduce negative upstream and downstream impacts, and engage our local communities in water stewardship activities.

Deepening Our Commitment to Protect the Merrimack River

In 2023, we built on our longstanding partnership with the Clean River Project, a nonprofit dedicated to cleaning and preserving a 45-mile stretch of the Merrimack River, which serves as the water supply to 600,000 residents and is the local watershed to three Watts sites in Massachusetts and New Hampshire, USA. Our sponsorship of the organization funded the construction and deployment of a new, upcycled pontoon boat that carries volunteers onto the river for clean ups. The Watts Water/Clean River Project boat made 30 trips in 2023, recovering ~6 US tons of trash and debris from the Merrimack. Watts employees also joined Clean River Project clean up events in August and September, collecting over 2 tons of material.

From Sites to Communities: Water Stewardship Engagement in the Okanagan Region

Through participation in the WAVE accelerator program, our tekmar team in Vernon, BC, Canada deepened relationships with community organizations and local government agencies that share an interest in protecting the local watershed. The Okanagan region where tekmar is located is considered one of the three most endangered ecological regions in Canada and has experienced extreme weather patterns in recent years. In April 2023, dozens of tekmar colleagues volunteered at the Allen Brooks Nature Center, adding over 100 plants of various species to the local habitat, contributing to ongoing research and development programming for local ecological sustainability initiatives. On World Water Day in March, tekmar volunteers joined a regional district river clean up headed by the local government.



“Our entire team has developed a heightened interest in the impacts we have on the local water supply – both in our operations and through community engagement. In addition to continuous improvement on operational water use reductions, we’re taking a more intentional approach to volunteerism to maximize our impact in the water space. It’s been a great source of pride for our team.”

— Operations Manager, tekmar

Left: Watts volunteers cleaning the Merrimack River in 2023

Saving Millions of Liters of Water Through Process Improvements

Through an analysis of water consumption and wastewater outputs, our team in Ningbo, China identified an opportunity for significant water use reduction in a testing process. The process itself was averaging 1,000 liters of water output per day, and using an additional 1,000 liters per day of potable treated tap water for machining and floor cleaning processes. Rather than disposing of the testing water as wastewater, the team installed a water tank to collect and filter it for use in machining and floor cleaning. This action is saving approximately 249,000 liters annually, as well as reducing costs and demand on the local water supply. Coupled with the site's other water use reduction initiatives, including upgrades in sanitary facilities, leak detection and repairs, and smart water metering, our Ningbo team has driven over 1.3 million liters of water savings annually.



Ningbo Team Honored for Philanthropic Support of Local Schools

The team at our Ningbo, China site donated 13 water purification devices, which were installed throughout a kindergarten and primary school in the rural Shaanxi Province. In total, the generous contribution supports the daily drinking habits of approximately 400 children, helping to protect them from water-related diseases.

In New York, Boiler Donations Bring Safe and Reliable Heat and Hot Water to Area Nonprofits

Since 2008, the team at our Blauvelt, NY, USA facility has been supporting local community organizations while diverting waste. Each year, a small number of Aerco boilers undergo testing at the facility, and while they are no longer eligible for sale, they function like new. The community donation program, which began with the donation of a test unit to replace a failing boiler at a local school building serving at-risk youth, has grown to impact 11 local organizations over 16 years. Today, community centers, food pantries, schools, and other civic buildings are benefiting from high-efficiency, long lasting Aerco boilers they'd likely never purchase themselves, due to budget constraints. Two Blauvelt employees have made site visits as needed for the continued set up and maintenance of these donated units.

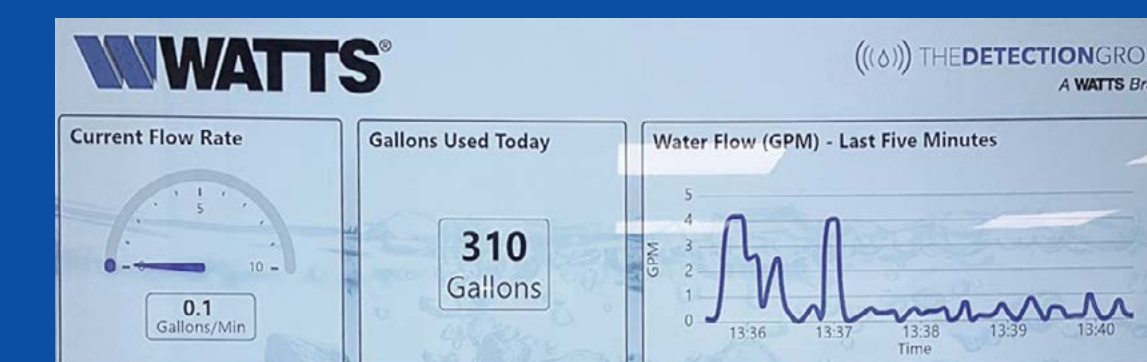
In addition to saving on boiler replacement costs, donation recipients are saving on fuel and avoiding greenhouse gas emissions. The facility manager at the site of Aerco's first donation in 2008 estimates their high-efficiency Benchmark 2.0 boiler has saved the organization over \$10,000 per year in fuel costs.



AT WATTS, WATER STEWARDSHIP IS EVERYONE'S RESPONSIBILITY

Since we began reporting on our water consumption a decade ago, we've taken significant action to cut our total global water usage by almost half – moving from 200 million liters per year in 2014 to 108.2 million liters in 2023. There will come a time when opportunities for major reductions within our operations will plateau, and daily, individual engagement of every single Watts employee will be the driver of further reductions.

In 2023, we installed a new monitoring screen at our corporate headquarters to continue to drive employee engagement and awareness of site-level water consumption. Anyone who passes through our lobby can now see how many gallons of water we've used that day – it's a symbolic and functional action that's sparking new ideas and conversation among colleagues, as each of us takes a personal interest in reaching our shared reduction goals.



With the re-commitment to a 3% annual water intensity reduction for the next three years, we may soon approach a limit on reducing water intensity. Our approach through 2026 is to focus on sites where process, irrigation, and test water use is a large percentage of the site's annual total use. We will explore reduction, reuse, and recycling projects along with enhanced monitoring and leak detection.

Energy and Emissions

We recognize the increasing urgency to avert the worst effects of climate change through rapid decarbonization and greater climate resiliency.

“Transition out of fossil fuels and towards sustainable energy sources is the only way to stop the rise in global temperatures and its devastating effects on people and the wider natural world that we depend on”

— United Nations Development Programme

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 certificates (RECs) and carbon offsets
- Developing new technologies within our product portfolio to help our customers transition to a lower carbon economy
- Helping our customers advance environmental and societal objectives through our products and services

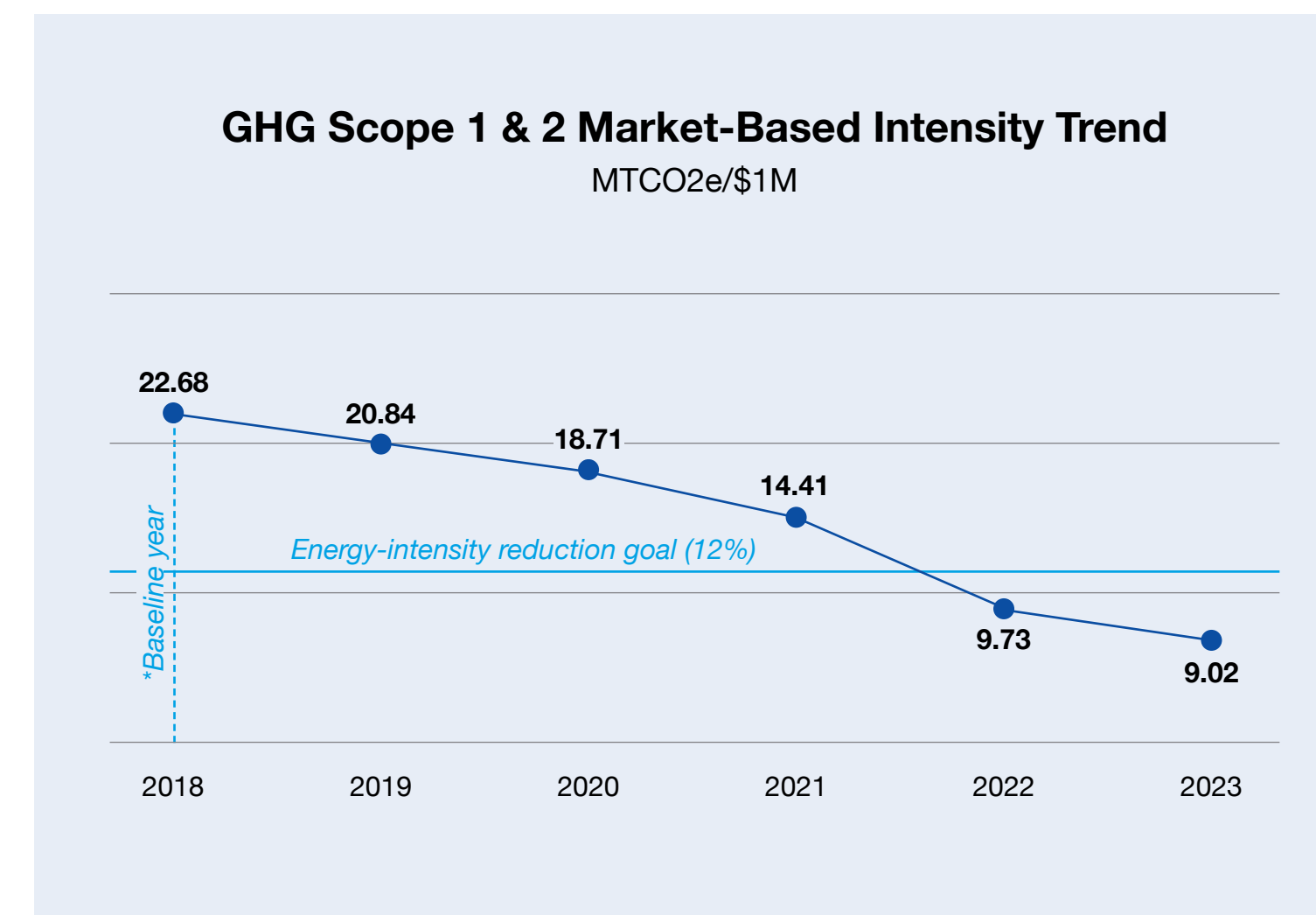
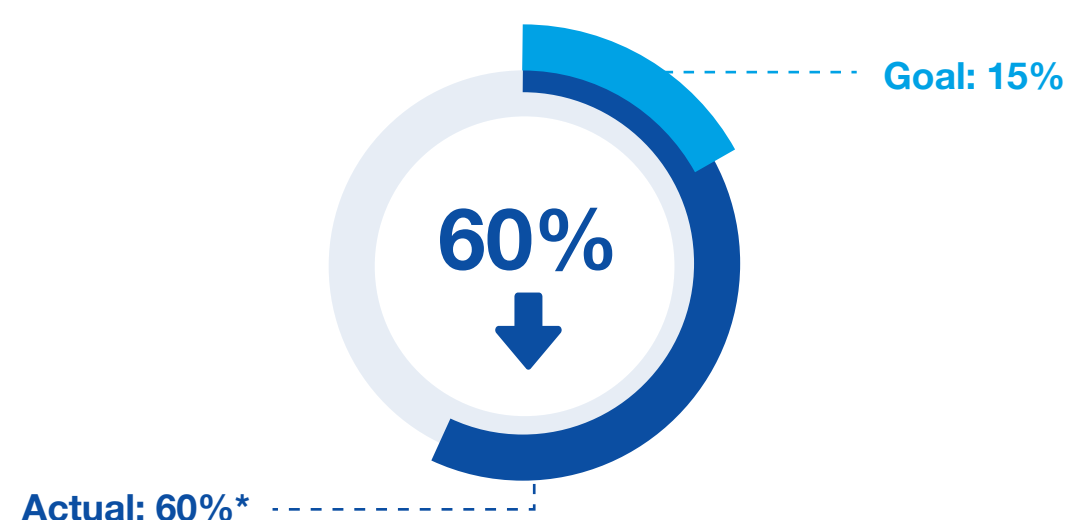
To accelerate this work, we have far exceeded our initial five-year goal of reducing our GHG emissions intensity by 3% annually against a 2018 baseline. In 2023, we ramped up engagement and integration of sustainability and conservation at every level of the organization – from leadership to floor associates. We continued to target our highest emitting activities to implement efficient solutions and adopt an emissions-reduction mindset.

Through implementation of efficient solutions, continued evaluations, installations of solar at our manufacturing facilities, and the purchase of RECs to cover 100% of our electrical demand at seven of our largest manufacturing and distribution sites in the U.S., we continued to drive emissions reductions in 2023. Since 2018, Watts has reduced its GHG intensity by 35% (location-based) against our stated 15% reduction goal. We improved our tracking and carbon-accounting mechanisms and have begun to track and report both our location-based and market-based carbon emissions.¹ Doing so allows us to capture both the work we are doing in reducing our emissions as well as our investment in RECs. As of this year, we have achieved an absolute reduction of 49% in market-based GHG emissions as compared to 2018, and a 54% reduction as compared to 2014. Our annual intensity reduction in 2023 compared to 2022 was 7.2% (market-based).

Both the economic recovery after the COVID-19 pandemic and the ongoing war in Ukraine have contributed to energy-supply concerns and increased energy costs. Renewables are now projected to lead the power generation mix by up to 80% in 2050.

Source: *Global Energy Perspective, McKinsey*

GHG Intensity Reduction



In 2023, 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.

¹ A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen. (Source: *Greenhouse Gas Protocol*)



WATTS AIR LEAK DETECTION PROGRAM: HEAR IT, TAG IT, SEE IT, FIX IT!

Our standardized air leak program completed its first full year of operation in 2023 after being launched in late 2022. We focused our attention to 16 of our largest manufacturing sites where air compressors account for 10-25% of the sites’ total annual electrical consumption. Air leaks occur in industrial settings, or any area where high-pressure air is used. A system of pipes or tubes pushes air from a compressor to a machine or tooling device. Leaks in these systems happen for several reasons such as sealing, vibration, or repetitive use. The more leaks there are in the system, the harder the compressor must work, powering on and off more frequently and therefore wasting energy and increasing emissions.

We encourage sites across the company to implement visual management tools to help employees easily access our Watts branded tags and identify air leaks right away. Additional air leaks are reported into the sites’ maintenance applications where identified leaks are kept open until fixed and closed by facilities and maintenance teams. Air leak was also added as a new category under “observation” in our global EHS compliance and management software, which awards “Watts Bucks” to employees who identify and report air leaks. This represents a significant improvement toward the best practice of crowdsourcing, detecting, and repairing air leaks – getting every Watts employee to participate in energy savings. It also alleviates the burden on facilities and maintenance teams, allowing them to spend time fixing more leaks. In 2023, our participating sites fixed more than 350 air leaks. Our top three performing sites are Hautvillers in France, and St. Pauls and Woodland in the U.S.

2023 FACILITY HIGHLIGHTS

Ningbo, China

As part of its sustainability journey, the manufacturing facility in Ningbo, China has joined the newly founded Ningbo Beilun Green Power Association as one of its inaugural members.

The nonprofit organization is currently made up of 31 members from production, supply, storage, equipment manufacturing, engineering testing, and other industries of green power. It promotes green and low-carbon knowledge, advises on green carbon rights trading, provides green power technical services, and shares best practices for green projects.



In response to climate change issues and China’s “dual carbon policy,” the facility also focused on modernizing its energy management and accelerating the optimization of clean and efficient production processes and energy management systems.

In June 2023, Ningbo obtained its Energy Management System ISO50001 Certificate, Product Carbon Footprint Certificate, Greenhouse Gas Verification Certificate, and Carbon Neutral Certificate from relevant certification agencies.

Membership in the association is just the latest step in the site’s sustainability journey, which has completed several energy conservation and emissions reduction projects, including the installation of rooftop photovoltaic power and solar lights, energy efficient lighting, and upgrading the air compressor.

The most notable measure of 2023 was the installation of 14 smart electrical meters across the site.



In St. Neots, UK, each employee can grow crops of their choice in the areas designated for the garden, which currently includes a range of leafy vegetables, tomatoes, and chilies

St. Neots, UK

Our St. Neots, UK facility achieved a 16% reduction in electricity usage, equivalent to ~24,000 kWh. Reduction initiatives included consolidating all office staff into one location, upgrading to LED lighting in assembly and production areas, zoning of LED lights with sensors, and regular training and discussions related to energy conservation.

Plovdiv, Bulgaria

In 2023, our Plovdiv, Bulgaria site accomplished a 24% reduction in grid electricity consumption, primarily due to the expansion of existing solar installations, ongoing enhancements to lighting in assembly areas, and implementation of real-time energy monitoring. Additionally, Plovdiv decreased its propane gas consumption through enhancements made to machinery and components for the soldering process.

St. Pauls, NC, USA

Our St. Pauls site achieved a 27% reduction in natural gas and a 9% reduction in electricity usage in 2023 compared to 2022, a combined total energy reduction of ~400,000 kWh. The main drivers of this reduction are the site's air leak detection program and efficient temperature management during summer and winter months despite increased production related revenue on-site.



A facility manager in Plovdiv, Bulgaria recently visited a local school to share information about Watts with students

QUICK KAIZENS IN ACTION: ENERGY CONSERVATION

Spindale, NC, USA

Installed high bay LED lights in three aisles in the warehouse area.

Moirans, France

Installed UV films on all windows on-site in addition to passive cooling by increasing green areas around the site.



Our smart and connected enabled products help 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. Seventeen of our 39 facilities generate waste classified as hazardous. Additionally, eight sites generate waste classified as non-hazardous, regulated industrial discharge with the remainder generating municipal solid waste, and recyclable waste streams such as paper, wood, cardboard, plastic, electronics recycling, and metal chips. We comply with all local and national regulations and track manifests for hazardous and non-hazardous industrial waste. In 2023, we began collecting and tracking manifest data for municipal solid waste and information on how it's finally disposed, as well as tracking tonnages for other high-volume recyclables such as cardboard and wood.

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

- Brainstorming pre-waste or waste elimination ideas, such as how to avoid the waste / recyclable stream from being generated in the first place
- Engaging waste stream vendors on alternatives to divert waste from landfills
- Ensuring packaging material consists of reusable, recyclable, or compostable content



Worldwide municipal solid waste is expected to increase by ~70% to 3.4 billion metric tons, most of which is expected to end up in landfills.

Source: [Global Waste Generation, Statista](#)

In 2023, 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. In late 2023, we launched a waste study with the University of New Hampshire at our largest factory in Franklin, NH, USA.

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 reduction 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.

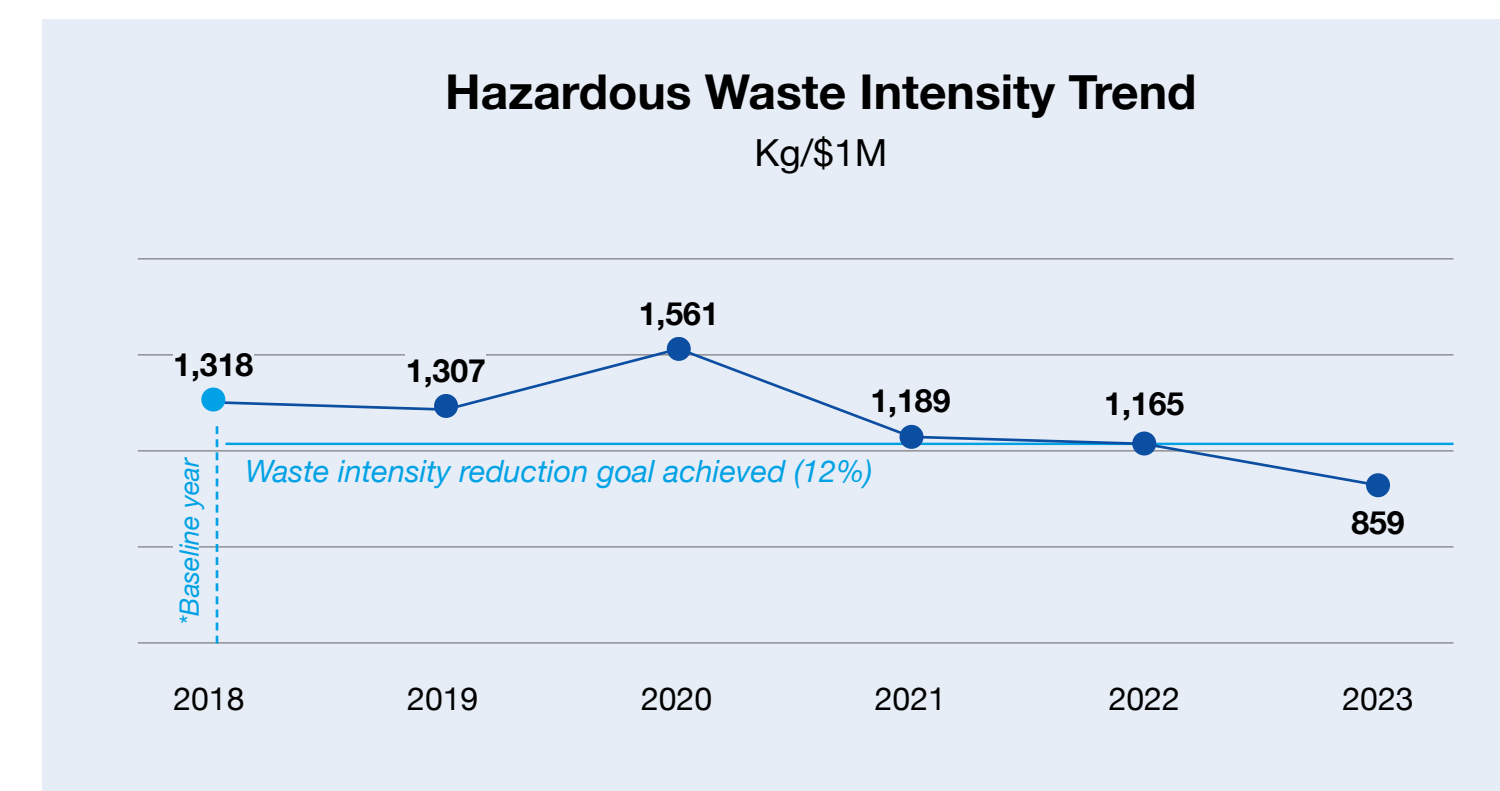
Tracking all forms of waste, reducing the overall quantity generated, and diverting from landfills using circular models is a complex challenge. To accelerate our efforts, we previously committed to reducing our hazardous waste intensity by 3% annually against a 2018 baseline. By the end of 2023, we had reduced our hazardous waste intensity by 35% against a stated goal of 15%.

For our U.S. operations, toxic waste reported under EPA's Toxic Release Inventory Reporting program decreased in 2022, the latest reporting year available, by 13% compared to 2021 and 36%

compared to 2018. This decrease was heavily driven by the reduction in copper-related emissions, which decreased by 24% compared to 2018.

We achieved an overall hazardous waste reduction of 25% year-over-year with the Americas achieving an 81% year-over-year reduction. When backing out the leaded foundry closure in 2022, the Franklin, NH, USA site still had double digit reduction along with a 57% reduction at our Fort Worth, TX, USA site.

In Europe, our Vildbjerg, Denmark site, which generates 69% of the regional hazardous waste, also had a 17% reduction year-over-year by effectively managing their passivation waste.



In 2023, 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.

2023 FACILITY HIGHLIGHTS

Nogales, Mexico

At our contract manufacturing location, we achieved a hazardous waste reduction of 45% in 2023 compared to 2022. This reduction, equivalent to ~6,000 kgs, was a result of the cleaning and reuse of coolant, reuse of impregnated rags, and the transfer of sulfamic acid as an alternate material for another manufacturing process on site.

Gardolo, Italy

In 2023, our Gardolo, Italy site achieved a hazardous waste reduction of 66%, or 3,403 kgs, compared to 2022, mainly driven by frequent checking of leakages in the oil fittings of molding presses. The oil waste from hydraulic circuits constitute 51% of the hazardous waste onsite.

Fort Worth, TX, USA

The second largest hazardous waste stream generated in the Americas region is associated with our passivation/pickling operations at our facility in Fort Worth, Texas, USA. The Fort Worth facility has successfully piloted a metals removal system for in-process passivation tanks resulting in a 57% reduction in hazardous waste in 2023 compared to 2022, equivalent to ~52,000 kgs. This technology is now being evaluated for implementation at the passivation/pickling operations at our Vildbjerg, Denmark site. The objective of this technology is to systematically remove excess metals from the process tanks via filtration technology to extend the life of the baths, and ultimately reduce hazardous waste generation.

Watts reporting showed a 36% reduction of toxic metals and other materials under the U.S. Environmental Protection Agency's Toxics Release Inventory Program, compared to 2018. Please refer to this table in the [Appendix](#) for more details.



Vildbjerg, Denmark

In 2023, Vildbjerg implemented initiatives at its pickling plant to address the generation of hazardous waste.

During production, parts are degreased prior to pickling, and followed by rinsing with demineralized water. The primary hazardous waste streams are degreaser waste and pickling acid. To mitigate waste generation, the team implemented enhanced filtration for the rinse baths following the degreasing, addressing the accumulation of degreasing sludge and extending the use of the bath from two months to four months. Additionally, the team successfully implemented the reuse of pickling acid once every five weeks instead of four weeks. This initiative alone has the potential to save approximately 3,000 liters of newly added mixed acid usage annually.

QUICK KAIZENS IN ACTION: WASTE REDUCTION

Blauvelt, NY, USA

Implemented a silver alloy braze recycling program with our braze material vendor, in which we send back the silver alloys to be recycled, and in return get a cost deduction on future shipments of new material

Ningbo, China

Reduced plastic packaging waste by switching from bubble wrap to slotted cardboard cartons, thereby eliminating waste and labor hours related to unpacking valve parts that were previously wrapped individually in plastic

VOLUNTEER CLEANUPS

Moirans, France

Colleagues participated in a “clean walk event” organized by Centr’alp Association. The team removed eight bags of trash from the community and disposed them properly.

Fort Worth, TX, USA

Employees recently represented Watts at a local “Trash Bash” river cleanup event, co-hosted by the Tarrant Regional Water District



Quick Kaizens are incremental continuous improvement efforts that allow all employees at Watts to “fix what bugs them.” You can read more about Quick Kaizens and the One Watts Performance System [here](#).



Handprint

Handprint

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 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.

Our goal 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 enabled solutions. 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. Exiting 2023, we reached our goal of achieving 25% of our revenue from smart and connected enabled products.



Handprint

Creating innovative products and smart solutions to protect, control, and conserve critical resources.



Our “triple play” of sustainability: **Safety and Regulation**, **Water Conservation**, and **Energy Efficiency**

SAFETY AND REGULATION

Products that help protect the health and safety of inhabitants of homes and commercial buildings

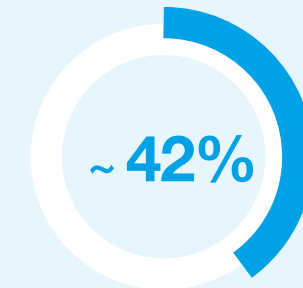


of Watts gross product revenue*

Product spotlight: Big Bubba® BB-S101 Whole Home Filtration System filters out certain metal contaminants, PFOA/PFOS, chlorine, and other contaminants from water at its point-of-entry into a home

WATER CONSERVATION

Products that help our customers conserve water, alerting them to leaks and floods and helping prevent contamination and water loss in the municipal water supply



of Watts gross product revenue*

Product spotlight: Watts Pressure-Reducing Valves sold in 2023 will avoid the use of 17.9B+ gallons of water globally per year

ENERGY EFFICIENCY

Products that help our customers improve the efficiency and sustainability of their buildings, reducing energy utilization while still maintaining comfort and safety



of Watts gross product revenue*

Product spotlight: In 2023, AERCO boilers helped customers avoid ~89,000 metric tons of CO2, almost three times the Watts Scope 1 and 2 emissions for 2023

PRODUCT SUSTAINABILITY



Began implementing product life cycle assessments in 2022



1M+ repair kits sold to extend useful life of Watts products



80% reduction in use of plastics and chemicals for protective packaging since 2017

CUSTOMER EDUCATION



194K training sessions globally in 2023

*Products may fit into multiple categories; products and Watts gross product revenue exclude Bradley and Enware, acquisitions completed in 2023



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.

Defining the Challenge of Backflow

Backflow happens when a potable water supply is commingled with used water, industrial fluids, or other contaminants. Every year, millions in the U.S. are affected by backflow through water supply shutdowns, boil water orders and even illness or injury. It is a significant safety risk to water supplies, property, and the environment. The most common cause of backflow is when hydraulic pressure is disrupted in a plumbing system, reversing normal flow and forcing non-potable water into the clean water supply.

Modern building and industrial codes require backflow prevention valves that automatically discharge contaminated water or shutdown supply when backflow is detected. Discharges can flow at a rate as high as 500 gallons per minute and can last for hours or even days, wasting water and potentially causing property and environmental damage.



Watts Solution: Increasing the Speed of Knowledge to Conserve and Protect Water from Backflow Contamination

Watts has been a leader in backflow prevention since the 1970s, saving many millions of gallons of potable water, but early detection of backflow events remained a challenge. For decades, facilities' operators have been searching for solutions to reduce the risk of backflow and prevent adverse events.

Watts Connected Backflow changes the game in system monitoring, delivering robust new capabilities in early detection, diagnostics, and system optimization. It uses the latest advances in IoT technology to capture and stream performance data directly to building management systems around the clock with real-time alerts. The system can also connect to other IoT enabled equipment such as leak sensors, providing greater visibility into early indicators of backflow risk.

The concept behind Connected Backflow is "Speed of Knowledge." When operators have more information sooner, they can triage, diagnose, and address risk earlier, before a backflow event occurs. Real-time information means they are no longer limited to just one or two annual inspections – they get year-round performance data to inform optimization and maintenance.

The Future of Sustainability is Smart and Connected

We expect that Watts smart and connected enabled technology will continue to drive big advances in performance and sustainability across solutions like digital mixing valves, boilers, floor warming, thermostats, and more. Because the technology is designed to capture data over time, it holds the promise to deliver new predictive capabilities beyond system protection and prevention. Future smart and connected systems will show operators where problems are likely to occur and when risks may be elevated. Predictive capabilities can pave the way for even more preemptive action for system optimization, protection, and prevention.

Our products being smart and connected translates to safer, more efficient, and cost-effective use of water. There is no better demonstration of our vision of sustainability.

EXAMPLES OF OUR PRODUCTS AT WORK



Backflow Chill

Challenge: Unexpected freezing temperatures in typically temperate zones can cause severe damage to a backflow preventer that hasn't been properly winterized. When the mercury rises and equipment thaws, a backflow preventer that is cracked from freezing can leak and cause further damage.

Solution: With smart and connected freeze detection, you can anticipate icy conditions and prepare accordingly. With this technology you can monitor backflow preventers 24/7, help prevent freeze damage, avoid a costly and time consuming replacement of a cracked backflow, and reduce waste water by avoiding the potential flooding that follows freeze damage.

Big Bubba BB-S101

Challenge: Many service lines that supply homes with potable water contain parts such as pipes or solder that may contain metal contaminants. Running a tap for 10-15 seconds can reduce such contaminants in drinking water, but also wastes water and energy, and does not entirely eliminate contaminants. Other contaminants like perfluoro octane sulfonate and perfluoro octanoic acid (PFOS and PFOA) that are used in consumer products can be found in wells that supply drinking water.

Solution: The Big Bubba® BB-S101 WholeHome Filtration System filters out certain metal contaminants, PFOA/PFAS, chlorine, and cysts from water at its point-of-entry into a home. The system filters up to 84,000 gallons of safe drinking water, avoiding the need for single-use plastic water bottles. The system comes standard with a Water Quality Monitor that automatically alerts users via text message or email when a filter needs replacement, helping to ensure that clean, filtered water is always available. The system is IAPMO and NSF certified, meeting the highest standards of quality and performance.



Pure H2O Under Counter Lead Reduction System

Challenge: One of the biggest issues with lead detection in drinking water is that it cannot be seen, tasted, or smelled. Because of this the U.S. Environmental Protection Agency set the maximum contaminant level goal for lead in drinking water at zero.

Solution: The Watts High Capacity Single-stage Lead Filtration System produces high-quality, sage water by removing 99.2% of lead in drinking water. The system is also certified to reduce chlorine, taste odor, and sediment for great tasting water. It is also cost effective as it is a point-of-use option that only treats water used for cooking and drinking.

Next Gen USGB

Challenge: Managing the supply and temperature of hot water is a year-round challenge for facilities teams in settings like hospitals, colleges, hotels, and office buildings. Temperature fluctuation is common in plumbing systems and can be caused by seasonality, system pressure fluctuations, and hot water heater malfunctions. Unmitigated temperature changes pose significant safety risks, such as scalding and contamination by waterborne bacteria including Legionella.

Solution: Watts Lead-Free Under Sink Guardian (LFUSG-B) helps ensure that hot water temperatures at faucets remain consistent and minimize risk of scalding. It gives system operators capabilities to individually manage faucets for an entire building loop at regular intervals mitigate waterborne pathogen growth. The LFUSG meets the reduced Q test statistic criteria of 0.5 ppb for lead per Section 9.5.1.1 of NSF/ANSI/CAN 61. This ensures that the LFUSG-B can be used for potable water under the new National Science Foundation guidelines to further reduce lead content in drinking water.



FLORIDA MUNICIPALITY FINDS A BETTER ANALYZER THROUGH HF SCIENTIFIC

WHAT THE CLIENT NEEDED

A Florida municipality needed a new analyzer to continuously monitor free chlorine for their 20+ ground water treatment plants. They had used a well known analyzer for years. However, due to the age of the devices and plans by the manufacturer to cease production of the model, the municipality sought an alternative. They wanted to try a new option to improve efficiency, reduce maintenance, and maybe even save money.

HF SCIENTIFIC SOLUTION

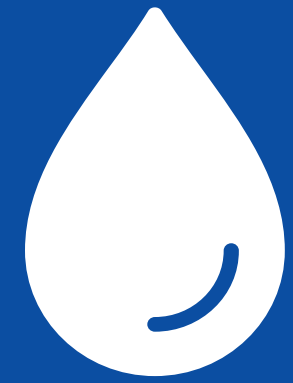
A CLX DPD-based chlorine analyzer was installed, and JAW reagent provided at one of the county plants with the most potential issues with hardness, and both were monitored for over three months. A new model of their previous analyzer was also tested side by side with the CLX.

The HF scientific CLX proved to be easier to install, required less maintenance, and offered improved reliability compared to the previous analyzer. The plant also evaluated a third option; however, after comparing all three, it was clear that the CLX performed the best.

The municipality chose the HF scientific CLX for its performance and low maintenance. The CLX was also the lowest capital cost alternative of the three systems and had the lowest cost of operation when considering maintenance, time, and parts.

The municipality will have a new cost-efficient, durable system that provides reliable, accurate chlorine monitoring for more than 20 ground water treatment plants.





Conserving Water

Experts project that the world will face a 40% global water deficit by 2030. While water supply is increasingly threatened, freshwater use has increased over 600% since 1960, and continues to grow (Source: [UN World Water Development Report](#), [World Resources Institute](#)). The world depends on reliable access to clean water, and through our products we work to conserve this precious resource. Every day, Watts solutions help customers prevent unnecessary water loss in residential, commercial, industrial, and municipal water systems.

EXAMPLES OF OUR PRODUCTS AT WORK

Centurion Relief Valve

Challenge: Relief valves connected to large boilers or water heaters may discharge significant amounts of water due to thermal expansion or other issues. These leaks can go unnoticed because water tanks are usually located in areas not checked daily or not properly piped to sufficient drainage. The International Mechanical Code (IMC) mandates monitoring of relief valves on water heaters and boilers that are not easily visible. If left unchecked, relief valves can release gallons of scalding hot water per minute, potentially causing flooding if not properly piped to sufficient drainage and damage to equipment and property in utility rooms.



Solution: The Centurion Relief Valve is a smart, connected device with a sensor that detects when the valve is open, discharging water. When integrated with your building management system (BMS), it sends real-time alerts, warning of potential issues before they become safety hazards like flooding or equipment failure. This ensures IMC compliance, prevents heat and water waste from hot water flooding, and aids in flood remediation, avoiding costly repairs.

RainCycle

Challenge: Water is becoming an increasingly scarce resource and buildings are constantly looking for ways to reduce their water usage. Many are specifically looking to reduce the use of

potable water in applications where non-potable water can be used in order to achieve a more environmentally friendly solution. In some regions with high rainfall, building owners need to reduce the amount of stormwater runoff as stormwater can carry disease causing bacteria and viruses.

Solution: The RainCycle™ system efficiently captures, stores, treats, and delivers non-potable water for a variety of end uses including irrigation, restrooms, laundry, and more. A five-tank, 42,000-gallon Watts RainCycle rainwater harvesting system can replace 50% or more of municipal water used for grey water and sewage conveyance in a commercial building. This saves an average of 140,000 gallons per year for the facility, which is equivalent to the water consumption of 482 adults annually.



Enware Smartflow

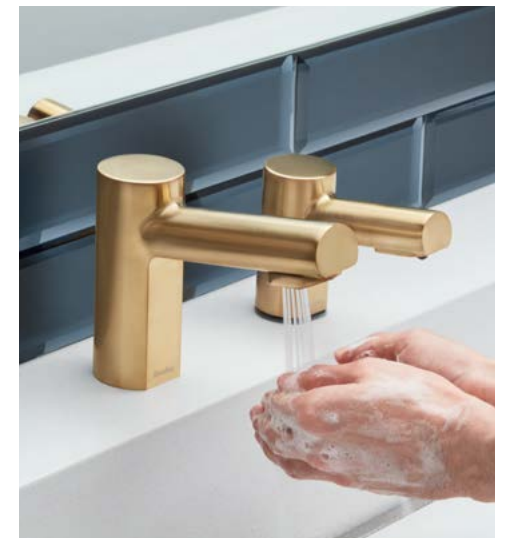
Challenge: In Australia, regulation requires water quality testing at the point-of-use to mitigate waterborne pathogen disease. Manual testing can be labor intensive, and hot water flushing Thermostatic Mixing Valves (TMVs) consume valuable water resources.



Solution: Enware Smartflow Water Management Systems help alleviate these issues through automatic testing with real-time 24/7 data capture. This means that testing can be done easily during normal daily use. It also helps save water by minimizing water wasted through flushing. With the installation and proper use of the Enware Smartflow, a building can reduce their operational costs associated with water testing by up to 65% and have a water savings up to 80%.

Bradley Touchless Faucet

Challenge: Since 2009, more Americans say they are washing their hands more diligently due to flu and/or coronavirus outbreaks. Due to safety concerns, 86% of Americans believe it is important that public restrooms have touchless faucets. In addition, manual faucets can be left on or not properly closed, leading to wasted water and electricity.



Solution: Bradley's touchless faucets have touch-free dual-sensor activation, avoiding users coming in contact with potential bacteria or viruses. When not in use, the faucet automatically shuts off, conserving water. According to a study from California State University, "automatic faucets with a 0.5 and 0.35 gpm aerator resulted in an average water reduction of 32% and 54% respectively in comparison to the manual faucet."

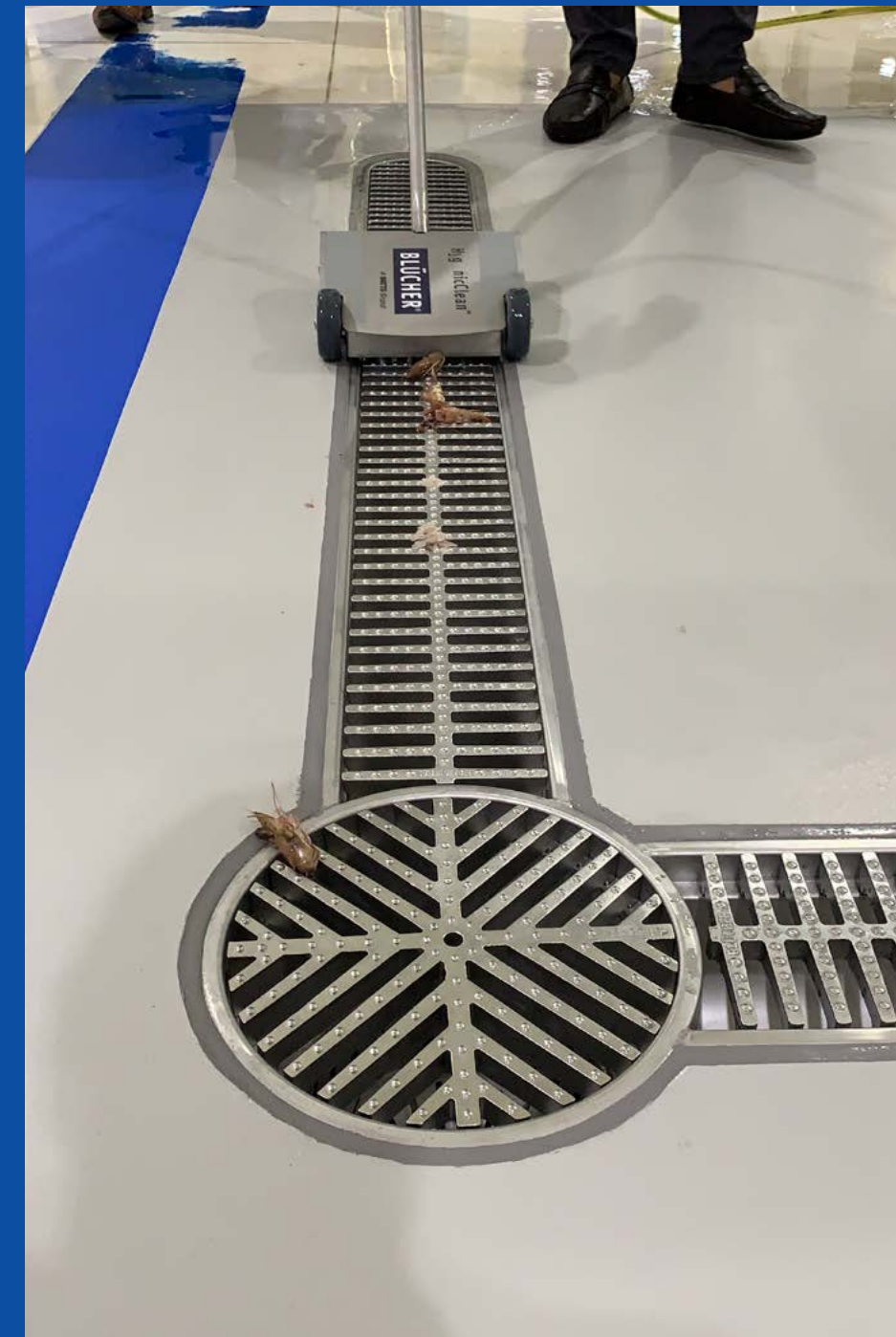
HYGIENICPRO AND HYGIENICCLEAN CHANGE THE GAME FOR THE WATERFRONT MARKET IN DUBAI

BLUCHER HygienicPro has proven to be a game-changer in the recent drainage renovation for Dubai's Waterfront Market, significantly contributing to water conservation and energy efficiency.

The HygienicPro channel is designed with a casted grating and smooth surface, and significantly reduces water usage during cleaning. Unlike previous solutions with polyurethane-coated concrete channels that required more water for effective cleaning, the HygienicPro channel's smooth grating and lack of crevices prevent dirt buildup, leading to efficient cleaning with less water. The HygienicPro is designed to use 96.5% less water than traditional channel drains.

The Waterfront Market also utilized HygienicClean, a cleaning system specifically designed to work with our HygienicPro to maintain the cleanliness and hygiene standards of the drainage system effectively. HygienicClean's cleaning methods are designed to be highly effective while using minimal water.

By utilizing HygienicClean alongside HygienicPro, the fish market can achieve significant water savings during routine cleaning and maintenance activities. The optimized cleaning process ensures thorough cleanliness without excessive water usage, aligning with water conservation goals and sustainability efforts.





Improving Energy Efficiency

Heating and cooling air and water is a major source of greenhouse gas emissions. Heating and cooling account for 27% of CO2 emissions in commercial settings, and 38% in residential settings. Water heating alone represents about 15% of CO2 emissions in the residential sector, according to the International Energy Agency's Annual Energy Outlook 2018.

Watts products are consciously designed to reduce their environmental impact and deliver cost savings for our customers.

EXAMPLES OF OUR PRODUCTS AT WORK



PVI Durawatt

Challenge: Many traditional water heaters are gas powered and require natural gas or propane to operate. These are not the most energy efficient solutions and the gas usage can negatively contribute to climate change. There are also safety concerns associated with gas powered water heaters. If not properly vented or if there are leaks, carbon monoxide can accumulate. Since they require a combustible fuel source there are also risks around gas leaks, fires, or explosions.

Solution: Durawatt® is a heavy-duty, medium-to-large capacity electric water heater, constructed with individual heating elements that are combined for higher recovery requirements, rather than large, high-kilowatt tube bundles that can be difficult to maintain. It operates at a 98% thermal efficiency and can also be easily integrated with renewable energy sources such as solar panels.

Microflex

Challenge: European markets are heavily focused on energy efficiency and seek to reduce dependence on outside energy sources. When heated or cooled water travels through pipes, the temperature of the water will move toward room temperature, meaning that it will need to be heated or cooled again before use. This leads to wasted energy usage.

Solution: 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.



Stainless Steel Radiant-Heat Manifolds

Challenge: Heating a house can be energy intensive and expensive, with a big environmental impact. Consumers everywhere, especially those in the European region, are looking for ways to decrease high energy costs and be more sustainable.



Solution: Watts Stainless Steel Radiant-Heat Manifolds for underfloor heating can help reduce energy usage when used in conjunction with standard heating methods. Underfloor heating concentrates the heat at the living level, regardless of ceiling height. Using radiant floor heating also allows for a lower temperature heat input to achieve a comfortable temperature. The German Heating Industry Association estimates that with radiant floor heating, room temperature can be reduced by 2°C and provide the same comfort level.

THE LYNC AEGIS CO2 HEAT PUMP AIDS IN BUILDING FIRST ALL-ELECTRIC LIVING COMMUNITY IN DOWNTOWN AMHERST

CHALLENGE

Archipelago Investments, LLC, a building owner with a history of constructing LEED and carbon-neutral buildings, faced a pressing need to transition from centralized condensing gas boilers to electric water heating for domestic hot water production. With the state of Massachusetts mandating an 80% reduction in greenhouse gas emissions and the nearby University of Massachusetts Amherst aiming for carbon-zero compliance by 2030, Archipelago Investments envisioned a solution that aligned with these goals when they developed Eleven East Pleasant, the first all-electric living community in downtown Amherst.

SOLUTION

To enable the vision of Archipelago Investments to be realized, Lync provided an innovative domestic hot water solution for the new carbon-zero, all-electric apartment building. The chosen solution featured the Aegis A500 air source heat pump, integrated with Bolt storage tanks totaling 750 gallons and 108kW of backup electric resistance.

The Aegis CO2 heat pump boasts an impressive heating coefficient of performance (COP) of up to four, making it significantly more efficient than traditional resistive electric systems. The CO2 refrigerant also exceeds expectations when compared to other common refrigerants used in heat pump water heaters with a Global Warming Potential (GWP) of one.

Recognizing the importance of storage capacity in an energy-efficient and cost-effective heat pump water heater system solution, Lync's Bolt storage tanks were utilized in various sizes and power configurations, with a 25-year warranty ensuring long-term reliability and peace of mind.

RESULTS

By implementing Lync's comprehensive solution, Archipelago Investments was able to make the carbon-zero, all-electric apartment building a reality. They stand to achieve substantial returns on their investment, and the transition to electric domestic hot water production aligns seamlessly with Massachusetts' emissions reduction goals and the carbon-zero aspirations of the nearby University of Massachusetts Amherst.





Supporting the Transition to a Lower Carbon Economy

Bold and urgent action is needed for the world to meet the goals of the Paris Agreement, limit global temperature rise to 1.5 degrees Celsius, and avoid the worst impacts of climate change. At Watts, we're poised to play a critical role in supporting a necessary transition toward decarbonization of the built environment—through electrification, increased reliance on renewable energy sources, and high-efficiency, low-emission operational solutions.



The built environment accounts for approximately one quarter of the world's greenhouse gas emissions; 90% of those emissions are a result of fuel consumption.

Source: *Building Value by Decarbonizing the Built Environment*, McKinsey & Company

We are taking a comprehensive approach to a big challenge, with a portfolio of solutions that provide our customers with the guidance and tools they need to respond to localized legislation, achieve cost savings, and meet their own emissions reductions targets. Our efforts to prepare for a low carbon future come as a natural progression and build on a legacy of climate focus through high-efficiency products.

In 2023, we took several steps to identify and act upon the risks and opportunities that climate change poses to our business, including:

- Closely monitoring legislation and regulation around the use of natural gas in new applications across the world, and most notably in the United States
- Enhancing our product portfolio and offerings to elevate electrification, high-efficiency, and low-carbon solutions
- Systematically targeting markets that value high-efficiency, natural gas and no-carbon, electric applications

OPTIMIZING OUR PRODUCT PORTFOLIO

In January 2024, we introduced several new solutions for customers seeking to achieve greater efficiency while reducing their carbon emissions:

The **Benchmark® E** is a powerful, zero-emission electric boiler that offers the same superior reliability and energy savings of our original gas-fired Benchmark boiler. Estimates generated by the U.S. Environmental Protection Agency (EPA) greenhouse gas equivalencies calculator show that replacing a 4000mbh gas boiler with the Benchmark® E would reduce building emissions by about 130 tons of CO₂.



- 98.99% efficiency
- Carbon free when energy is from renewable source
- Meets local regulations and codes on building electrification and decarbonization
- Optimizes plant management: up to 16 boilers can be sequenced, including hybrid sequencing with our gas-fired Benchmark boilers
- Ability to manage peak loads by maximizing charging time during hours with off-peak electricity rates
- Pairs with AERCO's SmartPlate® EV indirect water heater for a fully electric heating and hot water solution
- Smart and connected Edge® Controller optimizes system efficiency

The **CFR High-Efficiency Boiler** is the world's first stainless steel condensing boiler that can be installed in a Category I Vent. It provides a cost-effective solution for building owners and facility managers to upgrade to a significantly more energy-efficient boiler than would have previously been possible given budget constraints and building infrastructure. Estimates generated by the U.S. EPA greenhouse gas equivalencies calculator show that, for a typical 4,000,000 BTU/hr heating application, a 5% seasonal efficiency gain by using a higher efficiency appliance results in 29 tons of CO₂ emissions saved per year.



- Exceeds efficiency standards with up to 87.6% thermal efficiency
- Easy boiler sequencing to maximize energy efficiency
- Low NO_x emissions
- Smart and connected Edge® Controller optimizes system efficiency

The **Sequoia Boiler** is a high-voltage immersed electrode hot water boiler series for large commercial and industrial applications, including hospitals, universities, and manufacturing plants. This emission-free, high-efficiency, safe boiler is also cost-effective to install, easy to operate and can lower operating and maintenance costs.

- 97% efficiency
- Zero emissions
- Peak load management
- 10:1 modulation



We're also expanding existing product lines and responding to renewed interest in low carbon offerings:



Lync Bolt: We made updates to the design of our electric storage tank to make installation even easier and expand compatibility with a wider range of heat pump water heater applications

PVI Centurion and PVI Conquest: We expanded the size ranges of our high-efficiency, domestic hot water heaters to provide even greater flexibility to design for the specific water heating needs of projects.



PAVING THE PATH TO DECARBONIZATION IN BROOKLYN

Approximately 15,000 residents call Spring Creek Towers in Brooklyn, New York, home. The sprawling, 46-building, multi-family urban community has a larger population density than many small towns, with an on-site shopping center, schools, a post office, senior center, and more.

Heat and hot water were generated and distributed by an aging central, gas-fired combined heat and power (CHP) plant. When complex owners began planning upgrades with future electrification mandates in mind, they learned the local electric utility’s grid could not support electrification. They selected AERCO Benchmark boilers as the best available option—a result of the product’s high-efficiency, patented AERtrim O2 Trim combustion technology, ultra-low NOx (nitrogen oxide) capability, and predictive maintenance remote monitoring, which allows facility managers to ensure the units continue to operate at peak performance.

Today, the Spring Creek Towers complex is served by 46 Benchmark boilers of various sizes, across eight modular EnviroSep plants. Each plant includes heating water pumps, summer pumps, controls and full electrical systems, lighting, and heat. Around-the-clock, off-site access helps ensure units are operating at maximum efficiency with the lowest possible emissions.

DELIVERING EFFICIENCY, RELIABILITY, AND SAVINGS

- 15,000 residents supplied with reliable heat and hot water every day
- No drain on power grid
- Improved air quality: 91% reduction in nitrous oxide emissions
- Fuel-to-hot-water efficiency improved from 49% to 89%
- Water preservation: Decentralized system eliminated reliance on aged, leaking pipes



Sustainable Innovation

Watts is committed to efforts to embed sustainability into all our products — both in their function and in the way we manufacture and package them. In 2023, we continued to invest in our capacity to incorporate sustainability at the development stage of all new products by incorporating a sustainability assessment into our “stage-gate” process, used for all new product development. This creates new opportunities for our customers to increase their own sustainability through our products.

Exiting 2023, 25% of our revenue was from smart and connected enabled products, which connect our customers with smart control systems for optimal performance and conserve critical resources by increasing operability, efficiency, and safety.

We also generate 42% of our revenue from clean-tech products that support water infrastructure and distribution, water resource management and efficiency, and green-certified engineering and construction.

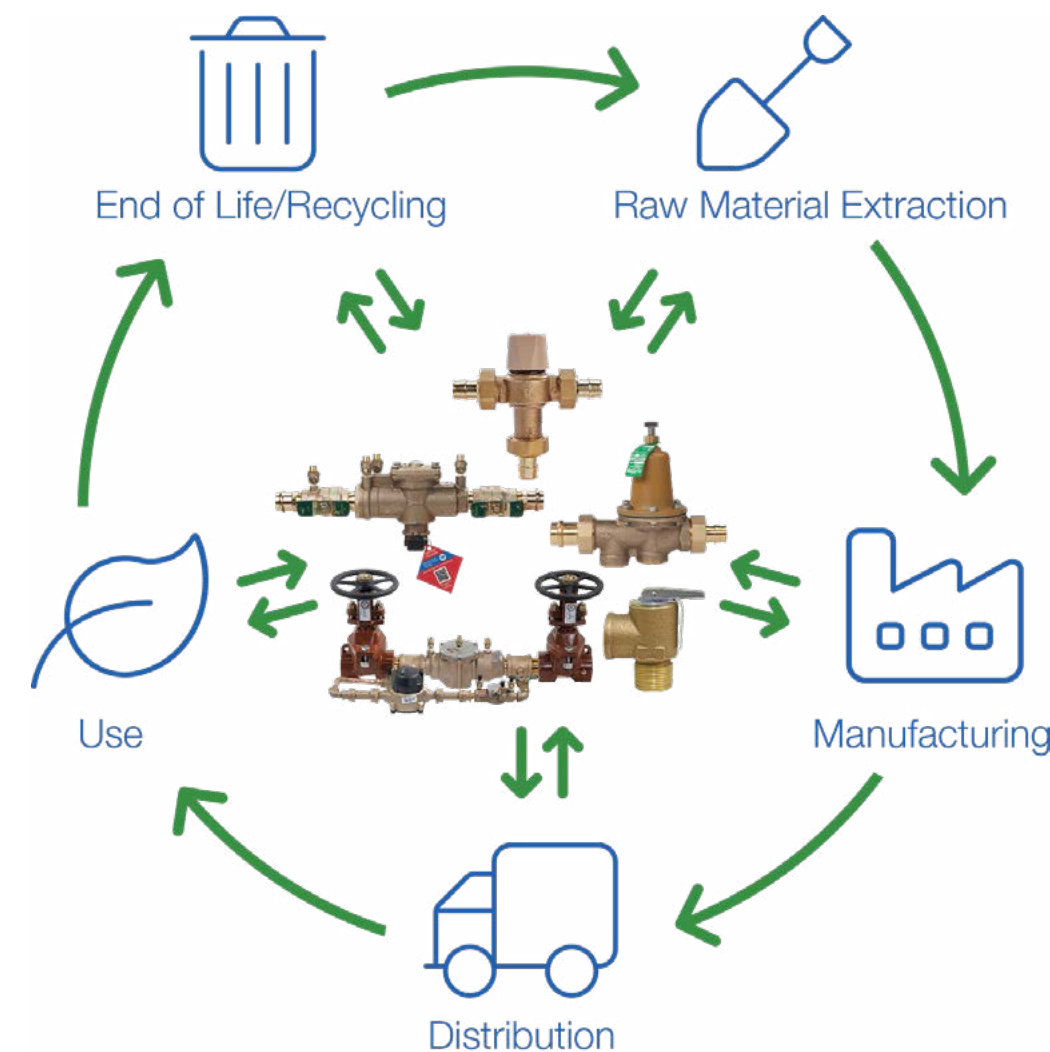
LIFE CYCLE ASSESSMENTS AT WATTS

At Watts we’re focused on understanding the environmental impact of our product portfolio throughout the entire life cycle, so we can continuously work to make every product we produce more sustainable. Over the course of 2023 we furthered our commitment to life cycle assessments (LCAs) and product transparency through large scale LCA projects. We have conducted an LCA to cover all of the products manufactured at one of our top plants in Franklin, NH, USA.

The LCA covered some of our flagship products, including backflow preventers, regulators, mixing valves, relief valves, hydronics, shut-off valves, strainers, and other plumbing specialties.

In order to ensure accuracy within our LCA, we completed it in accordance with ISO 14040 and ISO 14044 guidelines and had it reviewed by a third party.

We are excited about the completion of the LCA for many reasons. We will be able to use the results to further understand the environmental impact of the raw materials we use in our products and of our internal manufacturing processes. This will help us make material and manufacturing improvements and will inform NPD projects. We are also excited to use these LCAs to help our customers reach their sustainability goals. We will be able to provide embodied information for the products covered under the LCA and will help support green building projects.



TRANSITION TO QR CODE INSTRUCTIONS

At Watts, we value our natural resources and are always looking to reduce our resource usage. Over the course of 2023, we worked to transition from paper instruction booklets to half-page insert cards with QR codes. These QR codes will open online instructions for the user for applicable products.

With the transition to QR code instructions, we aim to avoid 12 million pieces of paper over the next year. This equates to saving:

- 1,400 trees
- Over 1 million pounds of CO2, the equivalent to keeping 98 cars off the road each year
- 1.3 million gallons of water, the equivalent to saving the water used by 929 clothes washers over the course of a year

SUSTAINABLE PACKAGING

Since 2017, our global sourcing team has conducted comprehensive reviews of our packaging practices at Watts, which has helped reduce our use of plastics and chemicals for protective packaging by more than 80%. In 2023, 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 life cycle service access)
- Provide consumer information on environmental sustainability

BRADLEY CORPORATION BRINGS NEW SUSTAINABLE DESIGN CAPABILITIES TO WATTS



In October 2023, we proudly welcomed a new member to the Watts family of brands with the acquisition of Bradley Corporation, a leading provider and manufacturer of commercial and industrial washroom and emergency safety products. In addition to the company’s well-earned reputation for exceptional customer service and satisfaction and its broad portfolio of quality fixtures, accessories, and safety solutions, Bradley’s commitment to environmentally responsible practices and products directly aligns with our established sustainability priorities – particularly in advancing water conservation and energy efficiency.

A Century of Innovation

Bradley’s legacy of delivering innovative, creative, and efficient customer solutions began in 1921 when the newly-formed company began manufacturing its very first product—the Bradley Washfountain. Originally designed by Harry Bradley in 1917 and still widely used today, the group handwashing station could replace up to eight traditional sinks in commercial settings, saving water, floor space, and time spent by employees waiting in long lines to wash their hands. As the company quickly grew, new technologies were adapted to enhance the product’s convenience, efficiency, and sustainability, including the first foot-operated and semi-circular models introduced in 1925, followed by new sizes, shapes, materials, and features in the decades to follow. The core concept, design, and benefits of the Bradley Washfountain remain unchanged today, having now been used in more than one million installations around the world.

Progress Guided by Purpose

Bradley remains committed to designing advanced commercial plumbing products that provide the highest levels of user comfort and efficiency, save water, use fewer materials, and require less energy. Through internal procedures aimed at reducing waste and conserving resources, combined with ongoing innovations in the sustainable design, use, and life cycle of its products, Bradley and many of its products have earned sustainability related industry memberships, certifications, and designations, including the following:

Bradley not included in eco-efficiency calculations for environmental goals. Please visit [Appendix](#) for more details.



U.S. Green Building Council (USGBC): Bradley has been a USGBC member since June 30, 2004.



Leadership in Energy and Environmental Design (LEED): Most Bradley products are designed with features that support the Leadership in Energy and Environmental Design (LEED) rating system developed by the USGBC. While LEED does not itself certify products, many Bradley products contribute to earning points in a LEED certified building project, particularly across categories of water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality.



UL GREENGUARD and GREENGUARD GOLD Certification: UL GREENGUARD Certification is earned by products that have been tested and evaluated to meet stringent chemical emissions limits. UL GREENGUARD Gold certification standards include health-based criteria for additional chemicals and require lower total VOC emissions levels to ensure that products are acceptable for use in environments such as schools and healthcare facilities. Bradley currently offers 10 GREENGUARD Certified and GREENGUARD GOLD Certified products across diverse categories.



Health Product Declarations (HPDs): Health Product Declarations (HPDs) provide a standardized way of reporting the material contents of building products and their associated health effects. Bradley’s product portfolio includes several offerings that feature HPDs, including its Lenox Plastic Lockers, Bradmar Partitions, and Bradley Stainless Steel Partitions.



WELL Building Standard: The WELL Building Standard is a performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and wellness through air, water, nourishment, light, fitness, comfort, and mind. While WELL does not itself certify products, many Bradley products can contribute toward earning this certification.



mindful MATERIALS: Bradley recently published many of its materials on mindful MATERIALS Database. This free, virtual library offers better material transparency to members in the architecture and design community.

Best-in-Class Training

Our strong belief in providing training and education to contractors, plumbers, distributors, engineers, employees, and building owners 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 minimizing any negative impacts our customers, consumers, and employees make on our water supply.

ENGAGEMENT AND ACCESSIBILITY FOR ALL

Our training strategy hinges on a 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 COVID-19 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 2023, more than 147,000 Watts Works eLearning sessions were provided to customers worldwide as we continued to see a re-balance to in-person trainings at our Learning Centers.



ONLINE LEARNING PROGRAM

- eLearning courses, available now in 18 countries and 10 languages, feature concise, three-to-seven-minute modules and assessments to confirm knowledge retention
- Our Watts Works online training program allows Watts to deliver on-demand product and applications-based training to customers while reducing gasoline and paper consumption associated with traditional in-person training
- **2023 highlight:** expanded to customers in Australia, Poland, and the Middle East and now offer a library of almost 1,000 product and application modules, available in 23 countries and 12 languages



LUNCH & LEARN

- Small group, one-hour trainings conducted either onsite with customers or virtually by sales team members at Watts
- **2023 highlight:** launched a customer feedback tool and continued to deliver over 44,000 training sessions to customers
- We have over 30 Continuing Education (CEU) courses available through both the American Society of Plumbing Engineers (ASPE) and American Institute of Architects (AIA)



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
- **2023 highlight:** our Learning Centers reached a milestone in 2023, training a record 2,181 customers, an increase of 20% over the prior year, the first full year of operation following the COVID-19 pandemic

Social Responsibility



Social Responsibility

We are proud to be an agent for making people and communities safer, healthier, and stronger. 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.

Our company thrives because of employees who bring diverse backgrounds, talents, and ideas to Watts. In an intensely competitive talent landscape, we continued to set ourselves apart in 2023 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 expand diversity, equity, and inclusion (DEI) initiatives and develop talent across our business.



Right: Watts welcomed local first responders to our North Andover, MA, USA, headquarters on the anniversary of 9/11 to thank them for their service to our community

Social Responsibility

Enriching, engaging, and protecting our employees and the communities where we operate



HEALTH AND SAFETY

 Zero recordable injuries achieved at 17 operating and distribution sites

ISO 45001 Certification

- Achieved for our global Occupational Health and Safety program
- Certified sites represented 23% of our global population

 **10,000** units of safety training delivered

ENRICHING COMMUNITIES

Provided clean, safe drinking water for

24,400 people

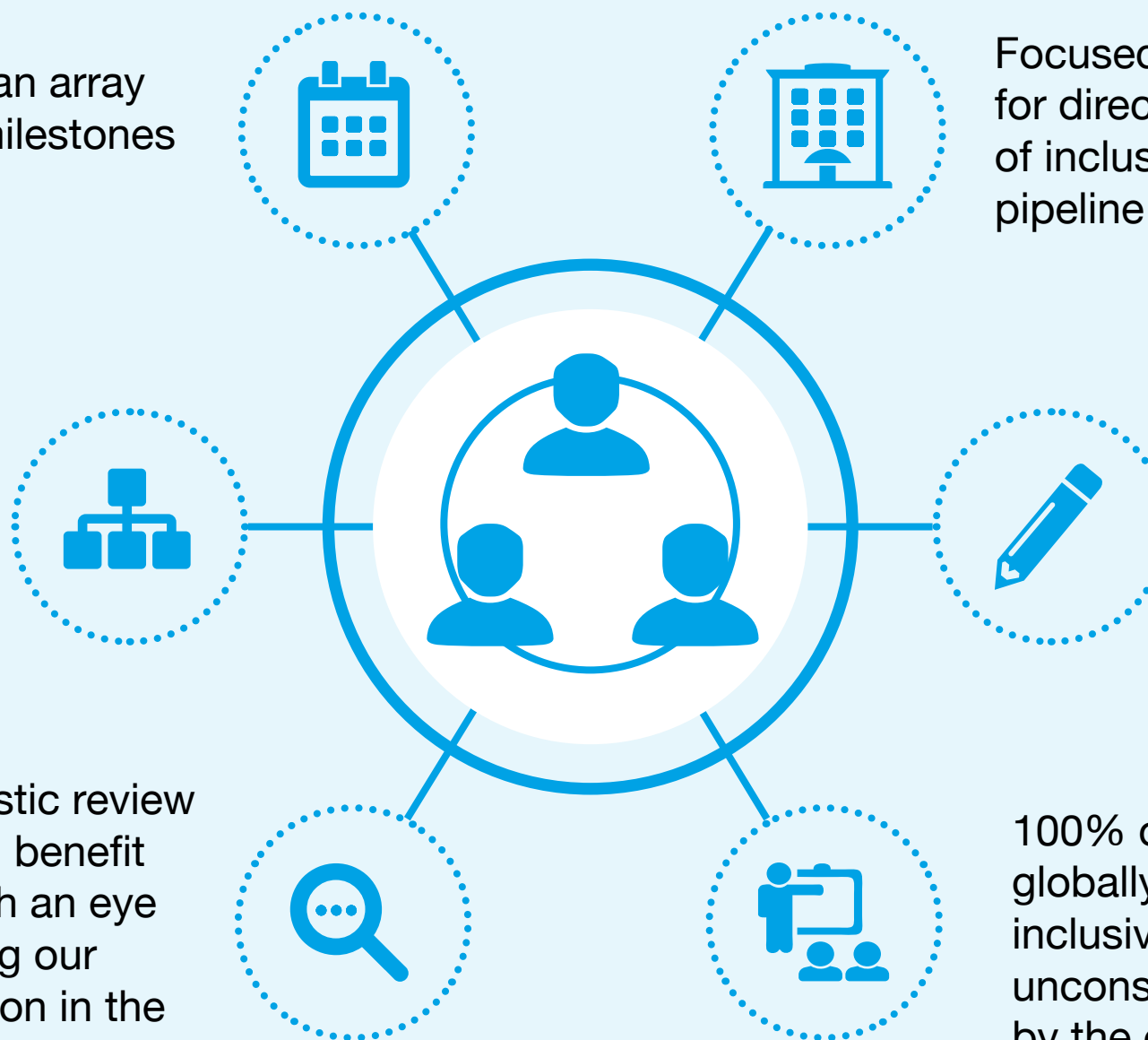


DIVERSITY, EQUITY, AND INCLUSION

Celebrated an array of cultural milestones and events

Grew the reach and influence of our six ERGs

Launched a holistic review of our 2024 U.S. benefit plan offering with an eye toward improving our benefit proposition in the marketplace and meeting the diverse needs of our employee population



Focused on 10 U.S. sites for directed implementation of inclusion and recruiting pipeline outreach efforts

Implemented an augmented writing platform to enhance inclusivity in our job descriptions

100% of Watts colleagues globally will receive inclusive leadership and unconscious bias training by the end of 2025

ENGAGING AND INVESTING IN EMPLOYEES

22,797 hours of employee training

3,629 employees trained on Quick Kaizens, to “fix what bugs them”

8,628 Quick Kaizen submissions, 20% of which directly pertained to sustainability efforts

56 employees awarded \$115K through Inventor Recognition program

*2023 metrics in the Social Responsibility pillar do not include Enware, Bradley, or Josam

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 December 2023, NSF, our certifying body for ISO45001, completed a surveillance audit of our global OHS system, noting no non-conformances with the standard. All Watts ISO45001 certified sites also achieved success in their surveillance audits. With the final closure of our Mery, France operation and the addition of the Enware, Australia business, our ISO 45001 certified sites represent 23% of our global population, a slight increase year-over-year.

A CULTURE OF SAFETY

We aspire to be a zero-incident workplace, and in 2023, 17 of our operating and distribution sites maintained 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 our people 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 2023, employees submitted more than 5,600 near-miss reports and 16,500 safety observations, increases of 3% and 9% year-over-year, respectively.
- **Safety Training:** This training promotes a safe and healthy workplace. In 2023, we delivered more than 10,000 units of safety training to our employees on a variety of topics, including emergency preparedness, accident prevention, and tool and equipment safety.
- In 2023, the organization started to evaluate artificial intelligence options that would help enable our OHS programs and we plan to implement two of the technologies in 2024. These technologies enhance the effectiveness of our data mining and provide tools for optimizing ergonomic hazards in the workplace.

Injury reductions in 2023 were driven by multiple factors, including workstation optimization, increased investment in automation, cross-functional engagement, employee rotation programs, and professional development, select staffing adds (distribution centers in the Americas and an occupational health medical professional in France), and increased best practice sharing across the globe. Emphasis was placed on material handling, which is one of the top contributing factors to the injuries we have experienced.

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
2019	1.97	1.01
2020	1.51	0.68
2021	1.28	0.58
2022	1.16	0.52
2023	0.92	0.49

Each site presents its EHS performance as part of our monthly operating reviews. Our standard metrics for safety include seven KPIs: total recordable incident rate (TRIR), lost time incident rate (LTIR), near-miss reporting, safety observations reporting, risk-reduction scores, EHS framework score, and finding-closure rate. Twenty-four operating and distribution sites reduced their year-over-year lost time incident rates or had zero incidents, including seven sites with reductions greater than 25%.

VACCINATION CLINICS

We sponsored clinics and partnerships with local pharmacies and occupational doctors to encourage those on our sites, and their families, to get immunized against influenza, COVID, shingles, and more.

Diversity, Equity, and Inclusion (DEI)

At Watts, we embrace and celebrate the individual identities of all our employees. We work to ensure that every individual receives fair treatment and equal access, and feels valued and supported by our culture and workplace environment. This commitment touches every aspect of our business and is embedded at each level of our talent process, from recruitment and onboarding, to development and retention.

Throughout 2023, we continued to implement our 12-month plan designed to execute on our DEI initiatives. Our leaders presented progress to our board of directors in August 2023, and provided an overview of actions planned for subsequent years.

In 2023, we continued to make strides in further embedding DEI throughout our business. We continued to establish partnerships with and conducted recruitment activities at universities to drive female and underrepresented minority outreach and rolled out leadership and inclusivity training throughout the global organization. We also established a diverse candidate slate policy to assist in our outreach efforts and expand the pool of qualified candidates for positions.

Additionally, our ERGs, which are voluntary, employee-led groups open to all, continue to be a platform for employees to share common interests and experiences, gain professional development support, engage with our leadership teams, and drive initiatives to improve DEI at Watts.

DEI PERFORMANCE HIGHLIGHTS IN 2023

TALENT ACQUISITION

We continue to work toward greater candidate outreach for women and historically underrepresented groups at all levels of our organization. To advance this work, our talent acquisition and DEI teams continued to establish partnerships with institutions, professional networks, and search firms, attend career fairs, and collaborate with our ERGs.

- We launched diverse candidate slate policy training to talent acquisition partners, HR partners, and hiring managers in 2023
- We focused on 10 U.S. sites for implementation of the inclusion and recruiting outreach efforts
- We implemented an augmented writing platform to enhance inclusivity in our job descriptions

TALENT MANAGEMENT

Once candidates choose to pursue a career with Watts, we work diligently to retain them, including through our talent assessment process and talent development opportunities. This includes candidates from historically underrepresented groups and women. We also continued our work started in 2022 to expand our strategic talent-review process to include such emerging diverse talent, helping to identify opportunities for growth and development for high-potential colleagues.



Watts sponsored and participated in the Manufacturers Alliance Women in Leadership Forum & Luncheon where several colleagues experienced a powerful and inspiring networking experience with women in manufacturing



Watts at New Jersey Institute of Technology Career Fair

TALENT DEVELOPMENT

- By the end of 2025, all Watts colleagues globally will engage in training on inclusive leadership behaviors and unconscious bias through a partnership with the NeuroLeadership Institute (NLI). The training was first implemented to senior leaders in the Americas in October 2022 and continued in 2023 with online training for U.S. connected employees and on-site workshops for the production population. The program was launched in late 2023 for our senior leaders in APMEA and Europe, which will continue into 2024. According to survey feedback from our production employees, the sessions received a 7.65/10 rating with comments such as “I learned to keep an open mind, to change, and adapt,” and “This training was really engaging and eye-opening.”
- Select members of our ERGs had the opportunity to participate in external trainings and conferences, such as the ERG Academy and ERG Group Leader Coaching with the National Diversity Council.

TOTAL REWARDS

- Beginning in February 2023, with the help of Mercer, an international consulting firm, we embarked on a holistic review of our 2024 U.S. benefit plan offering with an eye toward improving our benefit proposition in the marketplace. Our focus was to provide best-in-class programs that met the diverse needs of our employee population. Our analysis included a review of our medical, pharmacy, dental, and vision providers, our ancillary services, and programs to help with family planning and parental leaves. Upon our 2023 review, our 2024 plan included the addition of eight weeks of paid parental leave as a family planning benefit, as well as a hearing aid benefit. These benefits were some that our diverse population generally requested that we include in our overall benefits offerings.
- We continued to develop our benefits communications throughout 2023 with a focus on mental health, physical health, and financial health, including presentation and communication pieces geared toward our diverse populations.



DRIVING ENGAGEMENT IN DEI THROUGH OUR EMPLOYEE RESOURCE GROUPS

In 2023, we continued our unwavering support to each of our six ERGs in establishing their mission, vision, purpose, and objectives. These ERGs led impactful discussions, organized cultural and heritage celebrations, and raised awareness of how Watts can foster a welcoming and inclusive environment for every employee. At Watts, we recognize that diversity and inclusion are cornerstones for a thriving and successful workplace. We are proud to have such dedicated employees who are committed to fostering a sense of belonging for everyone.

CELEBRATING CULTURAL MILESTONES IN 2023

We joined our ERGs in celebrating an array of cultural milestones and events throughout 2023.

- Honoring **Black History Month**, our Black Matters at Watts ERG hosted the “Amend: The Fight for America” docuseries, educating colleagues on the legacy of the 14th Amendment to the United States Constitution, which explores the history of discrimination and activism for equality in the United States, as well as a virtual presentation on the history of Juneteenth.
- Honoring **Women’s History Month** and supporting the mission of advancing women, building empowering internal networks, leadership skills and allyship, the Women of Watts ERG started a mentoring program.
- Honoring **PRIDE Month** and its historical significance dedicated to the celebration and commemoration of lesbian, gay, bisexual, and transgender (LGBT) pride, our PRIDE ERG

hosted panel discussions centered around ‘Understanding Microaggressions’, ‘Fostering a Safe Workspace Through Diversity and Inclusion’ and community outreach luncheons, bringing colleagues together, advancing allyship and cultural impact.

- Honoring **Hispanic Heritage Month** and its historical cultural significance, employees at select sites were invited to enjoy Hispanic cuisines from a variety of Latin countries as an exciting and delicious way to showcase cultural diversity, while also providing everyone an opportunity to learn about each other and their backgrounds.
- Honoring and recognizing **Breast Cancer Awareness Month**, we elevated our employee engagement across our global enterprise, partnering with the Susan G. Komen Breast

Cancer Foundation, to present a global virtual information session on the advancements in research, self-awareness, and health equity. We also heard inspiring survivor stories from our teams to raise awareness of the importance of testing and prevention. Lastly, we held our third annual “Pink for a Day” global fundraiser to spread awareness, honor those who have been impacted by breast cancer, and help contribute to this important cause.

- Honoring **Memorial Day and Veterans Day**, select sites celebrated our veterans in a variety of ways. Our Vets Matters ERG in Fort Worth, TX, USA created a Memorial Day Fallen Soldier Table where Watts Veterans gathered to share stories, fellowship, and a meal. They each received a “Thank You For Your Service” gift – a commemorative keepsake coin, which was a point of pride.



The Women of Watts ERG marked Women’s History Month



The Latin Americans at Watts ERG welcomed employees at select sites to enjoy Hispanic cuisines from a variety of Latin countries as an exciting and delicious way to showcase cultural diversity



The Pride Matters ERG hosted events throughout Pride Month, bringing colleagues together to advance allyship and cultural impact

Talent Retention and Development

We implemented a number of measures to further distinguish Watts as an employer of choice and took several actions in 2023.

2023 HIGHLIGHTS



Compensation and Incentives: We regularly analyze wages to retain employees and stay competitive in the labor market. Internal pay equity review is embedded into our hiring and promotion processes. In 2023, we conducted a complete benchmark of all our roles in the Americas to ensure we are market competitive in our hiring and retention practices. Where needed, we provided market adjustments to stay competitive and retain key talent. In 2023, we began a project to revitalize our job architecture that will better align with our roles and provide our employees with a more comprehensive career path structure.



Work/Life Balance: In a continued effort to reduce employee overtime at production facilities, we continue to explore diversified recruiting efforts, including focusing on our U.S. internship program and expanding our partnerships with tech schools, recruitment agencies, and a number of professional networks. We have also begun to evaluate the possibility of certain roles being fully remote and continue to hire for hybrid or remote positions.



Employee Development: To facilitate learning opportunities for our connected employees, we launched a quarterly training and development calendar featuring virtual instructor-led training sessions offered through internal facilitators, as well as partnerships with best-in-class vendors.



Engagement: Employee pulse surveys conducted in 2023 helped us gain insights on progress on the topics of highest importance to our colleagues – in relation to key drivers of engagement such as work life balance, career growth, and happiness at work. We also invested in vibrant social programming for employees, including celebrations for holidays and company-related milestones, volunteer events, and fitness competitions.

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.

In 2023, 56 employees received a total of nearly \$115,000 as part of the company’s Inventor Recognition and Award program. Since the inception of the program in 2017, 850 awards have been distributed, totaling more than \$540,000.



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. In 2023, learning and development initiatives included the launch of a quarterly training and development calendar featuring virtual instructor-led training sessions offered through internal facilitators, as well as through external partnerships with best-in-class vendors. We continued the roll-out of our global leadership and inclusivity training to include workshop sessions offered on-site for our production workforce. We also increased our partnerships with external vendors to expand the offerings for individual development needs, publishing a “Watts Training & Development Offerings” catalog that is available to all employees. 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. Last year, we offered 22,797 hours of online and in-person training on professional development topics.

INTERNSHIP PROGRAM

Our student internship program aims to recruit, develop, and retain the next generation of top talent and future leaders at Watts. In 2023, 51 interns from across the U.S. participated in a variety of training and development activities as part of a 12-week summer program. At the end of their internship, participants presented their learnings and experiences to the leadership teams.

Co-op students participate in key projects over a period of six 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 any 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.

TALENT MANAGEMENT SCORECARD

Talent management scorecards are produced monthly and presented to the Global Leadership Team for review. The scorecards highlight progress made on goals and HR program initiatives across the function globally. They also provide an at-a-glance view of key metrics that are essential to attracting, retaining, and developing a diverse global workforce, including headcount, turnover, open positions by location globally, and time to fill metrics, in addition to the performance of our compensation and benefits programs.

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. The Watts Performance Management Process helps us to build that culture by encouraging teams to have ongoing performance conversations throughout the year. During annual performance review conversations, managers and employees are encouraged to discuss business goals and achievements, as well as career aspirations. These activities also allow our teams to cascade organizational goals to individual employees for better alignment with business priorities. The Watts Performance Management Process supports the following key activities:

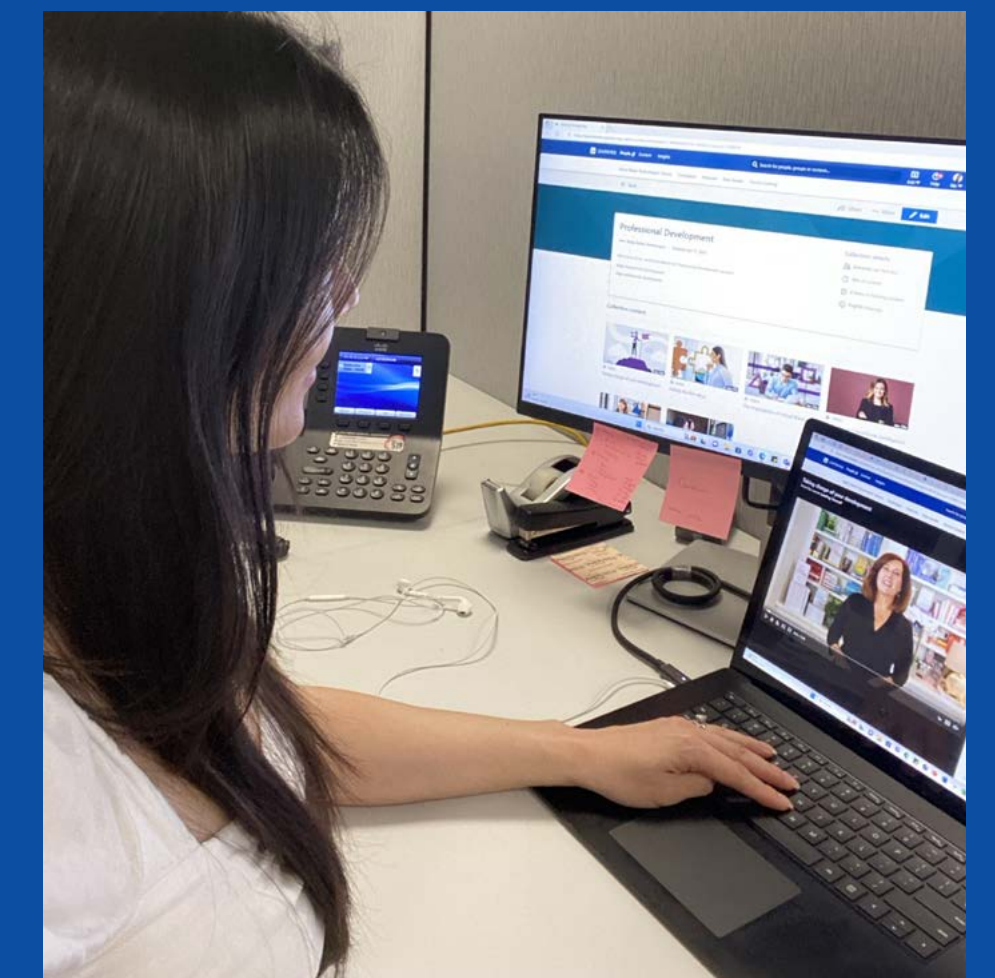
- Aligning individual goals with the goals of the organization
- Facilitating ongoing feedback and coaching
- Celebrating employee accomplishments
- Acknowledging effective behaviors, tied to the Watts Cultural Behavior Framework

100%

In 2023, 100% of eligible employees in Watts APMEA, 99.64% of eligible employees in Europe, and 99.06% of eligible employees in the Americas received a performance review.



Watts launched on-site leadership and inclusivity trainings and workshops at our U.S. facilities in 2023



The Watts talent team makes valuable courses more accessible to employees through the curation of monthly LinkedIn Learning campaigns

One Watts Performance System

We believe in a culture of continuous improvement and reaching higher levels of performance in everything that we do. Our Business Performance System is a key differentiator separating 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 our operations.

Our onboarding process includes training on the basics of OWPS to simplify, standardize, and improve our work every day.

We also evaluated the maturity of OWPS by assessing and scoring the Lean Business Maturity of our processes against best-in-class companies. It identified our business strengths and opportunities around strategy, processes, and culture. Designed to establish a baseline and roadmap for improvement, the business assessment united leaders not only from operations, but from all business enterprise departments to benchmark the maturity of our processes and helped us prioritize the main opportunities to grow.

The assessments also promoted a better understanding of the OWPS Lean tools and processes available to increase business success. This is our DNA and how we act: with integrity, accountability, continuous improvement, and transparency.

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 2023, 97 Kaizen Events linked to key-performance-indicator needs in the areas of safety, quality, delivery, cost, and growth were completed. Nine Global Kaizen Report-Outs and three Global Spotlights 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 2023, Watts employees submitted 8,628 Quick Kaizens to the Hub, 20% directly pertaining to sustainability efforts. More than half of all Quick Kaizens, 57%, were completed from areas outside of operations, including customer service, IT, human resources, and accounting. The Quick Kaizen application has demonstrated the high engagement of our employees in improving their environment and workplace.

Blue Belt and Green 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.

As of 2023, 3,629 employees have been trained to “fix what bugs them” and 1,821 have been awarded a Blue Belt certificate. We also launched a global Green Belt wave consisting of a cross-function, two-week course that provided the tools to help leaders develop critical projects at Watts.

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 2023, our teams executed 268 productivity projects generating millions of dollars in savings.



The Sorgues, France team has completed a dozen Quick Kaizens focused on sustainability improvements and a Six Sigma Black Belt project improving chemical usage for product testing

In 2023, Watts employees submitted 8,628 Quick Kaizens to our Quick Kaizen Hub, an automated online portal that centralizes improvement efforts. In 2023, 1,606 employees participated in Quick Kaizens. As of 2023, 1,821 employees have been awarded a Blue Belt certificate for participating in three or more Quick Kaizens.



Community Impact

COMMUNITY INVOLVEMENT

Partnering to Save a Life – Colleagues in Fort Myers, FL, USA, teamed up with Lee Health System for a blood drive to benefit those in need in the local community. In total, 19 employees graciously donated enough blood to save 30 lives. Watts also partners with Lee Health for employee wellness initiatives.

Promoting Youth Fitness & Safety – In a decades-long partnership with the Boys & Girls Club of Lawrence, employees in North Andover, MA, USA, gave their time and talent by building and donating 24 bikes to young club members. The bikes were safety tested and were paired with new helmets and locks, followed by a pizza party. The Club focuses on three key areas: academic success; healthy lifestyles; and character building/leadership.



Supporting the Ecosystem – The team in Vernon, BC, Canada, cultivated a new partnership to improve the ecology in their community, which is considered one of the three most endangered ecological regions in Canada. In collaboration with Allen Brooks Nature Center, the team successfully added more than 100 plants to improve and sustain the local ecosystem.

EDUCATIONAL PARTNERSHIPS

Cultivating the Future Work Force – Colleagues in Plovdiv, Bulgaria, welcomed students from a local school to learn about the production process, customer management, and materials delivery. The visit also prompted discussion about the future of digitalization and robotization as part of the production process.

Instilling Sustainability Values – The team in Vildbjerg, Denmark, partnered with students from two local schools as part of a community-wide initiative focusing on sustainability, entrepreneurship, and teamwork. The first project tasked the team with generating ideas for smarter, more sustainable packaging, while the second ignited proposals about better use of green space around office and production facilities. The resulting, thoughtful ideas were then shared to a larger community initiative.

Advancing Industry Learning – A Watts colleague joined forces with students from both his high school and college alma maters in Elizabethtown, PA, USA, to create a plumbing training tool. Watts provided the products needed, which resulted in a student-created working plumbing unit and an activity/training booklet. The college presented the students with a “Recognition of Excellence and Professional Potential Award” and the project was featured in Contractor Magazine.



FUNDRAISING, SPONSORSHIPS, AND DONATIONS

Supporting Vulnerable Populations – For the second year in a row, colleagues in Landau, Germany, donated to a local organization that collects and donates surplus food and other goods from supermarkets, bakeries, butchers, and greengrocers that would otherwise be destroyed. This sustainable and socially conscious organization then sorts and distributes the supplies to various vulnerable populations.

Knitting for Those in Need

– Our offices in Andover and North Andover, MA, USA, continued a longtime partnership with a local organization that offers community, food, shelter, clothing, and advocacy services to people facing poverty, food insecurity, and homelessness.

Employees donated critical clothing, food, and personal care items, including 150 hand-knitted hats in recognition of the company’s 150th anniversary.



Setting the Pace with Nonprofits – Colleagues in Fort Myers, FL, USA, participated in the regional United Way’s annual 2023 Campaign Kickoff, themed “United More than Ever.” As a “Pacesetter” organization, the Watts brand HF scientific helped jumpstart the yearly campaign by raising initial dollars and setting the tone for community stewardship.

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, as well as implementation of water health and hygiene education programs. Throughout 2023, Watts continued its partnership with Planet Water Foundation, installing eight AquaTowers across four countries and positively impacting up to 14,400 people.

- During World Water Day in March, Watts sponsored the installation of four integrated water systems for residents in Cambodia, Indonesia, and Vietnam
- As part of Planet Water Foundation’s Global Handwashing Day initiatives in October, Watts sponsored four additional AquaTowers, bringing clean drinking water to four vulnerable communities in Cambodia and the Philippines
- Each project provided schools with AquaSan mobile surface disinfection systems to promote good water hygiene practices in the schools’ latrines, as well as a water health and hygiene education program for community members
- We also sponsored one Aquablock Emergency Water System in Turkey, providing access to clean, safe drinking water to 10,000 people impacted by the Kahramanmaras earthquake



Right: Watts continued its longtime partnership with Planet Water Foundation to erect dozens of AquaTower water filtration systems at primary schools, providing children and their families with easy access to clean, safe drinking water and handwashing facilities

Corporate Governance



Corporate Governance

At Watts, we earn the trust of our 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 responsibilities within their charge.

In 2023, our board met 11 times and each committee of the board met at least four times, with certain additional meetings as needed throughout the year. Each director attended at least 75% of the meetings of the board and all committees of the board on which the director served. In addition, eight of our then-nine board members attended the 2023 Annual Meeting of Stockholders, in person or by telephone conference call.

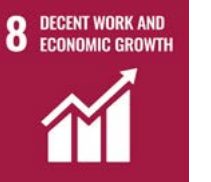
We believe our board should be composed of directors who have the collective experience, qualifications, attributes, and skills required to make informed decisions, provide effective oversight, assess management's performance, and evaluate our strategic direction. Our board understands the important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



Learn more about our board composition, responsibilities, and performance in our [2024 Proxy Statement](#).

Corporate Governance

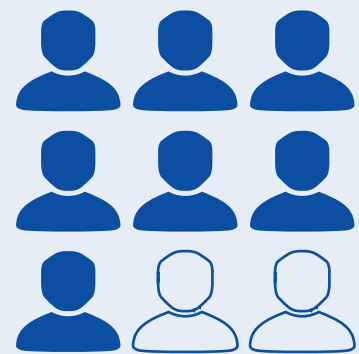
Earning the trust of our stakeholders by operating responsibly and adhering to the highest ethical standards



WATTS BOARD OF DIRECTORS

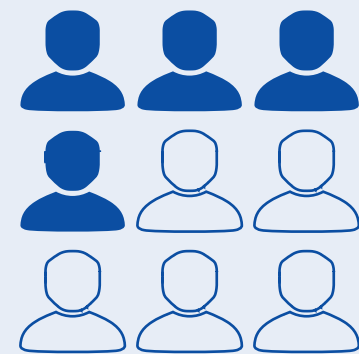
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Total Members



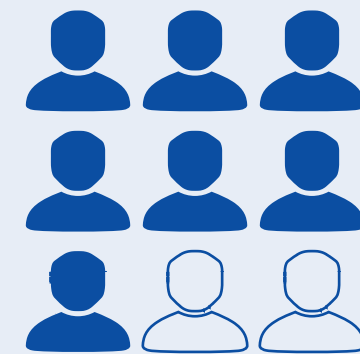
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Average Age



7
YEARS

Average Tenure



7/9 Independent Directors

4/9 Diverse Directors

7/9 Directors With Experience in ESG Matters

Committee Meeting Participation:

- Audit: 5
- Governance and Sustainability: 4
- Compensation: 5

ETHICS AND COMPLIANCE

- The Code of Conduct training for all global employees included a human rights module
- Bi-annual, global, third-party due diligence audit confirmed adherence to anti-corruption processes
- Annual Conflict of Interest Certification, by management and key functions, confirmed global compliance

99%

99% of global employees were provided updated Code of Conduct training and acknowledged adherence to the Code

RESPONSIBLE SUPPLY CHAIN



30% increase in suppliers audited, representing 22% of our global supplier footprint



Participated in **EcoVadis global ESG rating assessment** for the first time in late 2023 as a global organization, an improvement from prior years of individual business entities participating in ESG self-assessments.



95% of our global suppliers, by spend, have confirmed **conformance to our Supplier ESG Standards**



70 of 100 top suppliers engaged in **robust ESG performance surveys**

All board of director details are current as of 5/22/24. The composition of our Board of Directors has changed since 12/31/23. See our [investor website](#) for current information about our Board of Directors. To learn more about our board composition, responsibilities, and performance see our [2024 Proxy Statement](#).

Ethics, Integrity, and Transparency

We are committed to acting with integrity in every facet of our operations, and strive to meet and exceed applicable laws, regulations, and standards. We require all Watts directors, officers, and employees (including part-time employees and contractors) 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.

In 2022, as part of the company’s continuing efforts to distinguish itself as a responsible corporate citizen, we implemented a formal [Human Rights Policy](#) outlining our commitment to promoting human rights within our labor force, including through support of and adherence to the United Nations Global Compact and the Universal Declaration of Human Rights. As part of continuously improving our programs and to reinforce the policy, in 2023 we provided human rights training to our employees as one of the Code training modules.

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 2023 included anti-corruption, harassment, modern slavery, and reporting concerns. In 2024, training will focus on similar and additional Code topics, including bribery and corruption, diversity, equity, and inclusion, reporting concerns/whistleblowing, protecting company assets, ESG principles, environment, health, and safety, and respectful treatment and communication.

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 as well as in response to global trends and developments, and our own hotline data. In 2023, we conducted targeted training to finance, sales, sourcing, operations, and select third parties on anti-corruption policies, business courtesies, third-party due diligence, and import/export. We also require select management and functional areas, including all global employees at the 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](#).



99%

In 2023, we met our goal to have 99% of employees (including part-time employees, consultants, and contractors), both direct and indirect, complete our Code of Business Conduct training and acknowledge their adherence to the Code. Our 99% goal remains for 2024.

**2023 metrics in the Ethics, Integrity, and Transparency section do not include Bradley or Josam data*

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, certification of compliance with such laws, and a continuous international-denied-parties search review. Based on questionnaire responses — in addition to automated risk ranking through our third-party due diligence tool (utilizing, among other factors, the Transparency International Corruption Perception Index) — we determine whether to further supplement the review with risk-based open-source investigations. Open-source investigations identify and explore red flags, including business expertise, time in business, name variations, ownership, sanctions, embargoes, 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/anti-bribery 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 using multiple denied-party-list tools and 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 risk as part of the enterprise risk management process. Utilizing multiple factors, risks, and business developments, these assessments determine areas of focus and priorities 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. The internal audit function will then incorporate this into its site visits for select site audits within its audit plan focusing on internal controls and compliance with policies. We also conduct routine audits of various policies and programs that compose our global compliance program, including bi-annual review of our third-party due diligence program and select risk-based quarterly business courtesies reviews to ensure compliance with our policies.

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, investigations, ethics hotline reports, and review status.

ANTI-CORRUPTION POLICIES

Our [Anti-Corruption Policy](#) is available in 14 languages and sets forth our zero-tolerance approach to bribery and corruption. Applicable to all Watts employees (including part-time employees, contractors, and consultants) 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 2023, nor were any legal actions regarding corruption brought against the company.

GOVERNMENT CONTRACTING

We are committed to conducting business with federal, state, and local governments in accordance with the letter and spirit of the law, high standards of ethical business conduct, and in accordance with our values.

The [Government Contracts Supplement](#) — an extension of our Code of Business Conduct — serves as a resource for all employees 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; and we take appropriate action and report suspicions of fraud or deception.

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. Each country has its own dedicated in-country telephone number, which provides multilingual support, including initial receipt of the report in the native language from which the reporter is calling. Each of the numbers is listed on the [Watts website](#) and contact and access information is also provided in postings at each facility.

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 of reported matters 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 ethics hotline. All allegations of retaliation and whistleblower protection for reporting matters or participating in an investigation are directed to, and addressed independently by, the legal department.

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 2023, the number of reports received by our ethics hotline was demonstrative of a healthy and effective hotline according to the Navex Global benchmark.

NO RETALIATION – WHISTLEBLOWER PROTECTION POLICY

We encourage our employees to raise concerns about compliance, ethics, or business conduct without fear of negative consequences. Our Code of Conduct 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 or ethical conduct matter, or participated in an investigation, in good faith, will be subject to disciplinary action, up to and including termination. The legal department receives and independently addresses all allegations of retaliation and whistleblower protection for reporting matters or participating in an investigation.

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 risk management 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 risk management program in an effort 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. As per its charter, the Audit Committee has the responsibility for reviewing and overseeing information security issues. It receives updates from the chief information officer at least twice per year. In addition, management updates the Audit Committee regarding any material or significant cybersecurity incidents, as well as incidents with lesser impact potential as necessary. Our Cybersecurity Council, **comprised of cross-functional senior leaders**, reviews and assesses security risks and issues from a business and technology perspective across all organizations within Watts.



Safety is Cool: Sparks, NV, USA celebrates 600 incident free days

Responsible Supply Chain

2023 PERFORMANCE AT A GLANCE:

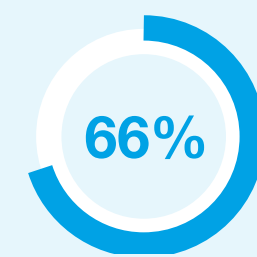


- 66% of suppliers have confirmed conformance to our Code of Business Conduct and Supplier ESG Standards, representing 95% of our global direct spend
- Performed quality audits for 1,075 suppliers, representing 22% of our global direct spend
- 100 top suppliers engaged in robust ESG performance surveys through EcoVadis
- Participated in EcoVadis' global ESG rating assessment for the first time in late 2023 as a global organization
- Diverse suppliers comprised 42% of our North American spend

Our supply chain 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 are committed to a forward-looking approach in working to prevent and mitigate social and environmental impacts in our supply chain. We seek to partner with suppliers that share our values and high standards for ethical business conduct and we incorporate supplier ESG performance as a factor in our purchasing decisions. We have continued to lessen our dependence on sole sources and prioritize sourcing locally, while maintaining our commitment to having one of the most reliable and sustainable supply chains in the industry. As a supplier ourselves, we continue to work to increase transparency into our own ESG performance and provide the information increasingly being sought by our customers around the world.

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](#) (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. 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.

In 2022, we began requiring our suppliers to acknowledge and certify their conformance with our Code of Business Conduct and Supplier ESG Standards. The standards align 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.



At the end of 2023, 66% of our suppliers representing 95% of our 2023 global spend had confirmed their conformance, including 100% of new suppliers.

Our global sourcing leader, 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.

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

**2023 metrics in the Responsible Supply Chain section do not include Bradley, Enware, or Josam data*



ENSURING QUALITY THROUGHOUT OUR SUPPLY CHAIN

We continue to expand the coverage of our global Supplier Quality Audit Program. In 2023, professionally trained and certified members of our audit team performed quality audits at 1,075 suppliers, representing 22% of our global supplier footprint.

We work with our suppliers on quality corrective action plans to remediate issues of non-compliance via a structured approach and re-audits to check on improvements. This includes training on current requirements, self-assessment programs, non-compliance reporting, corrective action plans, and all available supplier resources on our website. We track nonconformances through the corrective action process in our quality management system. 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.

MONITORING AND IMPROVING SUSTAINABILITY PERFORMANCE

We are committed to driving greater transparency on ESG performance throughout our supply chain. This includes helping our suppliers track, report, and improve their ESG performance and giving Watts customers the information they seek on our performance as a supplier. We leverage several third-party tools in this work and are continuously evaluating opportunities for further improvement.

In 2023, we expanded our participation as a global supplier on the EcoVadis platform, allowing our customers to better assess our sustainability performance. EcoVadis reviewed our global policy and performance in areas including environment, labor, and human rights, ethics, and sustainable procurement. The review resulted in the identification of areas where Watts exceeds standards as well as opportunities for improvement. We will work to implement EcoVadis recommendations for improvement throughout 2024 and beyond.

We also worked with EcoVadis to transition from our supplier sustainability audit program to EcoVadis scorecards that evaluate the ESG performance of our suppliers. In October 2023, we targeted a group of our top 100 suppliers to provide information on their ESG policies and performance through the EcoVadis platform. As of March 31, 2024, approximately 70% of engaged suppliers had completed performance surveys. This transition to the EcoVadis platform will allow us to expand and streamline supplier sustainability evaluations; in 2024 we will expand the pool of suppliers engaged on the platform to 250. New suppliers will be engaged in the EcoVadis assessment as part of their onboarding with Watts.

As we continue to learn about and evaluate the EcoVadis platform, we will also continue to evaluate software partners and solutions that will assist us in our journey to track Scope 3 carbon emissions for our suppliers.

In addition to engagement on the EcoVadis platform, we continue to leverage the Dun & Bradstreet (D&B) ESG Rating Service in annual reviews of supplier ESG performance, and in our scoring evaluations for new business awards. The service is a web-based ratings platform that assesses the ESG operations of suppliers across 70 key topics, including through peer benchmarking and 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). In 2023, we reviewed the D&B ratings records of over 90% of our suppliers, representing 85% of our global spend.

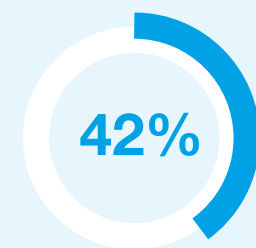
ENHANCING OUR APPROACH ON CONFLICT MINERALS

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. We partner with Assent Compliance, Inc., a leading global 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 achieved a response rate of 72% from our 3TG suppliers to our conflict minerals survey in 2023. These survey results are issued yearly in our Conflict Minerals Report, available on the Supplier page of our [website](#).

In 2023, we continued to enhance our conflict minerals reporting process by working with Assent to continually reassess our survey base among our supply partners, along with ensuring that our recent acquisitions have had their suppliers included in future report scoping.

SUPPLIER DIVERSITY

Diversity within our supply chain contributes to its strength and resiliency. We are committed to increasing our spending with diverse suppliers each year and continue to refine our process for tracking and reporting this data. In 2023, we focused on expanding our reporting capabilities for diverse, Tier 1 suppliers in North America, partnering with the National Minority Supplier Development Council (NMSDC) and Women’s Business Enterprise National Council (WBENC) to ensure that all Watts suppliers certified by these organizations are reflected in our data.



Over 42% of our North American spend in 2023 was with diverse suppliers, a nearly 11% increase over 2022.

Clear definitions and certifications available in the North American market allow us to provide a more accurate reflection of our efforts where they have the greatest impact. We will continue to develop and expand this data globally, addressing the varying definitions, certifications, reporting methodologies, and legal requirements across the countries where we operate.

Our strategic sourcing plan includes the continued development of diverse suppliers globally. All members of our procurement teams have received training related to the inclusion of diversity as a consideration among our key metrics, such as cost, quality, on-time delivery, and safety. The strength of our [One Watts Performance System](#) supports our ability to identify and develop well-qualified suppliers, regardless of their background or diversity status.

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 our [Membership of Organizations list](#).

Our advocacy on water safety dates back to the 1930s when Watts was recognized as the national leader in industry education. This advocacy has continued throughout our company’s history. For more details, please refer to [Keeping Generations of People and Water Safe](#).

POLITICAL CONTRIBUTIONS

Watts does not make contributions to political organizations, causes, candidates, or campaigns. As such, the company made no political contributions in 2023. However, we encourage our employees to become involved in civic affairs and to participate in political activities, provided 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

About this Report

This Sustainability Report is the eighth 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 environmental, social, and governance dimensions. 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 2023 Sustainability Report was formally reviewed by our:

- Global Leadership Team
- Sustainability steering committee
- Internal audit team
- General counsel and chief sustainability officer

The scope of our environmental reporting covers 39 facilities globally, including office buildings, manufacturing sites, distribution centers, and warehouses. The facilities listed [here](#) are within our operational boundaries for environmental performance in 2023 and represent 93% of our global workforce.

Additionally, we are proud to include a set of general disclosures with key data points and information in accordance with the 2021 Global Reporting Initiative (GRI) Standards, 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 [2023 Annual Report](#), [Form 10-K](#), [2024 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.

Appendix

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GRI Index

Statement of use	Watts Water Technologies, Inc. has reported in accordance with the Global Reporting Initiative (GRI) Standards for the period January 1, 2023, to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 2: General Disclosures 2021		
GRI 2-1	Organizational details	Watts Water Technologies, Inc. was incorporated in Delaware in 1985 and trades on the New York Stock Exchange (NYSE) under the stock symbol WTS. Watts is headquartered at 815 Chestnut Street, North Andover, MA 01845, USA. Watts operates in the Americas; Europe; and Asia-Pacific, Middle East, and Africa (APMEA).
GRI 2-2	Entities included in the organization's sustainability reporting	The 2023 Sustainability Report covers Watts Water Technologies, Inc. and its consolidated subsidiaries. The scope of our environmental reporting covers 39 facilities globally, including office buildings, manufacturing sites, distribution centers, and warehouses. The facilities listed here are within our operational boundaries for environmental performance in 2023 and represent 93% of our global workforce. Please see a full list of the sites included in the Footprint section.
GRI 2-3	Reporting period, frequency and contact point	01.01.2023 - 12.31.2023 Annual Published: June 2024 Questions or comments should be directed to: sustainability@wattswater.com
GRI 2-4	Restatements of information	There are no restatements of information within the 2023 Sustainability Report with respect to our previous report.
GRI 2-5	External assurance	Third-party external assurance is used to validate our environmental data beginning with 2020 data. Our sustainability team is involved in approving scope of verification. Our external Verification Statements regarding environmental and safety data can be found in the Appendix.
GRI 2-6	Activities, value chain and other business relationships	Watts Water Technologies, Inc., through its family of companies, is a leading provider of solutions designed to promote safety, energy efficiency, and water conservation in the commercial, industrial, and residential markets of the Americas, Europe, and APMEA. For 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. Markets: Americas, Europe, and APMEA Customers: Wholesalers, Specialty, Original Equipment Manufacturers (OEMs), and DIY Chains 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, customers, and markets: Total Net Sales: \$2.06B USD Americas: 69% Europe: 25% APMEA: 6%

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		<p>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.</p> <p>In 2023, we continued to face 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 continued to lessen our dependence on sole sources and prioritize sourcing locally while maintaining our commitment to having one of the most reliable and sustainable supply chains in the industry.</p> <p>For more information, see the Corporate Profile and Responsible Supply Chain sections of the 2023 Sustainability Report, as well as Item 1 of our 2023 Form 10-K.</p>
GRI 2-7	Employees	<p>For information on employees, please see the Diversity Profile in the Appendix.</p> <p>Methodologies and assumptions:</p> <ul style="list-style-type: none"> • Head count was used and then separated out by part time or full time • The data was compiled at the end of the reporting period, effective 12/31/2023. Starting with the 2023 data, we added another element to freeze the data and have a “data entry date” added so the data doesn’t change (personal information data can be updated or retro transactions entered) if the reports are needed to be pulled again. In 2023, we used 3/16/24 as the data entry date and on 3/15/24 missing genders were uploaded. <p>There is no significant fluctuation in the number of employees during the reporting period and between reporting periods.</p>
GRI 2-8	Workers who are not employees	<p>Information is not available or incomplete: Certain information and data was unavailable or incomplete for inclusion in this report. We are continuously striving to enhance our data collection processes and improve the availability and accuracy of information for future reporting cycles.</p>
GRI 2-9	Governance structure and composition	<p>Board of Directors: Rebecca J. Boll Michael J. Dubose David A. Dunbar Louise K. Goeser Kenneth Napolitano Joseph T. Noonan Robert J. Pagano, Jr. Merilee Raines Joseph W. Reitmeier</p> <p>Board of Directors Composition*: Total Members: 9 Average Age: 60 Average Tenure: 7 years Independent Directors: 7 Diverse Directors: 4/9 (three female, one African American/Black) Directors With Experience in environmental, social, and governance (ESG) matters: 7/9</p> <p>Committee Meeting Participation: Audit (5), Governance and Sustainability (4), Compensation (5)</p> <p>The Governance and Sustainability Committee has primary responsibility for the oversight of our ESG efforts and strategy. The Governance and Sustainability Committee reviews the company’s ESG performance and strategic plans at its regularly scheduled quarterly meetings and receives additional updates from our chief sustainability officer, as needed.</p> <p>For more information regarding governance structure, roles, and composition of the board, see the Corporate Governance and ESG Governance sections of the 2023 Sustainability Report. Also see pp. 13 – 16 of the 2023 Form 10-K, our 2024 Proxy Statement, and our Board of Directors page.</p> <p>*The board of directors composition is current as of 5/22/2024.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 2-10	Nomination and selection of the highest governance body	<p>We believe that our board should be composed of directors who, as a group, have the experience, qualifications, attributes, and skills that are collectively required to make informed board decisions and provide effective board oversight. 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, can intelligently assess management's performance, and can 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 • The ability and willingness to challenge management while refraining from assuming management's role <p>In addition, the nominee must not serve on more than two public company boards in addition to our board. The Governance and Sustainability Committee will consider for nomination to the board candidates recommended by stockholders and may consider potential candidates suggested by current directors, company officers, employees, third-party search firms, and others.</p> <p>We include more information on our processes and skills considered for board members in the Director Independence, Director Candidates, and Criteria and Diversity sections on p. 15 and pp. 20 – 23 of the 2024 Proxy Statement.</p>
GRI 2-11	Chair of the highest governance body	<p>In February 2022, our board determined that combining roles of the CEO and chairperson of the board is the most effective leadership structure for the board at this time and unanimously elected Robert J. Pagano, Jr. as chairperson. Robert J. Pagano, Jr. has been the CEO of the company since May 2014.</p> <p>In conjunction with electing Mr. Pagano as chairperson of the board, the board established the role of lead independent director. The lead independent director's responsibilities include acting as a liaison between the independent directors and the chairperson and CEO, providing advice and guidance to the CEO, advising the CEO of the board's information needs, and helping to set the agenda items for board meetings.</p> <p>For more information, please see p. 13 of the 2023 Form 10-K, our Board of Directors page, and the Board Leadership Structure section on p. 14 of our 2024 Proxy Statement.</p>
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	<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. Securities and Exchange Commission (SEC) and NYSE. The board has adopted our Corporate Governance Guidelines to assist and guide each of its 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, as well as the integrity of our financial controls and legal compliance procedures • Appointing executive officers, as well as 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 <p>Sustainable business practices and products are essential to creating financial and nonfinancial 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 nongovernmental 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>Management and our internal audit team conduct annual risk assessments to evaluate 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>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		<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 the internal audit function • Evaluating and/or reviewing the performance of the internal audit function • Overseeing the effectiveness of the internal control structure • Reviewing management’s assessment and management of risk • Managing the qualification, independence, and performance of the independent auditor • Evaluating management’s approach to cybersecurity assessment and risk mitigation • Forming “whistle-blowing” procedures <p>For more information, see the Governance and Accountability, Stakeholder Engagement, and Materiality Topics sections of the 2023 Sustainability Report, as well as the Corporate Governance section on pp. 10 – 24 of the 2024 Proxy Statement.</p>
GRI 2-13	Delegation of responsibility for managing impacts	<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 diversity, equity, and inclusion (DEI), 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>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.</p> <p>The Governance and Sustainability Committee has primary responsibility for the oversight of our ESG efforts and strategy.</p> <p>The Governance and Sustainability Committee reviews the company’s ESG performance and strategic plans four times a year at its regularly scheduled quarterly meetings and receives additional updates from the company’s chief sustainability officer, as needed. At the management level, our general counsel and chief sustainability officer, who reports directly to our CEO, 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 ESG initiatives.</p> <p>For more information, see the ESG Governance section of the 2023 Sustainability Report and the Corporate Governance section on pp. 10 – 23 of our 2024 Proxy Statement.</p>
GRI 2-14	Role of the highest governance body in sustainability reporting	<p>The board is not responsible for reviewing and approving our annual sustainability reports. The Global Leadership Team, including the CEO and the CEO’s direct reports, is the highest governance body that reviews and approves the report prior to publication. The board is provided with a copy of the report once it is published.</p>
GRI 2-15	Conflicts of interest	<p>Our Conflicts of Interest Policy is publicly available on our website. We also require select management and functional areas, including all employees at the 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. Our board has also adopted a written Related Persons Transaction Policy, which requires a 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.</p> <p>Watts employees and business partners should avoid any situation that may involve or be perceived as a conflict between personal, social, financial, or political interests and the interests of the company.</p> <p>For more information, see the Ethics, Integrity, and Transparency section of the 2023 Sustainability Report and pp. 23 – 24 of the 2024 Proxy Statement.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 2-16	Communication of critical concerns	Our board welcomes the submission of any comments or concerns from stockholders and any interested parties. Communications should be in writing and addressed to our corporate secretary at our principal executive offices and marked to the attention of the board or any of its committees, the lead independent director, individual directors, or nonmanagement or independent directors as a group. All relevant and appropriate correspondence will be forwarded to the intended recipient(s). Please see the Communications With the Board section on p. 16 of the 2024 Proxy Statement .
GRI 2-17	Collective knowledge of the highest governance body	For information on the expertise present in our board of directors, please see p. 22 of the 2024 Proxy Statement .
GRI 2-18	Evaluation of the performance of the highest governance body	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. 14 and 19 of the 2024 Proxy Statement and our Corporate Governance Guidelines .
GRI 2-19	Remuneration policies	Executive officer compensation information is available in the Compensation Discussion and Analysis section on pp. 30 – 44, and board compensation information is available in the Director Compensation section on pp. 8 – 10 of the 2024 Proxy Statement .
GRI 2-20	Process to determine remuneration	Executive officer compensation information is available in the Compensation Discussion and Analysis section on pp. 30 – 44, and board compensation information is available in the Director Compensation section on pp. 8 – 10 of the 2024 Proxy Statement . The company conducts annual shareholder advisory votes on named executive officer compensation, as described in Proposal 2, pp. 60 – 61, of the 2024 Proxy Statement . At our 2023 annual meeting, the annual advisory vote on named executive officer compensation was approved by more than 98% of shareholder votes. See results of the voting on the proposals considered at the 2023 annual meeting reported on Current Report on Form 8-K filed May 19, 2023.
GRI 2-21	Annual total compensation ratio	The median of the annual total compensation of all employees of the company (other than our CEO) was \$48,675, and the annual total compensation of our CEO was \$7,537,395. Based on this information, for 2023, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees was approximately 155 to 1. CEO pay increased 6.5% from 2022 to 2023, while the median employee compensation increased by 1.2% in the same period. This reflects a ratio of 5.42 to 1 in yearly increase in compensation for the CEO versus all employees. For more information, please see the Pay Ratio Disclosure section on p. 59 of the 2024 Proxy Statement .
GRI 2-22	Statement on sustainable development strategy	See A Message From Our Chief Executive Officer in the 2023 Sustainability Report.
GRI 2-23	Policy commitments	We believe that good corporate governance and an environment of high ethical standards are important for us to achieve business success and to create value for our stockholders. Our board is committed to high governance standards and continually works to improve them. We periodically review our corporate governance policies and practices and compare them to those suggested by various authorities on corporate governance and employed by other public companies and consider changes to our corporate governance policies and practices in light of such guidance and interpretations. We have adopted a Code of Business Conduct applicable to all officers, employees, and board members worldwide that serves as the foundation for our ethics and compliance program and drives policy development, training initiatives, and reinforcement of our values throughout the global organization. In 2022, we implemented a formal Human Rights Policy stating our commitment to identifying, preventing, and addressing actual or potential human rights issues within our scope of control and influence, including through its support of and adherence to the United Nations (UN) Global Compact and the Universal Declaration of Human Rights. Our Human Rights Policy applies to all its subsidiaries and supply chain partners. The Code of Conduct is approved by our board, while other policies buttressing our Code, including the Human Rights Policy, are approved by executive and senior management. We provide annual training on the Code of Conduct and 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. Our policies include our California Transparency in Supply Chains Act and UK Modern Slavery Disclosure; Human Rights Policy; Conflict Minerals Policy; Environment, Health, Safety, & Sustainability Policy Statement; Conflict of Interest Policy; Anti-Corruption Policy; Anti-Human Trafficking Policy; Embargoed and Denied Parties; Supplier Quality Manual; and Due Diligence.

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		Please see more information on how these policies are communicated to employees, business, and other parties in the Ethics, Integrity, and Transparency and Responsible Supply Chain sections of the 2023 Sustainability Report.
GRI 2-24	Embedding policy commitments	<p>Our board of director’s Governance and Sustainability Committee provides oversight of the company’s approach to sustainability. The integration of specific ESG policy commitments into our strategies and operational procedures is overseen by various cross-functional teams.</p> <p>For more on our specific policies, please see our policies disclosure on GRI 2-23 and the GRI 3-3 management approaches of the GRI Topic Standards in the Appendix and the Environmental, Health, and Safety Management; Water Stewardship; Diversity, Equity, and Inclusion; Ethics, Integrity, and Transparency; and Responsible Supply Chain sections of the 2023 Sustainability Report. More information can be found on pp. 11 of the 2023 Form 10-K.</p>
GRI 2-25	Processes to remediate negative impacts	Please see pp. 59 – 61 in the Ethics, Integrity, and Transparency section of the 2023 Sustainability Report.
GRI 2-26	Mechanisms for seeking advice and raising concerns	Please see pp. 59 – 61 in the Ethics, Integrity, and Transparency section of the 2023 Sustainability Report.
GRI 2-27	Compliance with laws and regulations	In 2023, Watts had no significant non-compliance with laws and regulations. Please see Item 1 “Business Product Liability, Environmental and Other Litigation Matters” and note 16 of the consolidated financial statements in our 2023 Form 10-K , filed February 21, 2024, for information regarding certain legal and regulatory proceedings in which we are involved.
GRI 2-28	Membership associations	<p>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.</p> <p>Since 2021, our CEO Robert J. Pagano, Jr. has been a member of the board of directors of The Water Council, a global hub dedicated to solving critical water challenges by driving innovation in freshwater technology and advancing water stewardship.</p> <p>See our full list of Membership of Organizations in the Appendix.</p>
GRI 2-29	Approach to stakeholder engagement	<p>A diverse range of global stakeholders plays an integral role in the growth and success of our business today, as well as our commitment to create sustainable, long-term value in the future. To that end, we regularly engage and interact with key stakeholder groups, which align with our sustainability effort, in a variety of ways.</p> <p>For more information on our stakeholder engagement approach and activities, please see the Stakeholder Engagement section of the Appendix.</p>
GRI 2-30	Collective bargaining agreements	<p>Collective Bargaining</p> <p>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 Labour Organization (ILO) 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. 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</p> <p>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 Global Leadership Team.</p> <p>In 2023, Watts had approximately 1,614 employees worldwide who were represented by unions, collective bargaining agreements, or works councils. That is approximately 36% of our total workforce. Working conditions and terms of employment for those not covered by collective bargaining agreements are directed by local laws.</p>
GRI 3: Material Topics 2021		
GRI 3-1	Process to determine material topics	<p>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. 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 priority topics. Upon completion of the above exercise, topics considered as material for Watts were included in our annual sustainability report.</p> <p>See more information in the Materiality Assessment section of the Appendix and 2023 updates on material topics in the Material Topics section of the 2023 Sustainability Report.</p>
GRI 3-2	List of material topics	<p>See the Material Topic Definitions section of the Appendix.</p> <p>There were no changes in our list of material topics compared to the previous reporting period.</p>
GRI 205: Anti-corruption 2016		
GRI 3-3	Management of material topics	<p>Our global compliance program is managed and administered by the global compliance team at Watts and supported by our board of directors and Global Leadership Team. Led by our chief commercial 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.</p> <p>We also conduct routine audits of various policies and programs that compose our global compliance program, including:</p> <ul style="list-style-type: none"> • A biannual due diligence review • A quarterly business courtesies review • Ethics hotline viability and availability • Compliance-focused site visits utilizing detailed checklists designated specifically for a compliance policy and process review, sampling, and training <p>Employees are encouraged to report any violations to the legal department or through our hotline so that they can be investigated and properly resolved. Management, including the compliance function and our internal audit team, conduct annual risk assessments to evaluate corruption and bribery-related risks.</p> <p>Before entering into new business relationships with third parties acting on our behalf, we conduct risk-based due diligence utilizing a multifactor questionnaire, anti-corruption law notification, and certification of compliance with such laws, as well as a continuous international-denied-parties search review. Based on questionnaire responses — in addition to automated risk ranking through our third-party due diligence tool (utilizing, among other factors, the Transparency International Corruption Perception Index) — we determine whether to further supplement the review with risk-based, open-source investigations. The compliance team in each region then determines whether to approve going forward with the relationship or recommend further review and approval.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		<p>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.</p> <p>For more information, see the Anti-Corruption Policies and the Ethics, Integrity, and Transparency sections of the 2023 Sustainability Report. Please also see the Stakeholder Engagement section of the Appendix.</p>
GRI 205-1	Operations assessed for risks related to corruption	<p>Audits of all entities are performed related to third-party intermediaries and due diligence. No significant risks related to corruption were identified through the audits.</p> <p>For more information, please see the Ethics, Integrity, and Transparency section of the 2023 Sustainability Report.</p>
GRI 205-2	Communication and training about anti-corruption policies and procedures	<p>To promote awareness and understanding of our Code — published in 15 languages — and the importance of operating ethically, we provide annual Code training, and our global compliance team regularly authors informative articles and distributes information through internal communications channels to promote awareness of the Code and timely related topics.</p> <p>For more information, please see the Ethics, Integrity, and Transparency section of the 2023 Sustainability Report and the Communication and Training on Anti-Corruption Chart in the Appendix.</p>
GRI 205-3	Confirmed incidents of corruption and actions taken	<p>No incidents of corruption were confirmed at Watts in 2023, nor were any legal actions regarding corruption brought against the company.</p> <p>For more information, please see the Anti-Corruption Policies section of the 2023 Sustainability Report.</p>
GRI 206: Anti-competitive Behavior 2016		
GRI 3-3	Management of material topics	<p>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 (including part-time employees and contractors) throughout all regions, which includes all subsidiaries globally, to adhere to our Code of Business Conduct.</p> <p>For more information on our global compliance program, please see the Ethics, Integrity, and Transparency section of the 2023 Sustainability Report.</p>
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<p>No legal actions regarding anti-competitive behavior or corruption were brought against the company in 2023.</p>
GRI 301: Materials 2016		
GRI 3-3	Management of material topics	<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 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.</p> <p>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. Since 2021, we have 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. For more information on our management of this topic, please see the Conflict Minerals section of the 2023 Sustainability Report.</p> <p>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. Senior management oversees the sourcing of materials and their impacts on the environment. We have a history of designing our products for long life to ensure we are getting the most out of the raw materials that we are using and so our customers do not have to replace or dispose of products before necessary. For more information on our efforts to quantify and extend product life, please see the Sustainable Innovation and Sustainable Packaging sections of the 2023 Sustainability Report.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 301-1	Materials used by weight or volume	Information is not available or incomplete: Some sustainability data is currently unavailable or incomplete for inclusion in this report.
GRI 301-2	Recycled input materials used	<p>We work to make our products out of recyclable materials to ensure that when they do reach their end of life, the materials get a useful second life. We also try to incorporate recycled content into our products to help drive demand for recycled materials, which boosts the recycling infrastructure. Our BLÜCHER products, manufactured in Denmark, contain steel that consists of 65% – 85% recycled steel.</p> <p>For more information, see the Sustainable Innovation section of the 2023 Sustainability Report.</p>
GRI 301-3	Reclaimed products and their packaging materials	<p>In 2023, more than 90% of all packaging boxes shipped to customers in the Americas were made with a high percentage of post-consumer recycled (PCR) content and crates from low-grade nonconsumer wood.</p> <p>For more information, please see the Sustainable Packaging section of the 2023 Sustainability Report.</p>
GRI 302: Energy 2016		
GRI 3-3	Management of material topics	<p>We are dedicated to minimizing our environmental impact by continually improving our manufacturing and business operations. This commitment is demonstrated through our adherence to all relevant laws, regulations, and standards concerning energy efficiency, emissions, and energy usage. We regularly collaborate with our facilities and personnel to enhance data collection, monitor key performance metrics, and implement projects aimed at achieving our eco-efficiency reduction objectives.</p> <p>Our goals are consistently monitored through our environmental management system, monthly internal reports, and other avenues. Environmental indicators such as absolute consumption and emissions play a crucial role in tracking our progress. To effectively work toward our goals, we undertake initiatives such as LED replacement, equipment and facility upgrades, energy audits, and more.</p> <p>Lessons learned are prominently featured in our best practice sharing across sites, including key areas to focus on during “energy hunts,” insights gained from submetering to better understand usage and trends, and more. These best practices are shared during monthly reports, through internal articles, and through monthly site meetings.</p> <p>For further details, please refer to the Energy and Emissions section of the 2023 Sustainability Report and our Environment, Health, Safety, and Sustainability Policy.</p>
GRI 302-1	Energy consumption within the organization	<p>Totally Energy Consumption (MWh): 111,714</p> <p>Our strategy includes a systematic invoice collection and processing system within our environmental management framework, adhering to the Greenhouse Gas (GHG) Protocol for consistency and comparability. We utilize specific emission factors from the Environmental Management Authority (EMA) for each energy source to ensure accuracy in our calculations. Subsequent analysis of the data is then completed to identify trends, areas of inefficiency, and opportunities for improvement, enabling informed decision-making to optimize energy use and reduce emissions effectively. Please note that cooling and steam are not purchased.</p> <p>For additional information, please refer to the Energy and Emissions section of the 2023 Sustainability Report and the Environmental Data section of the Appendix for more detailed data and historical environmental data.</p>
GRI 302-2	Energy consumption outside of the organization	Information is not available or incomplete: Some sustainability data is currently unavailable, incomplete, or out of scope for inclusion in this report.

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 302-3	Energy intensity	<p>Energy Intensity Ratio: 54.16 MWh/\$1M Ratio Denominator: \$2,022.9 billion Energy Types Included:</p> <ul style="list-style-type: none"> • Electricity (kWh) • Renewable Energy Credits (RECs) • Natural Gas (m3) • Propane (Liter) • Diesel (Liter) • Gasoline – Fleet (Liter) • Acetylene (M3) • Propylene (Liter) <p>For additional information, please refer to the Energy and Emissions section of the 2023 Sustainability Report and the 2023 Annual Report. Please see the Environmental Data section of the Appendix for historical environmental data.</p>
GRI 302-4	Reduction of energy consumption	<p>In 2023, our energy consumption decreased by 11,352 MWh despite the addition of Enware Australia due to reduced consumption across all fuel categories through regular monitoring and implementation of energy best practices across sites globally.</p> <p>Our strategy includes a systematic invoice collection and processing system within our environmental management framework, adhering to the GHG Protocol for consistency and comparability. We utilize specific emission factors from the EMA for each energy source to ensure accuracy in our calculations. Subsequent analysis of the data is then completed to identify trends, areas of inefficiency, and opportunities for improvement, enabling informed decision-making to optimize energy use and reduce emissions effectively. Our sites have implemented various measures to reduce energy consumption and emissions. Initiatives to reduce energy include purchasing carbon offsets, improving processes to reduce natural gas usage, conducting energy hunts, participating in our air leak reduction program, and engaging in external activities such as joining the Green Power Association and undergoing external audits. Our basis for calculating reductions in energy consumption started by establishing a baseline in 2018. Subsequently, we compare energy consumption levels using data from our environmental management system that allows us to analyze our increase or decrease in overall energy.</p> <p>For additional information, please refer to the Energy and Emissions section of the 2023 Sustainability Report.</p>
GRI 302-5	Reductions in energy requirements of products and services	<p>Several of our products are designed to reduce energy utilization such as our commercial boilers and water heaters, as well as our thermostats. One good example is our Thermostatic Mixing Valves (TMV), which help reduce energy utilization by holding heat between 2 degrees of variance.</p> <p>Customers can calculate their anticipated energy savings when using our products by using the calculator on our website. The calculator is based on the heat source, temperature settings, TMV system, and setback settings.</p>
GRI 303: Water and Effluents 2018		
GRI 3-3	Management of material topics	<p>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 effective and innovative products and services that solve long-standing water conservation challenges.</p> <p>For more information on our strategy, goals, initiatives, and progress, see the Water Stewardship section of the 2023 Sustainability Report.</p>
GRI 303-1	Interactions with water as a shared resource	<p>Water-related impacts are identified through our ongoing monitoring of water usage across all our sites. We utilize leak detection devices, utility water monitoring programs, and our internal environmental management system to measure our water consumption and impact. Any identified issues such as leaks or poor water quality are addressed before they escalate, thereby conserving this vital resource. Additionally, our organization takes proactive measures to ensure that all water discharge meets the standards set for our sewer system, thus mitigating any adverse effects associated with water discharge. Our water reduction goals are established by our Governance and Sustainability Committee, in collaboration with our manufacturing sites. These goals are determined by analyzing the water consumption achievements and setting targets for a 3% year-over-year reduction. Additionally, our water quality goals are aligned with guidelines provided by the EMA to ensure compliance with industry standards and best practices.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		For more information on goals and yearly progress, see the Water Stewardship section of the 2023 Sustainability Report and the Environmental Data section of the Appendix for historical environmental data.
GRI 303-2	Management of water discharge-related impacts	<p>Our water stewardship guiding principles include the acknowledgment of water as a local and shared resource — as well as 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. We’re ensuring that all Watts facilities meet national and local requirements for the return of clean and safe wastewater back into public water sources. We also understand that we have a role to play as stewards 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 effective and innovative products and services that solve long-standing water conservation challenges.</p> <p>For more information, please see the Water Stewardship section of the 2023 Sustainability Report.</p>
GRI 303-3	Water withdrawal	<p>Total Water Withdrawal (All Areas): 108,280,338 liters Total Water Withdrawal (Water-Stressed Areas): 40.67 megaliters (Burlington, Dubai, Enware – Sydney, Monastir, Ningbo, Nogales, Plovdiv, Shanghai, Sparks, Spindale, Wingene)</p> <p>Our 2023 environmental data boundary consists of 39 sites, including Enware and excluding Bradley and Josam. For more information, please see the Water Stewardship section of the 2023 Sustainability Report and the Environmental Data section of the Appendix.</p>
GRI 303-4	Water discharge	<p>Water Discharge: 108,280,338 liters</p> <p>Please see the Environmental Data section of the Appendix for historical environmental data.</p>
GRI 303-5	Water consumption	<p>Total Water Consumption (All Areas): 108.28 megaliters Total Water Consumption (Water-Stressed Areas): 40.67 megaliters (Burlington, Dubai, Enware – Sydney, Monastir, Ningbo, Nogales, Plovdiv, Shanghai, Sparks, Spindale, Wingene)</p> <p>Our strategy for managing water consumption revolves around a systematic invoice collection and processing system integrated within our environmental management framework. This system serves as our primary source of water consumption data. Additionally, we utilize water meters to gather real-time data on our water usage. We then conduct a thorough analysis of this data to identify trends, pinpoint areas of inefficiency, and uncover opportunities for improvement.</p> <p>For more information, please see the Water Stewardship section of the 2023 Sustainability Report and the Environmental Data section of the Appendix.</p>
GRI 305: Emissions 2016		
GRI 3-3	Management of material topics	<p>We have committed to reducing our GHG emissions intensity by 3% annually against a 2018 baseline. We routinely engage with facilities and other personnel to enhance data collection, track key performance metrics, and identify and implement projects to meet our reduction goals. Our energy policy is rooted in UN frameworks and climate science. Lessons learned are prominently featured in our best practice sharing across sites, including key areas to focus on during energy hunts, insights gained from submetering to better understand usage and trends, and more. These best practices are shared during monthly reports, through internal articles, and through monthly site meetings. Through ongoing dialogue and collaboration with stakeholders, we have gained valuable insights into their concerns, priorities, and expectations. This engagement has helped us identify specific areas where action was needed, allowing us to tailor our strategies and initiatives to address these concerns effectively. By actively listening to stakeholder feedback, we have been able to prioritize actions that align with their needs and aspirations, ensuring that our efforts are both relevant and impactful.</p> <p>For additional information, please refer to the Energy and Emissions section of the 2023 Sustainability Report.</p>
GRI 305-1	Direct (Scope 1) GHG emissions	<p>Total Scope 1: 9,760 metric tons CO₂e N. America: 6,917 Europe: 2,830 APMEA: 12</p> <p>Gases included in the calculation: Natural gas, diesel, propane, acetylene, and propylene. Gasoline, propane, and diesel were also included for mobile Scope 1 emissions.</p> <p>Watts uses an operational control approach. Our 2023 environmental data boundary consists of 39 sites, including Enware and excluding Bradley and Josam. For more information, please see the Energy and Emissions section of the 2023 Sustainability Report and the Environmental Data section of the Appendix.</p>

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GRI 305-2	Energy indirect (Scope 2) GHG emissions	<p>Scope 2 (Location-Based): 15,836 metric tons CO₂e N. America: 10,589 Europe: 3,684.34 APMEA: 1,562.52</p> <p>Scope 2 (Market-Based): 8,124 metric tons CO₂e N. America: 10,114.89 Europe: 3,684.34 APMEA: 1,554.77 Recs: - 7,230</p> <p>Gases Included in the Calculation: CO₂, N₂O, CH₄</p> <p>Watts uses an operational control approach. Our 2023 environmental data boundary consists of 39 sites, including Enware and excluding Bradley and Josam. For more information, please see the Energy and Emissions section of the 2023 Sustainability Report and the Environmental Data section and Verification Statements in the Appendix.</p>
GRI 305-3	Other indirect (Scope 3) GHG emissions	<p>Scope 3 business travel emissions (air and rail for the European Union [EU] and Americas): 3,642 metric tons of CO₂. Complete Scope 3 data is currently unavailable or incomplete for inclusion in this report. For more information, please see the Energy and Emissions section of the 2023 Sustainability Report. Currently, we only disclose business travel-related emissions for the Americas and Europe regions under Scope 3. For available Scope 3 data, see the Environmental Data section of the Appendix.</p>
GRI 305-4	GHG emissions intensity	<p>GHG Emissions Intensity Ratio: 9.02 MTCO₂e/\$M Ratio Denominator: 2022.9 billion GHG Emissions Included in Ratio: Scope 1 and Scope 2 market-based Gases Included: CO₂, N₂O, CH₄</p> <p>For more information, please see the Energy and Emissions section of the 2023 Sustainability Report and the Environmental Data section of the Appendix.</p>
GRI 305-5	Reduction of GHG emissions	<p>In 2023, we saw a decrease in GHG emissions by 1,003 MTCO₂e compared to 2022 because of air leak detection, continued monitoring, controls, and implementation of energy reduction best practices, as well as the continued purchase of renewable energy certificates (RECs) to offset market-based emissions at seven U.S. sites.</p> <p>For more information, please see the Energy and Emissions section of the 2023 Sustainability Report and the Environmental Data section of the Appendix.</p>
GRI 305-6	Emissions of ozone-depleting substances (ODS)	<p>Not applicable: Watts does not generate ozone-depleting substances (ODS).</p>
GRI 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	<p>Please review our U.S. Environmental Protection Agency (EPA) TRI VOC disclosure for metric on significant air emissions in the Environmental Data section of the Appendix.</p>
GRI 3-3	Management of material topics	<p>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. 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, rezoning, and waste stream elimination, thereby reducing our overall waste outputs and increasing recycling and reuse.</p> <p>For more information, please see the Waste Reduction section of the 2023 Sustainability Report.</p>

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GRI 306: Waste 2020		
GRI 306-1	Waste generation and significant waste-related impacts	<p>In 2023, 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.</p> <p>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 reduction initiatives focus on waste delineation, rezoning, 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.</p> <p>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 previously committed to reducing our hazardous waste intensity by 3% annually against a 2018 baseline. By the end of 2023, we had reduced our hazardous waste intensity by 35%. Our annual intensity reduction in 2023, compared to 2022, was 24%.</p> <p>For more information, please see the Waste Reduction section of the 2023 Sustainability Report.</p>
GRI 306-2	Management of significant waste-related impacts	<p>Our organization is committed to minimizing waste generation and mitigating significant waste related impacts by optimizing our production processes, extending the life cycle of our equipment, employing commonly used additives like coolants, reusing regularly utilized items such as oily rags and uniforms, and effectively managing and evaluating waste invoices from third-party haulers. Hazardous and non-hazardous industrial waste are tracked through invoices, site records, and vendor manifests that are compiled and validated annually.</p> <p>Watts contracts with properly licensed waste vendors and transporters for management of waste.</p> <p>For more information, please see the Waste Reduction section of the 2023 Sustainability Report.</p>
GRI 306-3	Waste generated	<p>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 2023, the amount of hazardous waste generated was 1,736,761 kg, and 3,255,192 kg of non-hazardous waste generation was reported across Watts global.</p> <p>For more information, please see the Waste Reduction section of the 2023 Sustainability Report and the Environmental Data and Verification Statements sections of the Appendix.</p>
GRI 306-4	Waste diverted from disposal	<p>Watts has a growing recycling program at our manufacturing facilities. Our diverted waste stream includes metal recycling, plastic regrind, and global electronics waste. See below for our total recycling and reuse in 2023:</p> <p>Metal Scrap: 4,965,279 kg Plastic Regrind: 16,800 kg Electronic Waste: 12,146 kg Plastic Waste Recycling: 205,295 kg</p> <p>*We began tracking electronic waste data in 2020, and our first full-year baseline data developed is for the year 2021.</p> <p>For more information, please see the Waste Reduction section of the 2023 Sustainability Report and the Environmental Data section of the Appendix.</p>
GRI 306-5	Waste directed to disposal	<p>Total Weight of Waste Directed to Disposal: 6,137 MT Total Weight of Waste Diverted From Disposal: 6,240 MT (does not include recycling, metals, and hazardous and non-hazardous waste streams) Total Weight of Hazardous Waste Directed to Disposal: 1,736.76 MT Total Weight of Non-hazardous Waste Directed to Disposal: 3,255.192 MT</p> <p>For more informaton on how hazardous and non-hazardous wastes are further treated, please see the Environmental Data section of the Appendix.</p> <p>For more information, please see the Waste Reduction section of the 2023 Sustainability Report.</p>

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GRI 308: Supplier Environmental Assessment 2016		
GRI 3-3	Management of material topics	<p>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.</p> <p>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 10 principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the ILO’s 1998 Declaration on Fundamental Principles and Rights at Work. More than 66% of our suppliers — representing 95% of our global annual spend — have confirmed their conformance to these Supplier ESG Standards. We also require new suppliers to certify conformance with our Code of Business Conduct and with these Supplier ESG Standards.</p> <p>For more information, see the Responsible Supply Chain section of the 2023 Sustainability Report.</p>
GRI 308-1	New suppliers that were screened using environmental criteria	<p>We require all new suppliers to complete an onboarding ESG self-assessment, which allows us to continually update and enhance our insight into ESG practices in our supply chain.</p> <p>For more information, see the Responsible Supply Chain section of the 2023 Sustainability Report.</p>
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	<p>We engaged with our top 100 suppliers by spend to join the EcoVadis platform to gain further insight into our own supply chain’s sustainability performance. Of these, approximately 70% have completed and shared the EcoVadis scorecard. Our goal is to engage with an additional 150 suppliers in 2024, for a total of 250 suppliers, to help more of our suppliers track and improve their performance and enhance our existing ESG assessment process.</p> <p>In 2023, we reviewed approximately 90% of our suppliers, representing approximately 85% of our global annual spend, using the Dun & Bradstreet (D&B) ESG Rating Service. 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 the Sustainability Accounting Standards Board (SASB), GRI, UN Sustainable Development Goals (SDGs), Task Force on Climate-related Financial Disclosures (TCFD), and UN Principles for Responsible Investment (UN PRI). Through our expanded use of this tool, we gained increased insight into our suppliers’ sustainability practices, including that suppliers making up one-sixth of the global spend we assessed already have advanced ESG systems in place.</p> <p>For more information, see the Responsible Supply Chain section of the 2023 Sustainability Report.</p>
GRI 3-3	Management of material topics	<p>We believe that our employees are our greatest asset, and we aim to provide a safe, inclusive, and high-performance culture where our employees can thrive. At Watts, we strive to attract, develop, retain, and engage high-performing talent, and we reward employee performance. By developing and promoting our talented people, we are creating value for our customers and shareholders. To that end, we have developed, and continue to enhance and refine, a robust and comprehensive talent management strategy that spans from talent attraction to performance management, career development, and retention of our top talent to succession planning across our organization. We continually strive to cultivate and support a highly engaged and productive workforce with employees from all backgrounds.</p> <p>For more information, please see the Talent Retention and Development section of the 2023 Sustainability Report.</p>
GRI 401-1	New employee hires and employee turnover	<p>Please see the Social Data section in the Appendix.</p>

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GRI 401: Employment 2016		
<p>GRI 401-2</p>	<p>Benefits provided to full-time employees that are not provided to temporary or part-time employees</p>	<p>We provide our full-time employees, remote or on-site, 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 health care spending and savings accounts • Voluntary accident and critical illness coverage • Employee wellness program • Business travel and accident insurance • Relocation programs • Employee discounts • Fitness and tuition reimbursement • Performance bonus <p>We comply with applicable local laws regarding benefits and pay for part-time, temporary, and full-time employees.</p>
<p>GRI 401-3</p>	<p>Parental leave</p>	<p>While Watts did not have an official parental leave company policy in 2023, there are several states in the United States that offer family leave, including California, Colorado, Connecticut, Delaware, Massachusetts, Maryland, New Jersey, New York, Oregon, Rhode Island, Washington state, and Washington D.C. Of the Watts employee population in 2023 in those locations, 216 females and 532 males were eligible for family leave.</p> <p>For more information, please see the Social Data section in the Appendix.</p>
GRI 403: Occupational Health & Safety 2018		
<p>GRI 3-3</p>	<p>Management of material topics</p>	<p>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 occupational health and safety (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.</p> <p>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> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
<p>GRI 403-1</p>	<p>Occupational health and safety management system</p> <p>The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:</p>	<p>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.</p> <p>Individual operating sites prioritize 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. Watts has multiple opportunities for workers to report workplace hazards, including meeting with their supervisors, safety committees, near-miss and safety observation programs, and through our ethics hotline. Our near-miss and safety observation programs include tracking open items to closure through our environmental, health, and safety (EHS) software, Gensuite.</p> <p>Our system applies to all employees, contractors, and visitors across all Watts sites. Our system emphasizes 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. For example, all employees, contractors, and visitors are encouraged to report unsafe conditions as part of our near-miss and safety observation programs. Concerns identified are tracked to closure, with closure</p>

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		<p>rates reported by each operating site during our monthly operating reviews. Workers also participate in other elements of our program, including safety committees, conducting risk assessments, identifying and scoping continuous improvement ideas, training, and inspections.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
<p>GRI 403-2</p>	<p>Hazard identification, risk assessment, and incident investigation</p> <p>The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:</p>	<p>We aspire to be a zero-incident workplace, and in 2023, 17 of our operating and distribution sites continued to report 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. 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. Included in the OHS system is our incident investigation standard, which assigns responsibility for investigating injuries and determining root cause and corrective and preventive actions. Workers, supervisors, and EHS professionals are involved in these investigations.</p> <p>Workers, including non-Watts employees, are expected to report hazards in the workplace through our near-miss and safety observation program. This includes notifying their supervisor or EHS representative, completing a near-miss/safety observation card, informing another member of leadership, or raising a concern through our ethics program. 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>Our OHS system includes a written incident investigation program that requires the involvement of supervisors, workers, EHS, and others, as necessary. The program includes taking into account the hierarchy of controls and corrective and preventive actions actions. Workplace injuries are presented to top management monthly, and learnings that have multisite impact are communicated through best practice sharing calls. In addition, the Senior Leadership Steering Committee review the effectiveness of the OHS system annually, including recommendations for continuous improvement.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
<p>GRI 403-3</p>	<p>Occupational health services</p> <p>The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:</p>	<p>Watts provides occupational health services in various methods. We have an occupational health professional on staff at our largest site who provides direct occupational health services to on-site employees, as well as supports the balance of the sites globally regarding ergonomics, injury evaluations, and triage. The occupational health professional also interfaces with our outside occupational health clinics in assessing care and transitional return to work. In the cases of Mexico, Tunisia, and our largest site in France, we also have occupational medical professionals on site, as required by country regulations. Other locations also have medical services provided, where required by country regulation. All employees have access to outside medical services, and where we have influence over the clinics, we seek occupation-specific clinics.</p> <p>Work-related medical records are either maintained by human resources or the EHS 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 resources organization.</p> <p>The occupational health services are focused on quality of care for work-related matters and also administer transitional return-to-work programs, where allowed by country-specific requirements (e.g., Canada, United States, and Germany).</p> <p>In addition, proactive stretching programs are in place across many U.S. sites to encourage prevention of injury.</p> <p>Wellness programs include vaccination clinics, wellness clinics, and stretching programs. Health screenings, which were impacted by the COVID-19 pandemic, are now back in place.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
<p>GRI 403-4</p>	<p>Worker participation, consultation, and communication on occupational health and safety</p> <p>The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:</p>	<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 observations reporting and, where allowed, offered token recognitions for 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 T-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 such as the redesign of workstations, alternative tools, improved personal protective equipment (PPE), and additional training. The modifications emphasize the hierarchy of control to drive corrective and preventive actions that provide long-term benefits in OHS. 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. 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> <p>Joint management worker health and safety committees exist throughout the organization. These committees are responsible for raising concerns from other workers, analyzing data (e.g., safety concerns, injuries, near-misses), establishing priorities for the local site to focus on, and raising these priorities to the local senior leadership. Committee members may also be engaged in defining and executing continuous improvement projects.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
<p>GRI 403-5</p>	<p>Worker training on occupational health & safety</p> <p>The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:</p>	<p>Our OHS system requires training for all employees in accordance with country-specific regulations, as well as specific job duties. Each site assesses 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 (e.g., lockout/tagout) or exercises (e.g., emergency response drill). Training is delivered through competent trainers who 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> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
<p>GRI 403-6</p>	<p>Promotion of worker health</p> <p>The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:</p>	<p>Watts provides our employees with a comprehensive benefits package through a mix of plans designed to support their individual and/or family's health and wellness needs. We offer a standard 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 health care spending and savings accounts • Voluntary accident and critical illness coverage • Retirement savings (401[k]) 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 • Performance bonus <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., wellness fairs, vaccination clinics).</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>Our enterprise-wide OHS management system promotes operational excellence and enables Watts to build exceptional products in facilities that operate safely, ethically, and responsibly. We aspire to be a zero-incident workplace, and worker participation and consultation is incorporated into our OHS system.</p> <p>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 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 retesting and recertification — in accordance with standard compliance methodologies.</p> <p>The full list of independent testing and certification organizations can be found in the Appendix. For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
GRI 403-8	Workers covered by an occupational health and safety management system	<p>All workers across the organization, including temporary workers, contractors, and visitors 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. Globally, Watts applies the U.S. Occupational Safety and Health Administration (OSHA) criteria for reporting injuries.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
GRI 403-9	Work-related injuries	<p>Please see OHS data tables in the Social Data section of the Appendix. Reported rates are based on 200,000 hours worked and include both employees and temporary workers combined (no distinction) for the global organization. Injuries associated with temporary workers, who work under the direction of Watts, are included in the reported injuries for the organization. For 2023, strains were the most common injury type, representing 40% of all recordable injuries.</p> <p>Hazards are identified through multiple means, including conducting workstation risk assessments, employee near-miss and safety observations 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"> • Increasing automation or new tooling • Existing workstation redesign • New workstation design • Job rotations • Routine stretching programs • Physical assessments (e.g., worker practices, positioning, PPE) • Workstation assessments (e.g., making minor modifications to operating practices, positioning workers closer to workstations to reduce reach, modifying tools, modifying PPE) <p>Watts applies OSHA criteria for reporting injuries globally.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
GRI 403-10	Work-related ill health	<p>Please see OHS data tables in the Social Data section of the Appendix. Reported rates are based on 200,000 hours worked and include both employees and temporary workers combined (no distinction) for the global organization. There were no ill health recordable incidents. No lost time cases were driven by illness.</p> <p>Hazards are identified through multiple means, including occupational noise exposure assessments, workstation risk assessments, employee near-miss and safety observation reporting, and workplace first aids.</p> <p>Efforts to mitigate work-related ill health consider the hierarchy of controls and include:</p> <ul style="list-style-type: none"> • Increasing automation or introducing new tooling (e.g., removing workers from noise exposure) • Existing workstation redesign • New workstation design • Job rotations • Physical assessments (e.g., worker practices, positioning, PPE) • Workstation assessments (e.g., making minor modifications to operating practices, positioning workers closer to workstations to reduce reach, modifying tools, modifying PPE) <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>

GRI STANDARDS

DISCLOSURE TITLE

WATTS RESPONSE

GRI 404: Training and Education 2016		
GRI 3-3	Management of material topics	<p>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. In 2023, we continued our global rollout of a multiphased leadership and inclusivity training program for all employees that is designed to build leadership capability through a set of clear frameworks that are simple to use and easily recalled, thus encouraging our employees to practice new habits and build inclusive behaviors. This training includes three modules focused on identifying bias to make better decisions, creating teams where all people feel valued, and empowering people to use their voice and contribute ideas. We partner with external vendors to offer a variety of leadership and professional development opportunities such as coaching for improved performance, time management, and new manager skills. We provide global, broad-based coaching opportunities through several external partnerships that are targeted to the individual’s coaching and development needs.</p> <p>For more information regarding the management approach, career development programs, performance reviews, and key performance indicators (KPIs), please see the Diversity, Equity, and Inclusion and Talent Retention and Development sections of the 2023 Sustainability Report.</p>
GRI 404-1	Average hours of training per year per employee	<p>For data related to training and development, see the Social Data charts in the Appendix. Prior to 2023, data only included the employee breakdown by the Americas and APMEA region, but the 2023 data category breakdown is inclusive of all levels.</p>
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 employees’ years of service • Job placement service • Other forms of transition assistance (e.g., training, retraining, counseling, etc.) <p>For career endings resulting from retirement, employees are offered various forms of transition assistance, including financial, estate, and long-term care planning.</p> <p>For information on programs upgrading employee skills, please see the Talent Retention and Development section of the 2023 Sustainability Report.</p>
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	<p>In 2023, almost 100% of our eligible employees received a performance review.</p> <p>For more information, see the Performance Management section of the 2023 Sustainability Report and the Social Data section of the Appendix.</p>
GRI 405: Diversity and Equal Opportunity 2016		
GRI 3-3	Management of material topics	<p>Our diversity, equity, and inclusion (DEI) mission mission is to cultivate and sustain a workplace that prioritizes and integrates an inclusive culture in everything we do to fuel innovation, empower our people to reach their full potential, and foster stronger connections with our partners. To support this mission, we have incorporated inclusion into the Watts strategic pillars, cultural behaviors, global performance management, and talent review frameworks, as well as the Global Leadership Team’s goals. We have established partnerships with and conducted recruitment activities at universities to drive female and underrepresented minority outreach and rolled out leadership and inclusivity training throughout the global organization, as our comprehensive approach to DEI focuses on awareness and education, recruiting and retention, and advancement programs for all our leaders and employees to help make sure we are attracting and retaining the most qualified talent. We monitor employee perception on inclusion and diversity through employee feedback, and we create awareness with our employees about DEI-related topics through the company intranet, in employee meetings, through our public website, and through a DEI calendar of events designed to increase solidarity, engagement, and support. Additionally, we operationalized a Diverse Candidate Slate Policy in the United States for managerial levels, established a regular cadence for pay equity review, and added benefits.</p> <p>For more information, please see the Diversity, Equity, and Inclusion section of the 2023 Sustainability Report and pp. 20 – 23 of the 2024 Proxy Statement.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 405-1	Diversity of governance bodies and employees	Corporate Governance , 2023 Sustainability Report Diversity Profile , Appendix
GRI 405-2	Ratio of basic salary and remuneration of women to men	We regularly analyze wages to retain employees and stay competitive in the labor market. An internal pay equity review is embedded into our hiring and promotion processes. In 2023, we conducted a complete benchmark of all our roles to ensure we are market competitive in our hiring and retention practices. Where needed, we provided market adjustments to stay competitive and retain key talent. In 2023, we began a project to revitalize our job architecture that will better align with our roles and provide our employees with a more comprehensive career path structure. For more information, please see the Diversity, Equity, and Inclusion section of the 2023 Sustainability Report.
GRI 413: Local Communities 2016		
GRI 3-3	Management of material topics	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, fundraising, and volunteer activities. For more information, please see the Community Impact and Global Engagements sections of the 2023 Sustainability Report.
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Community Impact , 2023 Sustainability Report Global Engagements , 2023 Sustainability Report
GRI 414: Supplier Social Assessment 2016		
GRI 3-3	Management of material topics	Expectations of suppliers across various areas of ethics and integrity, as well as social and environmental responsibility, are covered in our Human Rights Policy, our Supplier Quality Manual, and the Watts Code of Business Conduct. Our standard terms and conditions require supplier compliance with the Supplier Quality Manual and the Watts Code of Business Conduct, including agreement to our Anti-Corruption Policy. In addition, in 2022, we published our Supplier ESG Standards, which are informed by the 10 principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the ILO's 1998 Declaration on Fundamental Principles and Rights at Work. Approximately 66% of our suppliers, representing 95% of our annual spend, have confirmed their conformance to these ESG standards. 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. For more information, please see the Responsible Supply Chain section of the 2023 Sustainability Report.
GRI 414-1	New suppliers that were screened using social criteria	We require all new suppliers to complete an onboarding ESG self-assessment, which allows us to continually update and enhance our insight into ESG practices in our supply chain. For more information, please see the Responsible Supply Chain section of the 2023 Sustainability Report.
GRI 414-2	Negative social impacts in the supply chain and actions taken	We engaged our top 100 suppliers by spend to join the EcoVadis platform and provide further insight into our own supply chain's sustainability performance. Of these, approximately 70% have completed and shared the EcoVadis scorecard. Our goal is to engage with an additional 150 suppliers in 2024, for a total of 250 suppliers, to help more of our suppliers track and improve their performance and enhance our existing ESG assessment process. In 2023, we reviewed approximately 90% of our suppliers, representing approximately 85% our global annual spend, using the D&B ESG Rating Service. 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 SASB, GRI, UN SDGs, TCFD, and UN PRI. Through our expanded use of this tool, we gained increased insight into our suppliers' sustainability practices, including that suppliers making up one-sixth of the global spend we assessed already have advanced ESG systems in place. For more information, please see the Responsible Supply Chain section of the 2023 Sustainability Report.

GRI STANDARDS

DISCLOSURE TITLE

WATTS RESPONSE

GRI 416: Customer Health and Safety 2016		
<p>GRI 3-3</p>	<p>Management of material topics</p>	<p>For 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. We have complete life cycle assessments (LCAs) of all our products produced in our largest facility in Franklin, New Hampshire. The LCAs provided us insights into all materials used, and we are publishing the information to provide further transparency.</p> <p>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. We also invest heavily in training our customers on the safe use and installation of products.</p> <p>For more information, please see the Safety & Regulation and Best-in-Class Training sections of the 2023 Sustainability Report.</p>
<p>GRI 416-1</p>	<p>Assessment of the health and safety impacts of product and service categories</p>	<p>The majority of health and safety impacts of our products is set during the design phase. As a result, 100% of our new products are assessed for health and safety during our standard new product introduction process. This assessment includes product performance, which targets our customers and other stakeholders, as well as manufacturing and supply chain health and safety. During the life cycle of our products, our standard quality process and operating system assess all instances of noncompliance for definitive root cause and corrective/improvement actions. The results of our standard quality process and operating system are discussed monthly in our standard business operating reviews. 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 around the world. More than 70% of Watts revenue comes from products that are designed specifically for the safety and regulation of water. 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 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 retesting for recertification — in accordance with standard compliance methodologies.</p> <p>For more information, please see the Safety & Regulation and Best-in-Class Training sections of the 2023 Sustainability Report.</p>
GRI 417: Marketing & Labeling 2017		
<p>GRI 3-3</p>	<p>Management of material topics</p>	<p>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 purchasing 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, providing greater access access for our diverse audience of customers.</p> <p>We engage in responsible sales and marketing practices that are fair and 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.</p> <p>All 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 United States 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.</p>

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 417-1	Requirements for product and service information labeling	<p>The country of origin is defined by where products are assembled or produced. We adhere to all prop 65 labeling requirements as well as lead labeling requirements and labeling requirements labeling requirements. We also provide documentation on safe use and installation in product packaging,, as well as on our website. 100% of our products are assessed for proper labeling and compliance. The majority of this activity happens prior to product launch and is performed to the requirements of our new product introduction process. This assessment includes, but is not limited to:</p> <ul style="list-style-type: none"> • The sourcing of components of the product or service • Content, particularly with regard to substances that might produce an environmental or social impact • Safe use of the product or service • Disposal of the product and environmental or social impacts • Any other relevant information

Emergency Preparedness and Response was identified as a material topic for Watts but is not covered by the GRI Topic Standards. Reporting against this topic is included in the [Occupational Health and Safety \(OHS\)](#) section of the 2023 Sustainability Report.

SASB Index

SASB TOPIC	DISCLOSURE CODE	SASB METRIC	WATTS RESPONSE
Energy Management	RT-EE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	<p>Total energy consumed: 109,559 MWH</p> <p>Percentage grid electricity: 58,554,048.85 kWh</p> <p>Percentage renewable: 25,991,453 kWh</p>
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	<p>Amount of hazardous waste generated: 1,736,761 kg</p> <p>Percentage recycled: Data, as requested, is not available at this time. Watts has a strong metal-recycling program at our manufacturing facilities. In 2023, we recycled 4,965 t of metal scraps and chips and 12.14 t of electronic waste, and we reused 16.8 t of plastic regrinds, globally.</p>
	RT-EE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	We did not have reportable spills in 2023.
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	Watts issued no product recalls in 2023.
	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 2023.
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Data is not available.
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria	Data is not available.
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	A total of 24% of Watts revenue in 2023 was from energy efficiency-related products.
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	<p>Expectations of suppliers across various areas of ethics and integrity, as well as social and environmental responsibility, are covered in our Human Rights Policy, our Supplier Quality Manual, and the Watts Code of Business Conduct. Our standard terms and conditions require supplier compliance with the Supplier Quality Manual and the Watts Code of Business Conduct, including agreement to our Anti-Corruption Policy. In addition, in 2022, we published our Supplier ESG Standards, which are informed by the 10 principles of the UN Global Compact initiative, the UN Guiding Principles on Business and Human Rights, and the ILO's 1998 Declaration on Fundamental Principles and Rights at Work. Approximately 66% of our suppliers, representing 95% of our annual spend, have confirmed their conformance to these ESG standards.</p> <p>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>We engaged with our top 100 suppliers by spend to join the EcoVadis platform to gain further insight into our own supply chain's sustainability performance. Of these, approximately 70% have completed and shared the EcoVadis scorecard. Our goal is to engage with an additional 150 suppliers in 2024, for a total of 250 suppliers, to help more of our suppliers track and improve their performance</p>

SASB TOPIC	DISCLOSURE CODE	SASB METRIC	
			<p>and enhance our existing ESG assessment process. We also require all new suppliers to complete an onboarding ESG self-assessment, which allows us to continually update and enhance our insight into ESG practices in our supply chain.</p> <p>In 2023, we reviewed approximately 90% of our suppliers, representing approximately 85% our global annual spend, using the D&B ESG Rating Service. 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 SASB, GRI, UN SDGs, TCFD, and UN PRI. Through our expanded use of this tool, we gained increased insight into our suppliers' sustainability practices, including that suppliers making up one-sixth of the global spend we assessed already have advanced ESG systems in place.</p> <p>For more information, see the Responsible Supply Chain section of the 2023 Sustainability Report.</p>
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Watts is committed to acting with integrity and has detailed compliance procedures and policies. We confirm that both anti-corruption and anti-competitive behavior policies are covered in the Code of Conduct.
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	No incidents of corruption or associated legal actions occurred in 2023.
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	No incidents of anti-competitive behavior or associated legal actions occurred in 2023.
Activity Metric	RT-EE-000.A	Number of units produced by product category	Information on revenue, products, customers, and markets is available in the Corporate Profile section of the report.
	RT-EE-000.B	Number of employees	Watts employed a total of 4,442 people in 2023. This number does not include Enware, Bradley, or Josam.

SDG Index

Beyond the examples provided in the section on how Watts is [contributing to the UN SDGs](#), you can find more information on how our work contributes to the SDGs in the following hyperlinked sections of our 2023 Sustainability Report:

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 5.1 Target 5.5 Target 5.c 	<ul style="list-style-type: none"> DEI Diversity Profile
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"> Footprint Environment, Health, and Safety Management Water Stewardship Waste Reduction Handprint Safety & Regulation Conserving Water Global Engagements Responsible Supply Chain Keeping Generations of People and Water Safe Sustainable Innovation
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"> OHS DEI Talent Retention and Development Human Rights Policy Ethics, Integrity, and Transparency Responsible Supply Chain
SDG 9: 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"> Energy and Emissions Handprint Safety & Regulation Conserving Water Improving Energy Efficiency Sustainable Innovation Privacy and Cybersecurity Keeping Generations of People and Water Safe
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 ESG Strategy Footprint Environment, Health, and Safety Management Water Stewardship Energy and Emissions Waste Reduction Sustainable Innovation About This Report Environmental Data
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"> Footprint Water Stewardship Energy and Emissions Conserving Water Improving Energy Efficiency Sustainable Innovation Supporting the Transition to a Lower Carbon Economy
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 14.1 Target 14.2 	<ul style="list-style-type: none"> Water Stewardship Waste Reduction Keeping Generations of People and Water Safe

CEO Water Mandate

As a signatory to the mandate, Watts has committed to continuous improvement in the following six core areas of water stewardship practices. This Appendix is hyperlinked to specific sections of the 2023 ESG Report:

PRINCIPLES	OUR IMPACT: HOW WE ARE CONTRIBUTING	GRI	
1. Direct Operations	<ul style="list-style-type: none"> • Our ESG Strategy • ESG Governance • Footprint • Environment, Health, and Safety Management • Water Stewardship • Energy and Emissions • Waste Reduction 	<ul style="list-style-type: none"> • Keeping Generations of People and Water Safe • Sustainable Innovation • Environmental Data • Environmental, Health, Safety, & Sustainability Policy • 2023 Form 10-K • 2023 Proxy Statement 	GRI 2-12 GRI 2-23 GRI 2-24 GRI 303: Water and Effluents
2. Supply Chain and Watershed Management	<ul style="list-style-type: none"> • Contributing to the UN SDGs • Stakeholder Engagement • Footprint 	<ul style="list-style-type: none"> • Water Stewardship • Sustainability Assessments, Responsible Supply Chain • Membership of Organizations 	GRI 308: Supplier Environmental Assessment
3. Collective Action	<ul style="list-style-type: none"> • Stakeholder Engagement • Membership of Organizations • Global Engagements • Keeping Generations of People and Water Safe 		GRI 2-28 GRI 2-29 GRI 3-1
4. Public Policy	<ul style="list-style-type: none"> • Public Policy & Advocacy • Membership of Organizations • Keeping Generations of People and Water Safe • Stakeholder Engagement 		GRI 2-28 GRI 2-29
5. Community Engagement	<ul style="list-style-type: none"> • Stakeholder Engagement • Community Impact • Keeping Generations of People and Water Safe 		GRI 413: Local Communities
6. Transparency	<ul style="list-style-type: none"> • Ethics, Integrity, and Transparency • Stakeholder Engagement • About This Report • Environmental Data • Environment, Health, Safety, & Sustainability Policy 		GRI 303: Water and Effluents

EcoVadis Action Proxies

TOPIC	METRIC	2023 RESPONSE - METRIC	2023 RESPONSE - DESCRIPTION
Environment	% of the total workforce across all locations who received training (internally or externally) on environmental issues	42%	Environmental awareness training is provided upon employee onboarding and periodically thereafter; in 2023, this was measured in the Americas and will be measured across the balance of the globe in 2024.
	% of renewable energy out of total energy mix	28%	Marked-based emissions based on RECs purchased. Please see our Verification Statements section of the Appendix.
	% of total waste diverted from landfills, e.g. through recycling, reusing or WTE	50.41%	<p>Our organization is committed to minimizing waste generation and mitigating significant waste-related impacts by optimizing our production processes, extending the lifecycle of our equipment, employing commonly used additives like coolants, reusing regularly utilized items such as oily rags and uniforms, and effectively managing and evaluating waste invoices from third-party haulers.</p> <p>Watts contracts with properly licensed waste vendors and transporters for management of waste.</p> <p>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 2023, the amount of hazardous waste generated was 1,736,761 kg. For the facilities where data is available, 3,255,192 kg of non-hazardous waste generation was reported.</p> <p>For more information, please see the Environmental Data and Verification Statements sections of the Appendix.</p>
	% of all operational sites certified to ISO 14001, EMAS or other environmental management standard	47%	This is calculated based on headcount and sites that are certified.
Labor & Human Rights	% of all operational sites covered by an employee health & safety risk assessment	100%	<p>Workers, including non-Watts employees, are expected to report hazards in the workplace through our Near Miss and Safety Observations program. This includes notifying their supervisor or EHS representative, completing a NM/SO card, informing another member of leadership, or raising a concern through our Ethics program. 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>Our OHS System includes a written incident investigation program which requires the involvement of supervisors, workers, EHS, and others, as necessary. The program includes taking into account the hierarchy of controls, corrective, and preventive actions. Workplace injuries are presented to top management monthly and learning that have multisite impact are communicated through best practice sharing calls. In addition, the Senior Leadership Steering Committee review the effectiveness of the OHS system annually, including recommendations for continuous improvement.</p> <p>Injury reductions in 2023 were driven by multiple factors, including workstation optimization, increased investment in automation, cross-functional engagement professional development, and increased best-practice sharing across the globe. Twelve of our operating and distribution sites achieved injury reductions of 25% or greater with 14 sites have zero recordable injuries.</p> <p>Each site presents its environmental, health, and safety (EHS) performance as part of our Monthly Operating Reviews. Our standard metrics for safety include seven KPIs: total recordable incident rate (TRIR), lost time incident rate (LTIR), near-miss reporting, safety observations reporting, risk-reduction scores, EHS framework score, training completion, and finding-closure rate. Twenty-one operating</p>

TOPIC	METRIC	2023 RESPONSE - METRIC	2023 RESPONSE - DESCRIPTION
Labor & Human Rights			<p>and distribution sites reduced their year-over-year lost time incident rates or had zero incidents, including ten sites with reductions greater than 25%.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report.</p>
	% of total workforce across all locations represented in formal joint management-worker health & safety committees	100%	All sites have safety committees. For Europe, these are required by regulation, for the US, it is state dependent.
	% of workforce who are covered by formal collective agreements concerning working conditions	36%	<p>Collective Bargaining</p> <p>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</p> <p>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 <p>Grievance Procedures</p> <p>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 Global Leadership Team.</p> <p>In 2023, Watts had approximately 1,614 employees worldwide who were represented by unions, collective bargaining agreements, or works councils. That is approximately 36% of our total workforce. Working conditions and terms of employment for those not covered by collective bargaining agreements are directed by local laws.</p>
	% of workforce who are covered by formally elected employee representatives		Information Unavailable/Incomplete: Despite our best efforts, certain information was unavailable or incomplete at the time of reporting. We are continuously striving to enhance our data collection processes and improve the availability and accuracy of information for future reporting cycles.

TOPIC	METRIC	2023 RESPONSE - METRIC	2023 RESPONSE - DESCRIPTION
Labor & Human Rights	% of workforce who received regular performance and career development reviews	100%	<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 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 the Talent Retention and Development section of the 2023 Sustainability Report.</p>
	% of workforce who received career-related or skills training	100%	See above.
	% of workforce who received training on preventing discrimination & human rights violations	99%	Included in Code of Conduct training.
	% of all operational sites that have been subject to human rights reviews or human rights impact assessments	99%	All of Watts suppliers are reviewed by D&B which includes over 70 topics which includes human rights.
	% of all operational sites certified to ISO 45001, SA 8000 or other similar management standard	25%	<p>25% is based on head count and sites certified; 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 to 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 transitional return to work. In the cases of Mexico, Tunisia, and our largest site in France, we also have occupational medical professionals on site as required by country regulations. Other locations also have medical services provided where required by country regulation. All employees have access to outside medical services, and where we have 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, and Safety 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 transitional return-to-work programs, where allowed by country specific requirements (e.g., Canada, US, and Germany).</p> <p>In addition, proactive stretching programs are in place across many U.S.-based sites to encourage prevention of injury.</p> <p>Wellness programs include vaccination clinics, wellness clinics, and stretching programs. Health screenings, which were impacted by the COVID-19 pandemic, are now back in place.</p> <p>For more information, please see the Occupational Health and Safety (OHS) section of the 2023 Sustainability Report</p>

TOPIC	METRIC	2023 RESPONSE - METRIC	2023 RESPONSE - DESCRIPTION
Ethics	% of the total workforce who received training on business ethics issues	99%	<p>Code of Conduct Training Proxies</p> <ol style="list-style-type: none"> 1. Computer Users — Our HRIS system automatically feeds the names of the employees with access to a computer to the learning management system and the learning management system tracks the completion and acknowledgement of the code as stated above. 2. Factory Floor — For the employees that do not have a computer they are trained in person and each person must acknowledge attending the training and the Code of Conduct. 3. Entity Level Controls — As part of our entity level controls the internal audit team reviews and validates the tracking and completion of the training by both on-line and in person training. <p>KPIs – Whistleblowing</p> <p>Watts Water manages a global hotline and reports on a quarterly basis the number and nature of the incidents.</p> <p>No incidents of corruption were confirmed at Watts in 2023, nor were any legal actions regarding corruption brought against the company.</p> <p>For more information, please see the Anti-Corruption Policies section of the 2023 Sustainability Report.</p>
	% of all operational sites covered by an internal audit/risk assessment of business ethics issues	100%	<p>Due Diligence Audits – Global</p> <p>Watts performs a bi-annual due diligence verification audit of all third-party intermediaries for all sites globally. This audit conducted by the compliance teams verifies that all third-party intermediaries have been identified and the due diligence is completed.</p>
	% of all operational sites certified to ISO 27000 or other information security management system standard		<p>Cybersecurity Risk Management and Strategy</p> <p>We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information.</p> <p>We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework (“NIST CSF”). This does not imply that we meet any particular technical standards, specifications, or requirements. We use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business. Our cybersecurity risk management program is integrated into our overall enterprise risk management program and shares common methodologies, reporting channels, and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.</p> <p>Our cybersecurity risk management program includes the following:</p> <ul style="list-style-type: none"> • risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment; • a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents; • the use of external service providers, where appropriate, to assess, test, or otherwise assist with aspects of our security controls; • risk review of certain third-party service providers, including software vendors, third-party cloud services, and third-party hosting services, with ongoing risk monitoring for critical vendors through an external cybersecurity intelligence service; • cybersecurity awareness training of our employees, incident response personnel, and senior management; and • a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents.

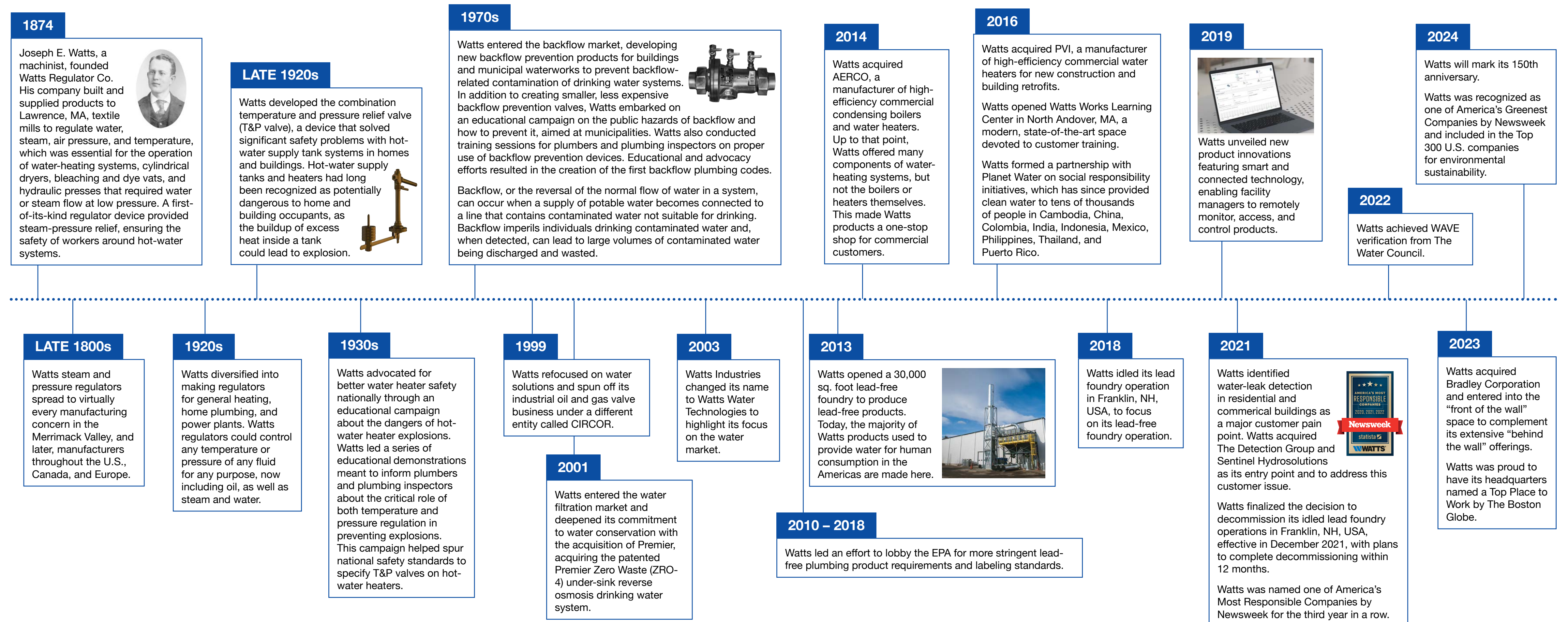
TOPIC	METRIC	2023 RESPONSE - METRIC	2023 RESPONSE - DESCRIPTION
Ethics			<p>Information Security Measures</p> <ol style="list-style-type: none"> 1. Outside Risk Assessment — Watts utilizes third party companies to perform annual enterprise assessment and then we supplement with other targeted assessments based on potential risk factors or specific events such as an acquisition. 2. Training — Watts has an Information Security Training program that includes quarterly mandatory security awareness training for all computer users. We maintain the records of all users that complete the training. 3. Phishing Simulation — We perform monthly phishing simulations globally.
	% of all operational sites certified to ISO 37001 or other anti-corruption management system standard		No cases of corruption reported, no employees dismissed or disciplined for corruption, no business partners were terminated or not renewed for corruption violations. No pending legal cases regarding corruption against the company or any of its employees.
Sustainable Procurement	% of targeted suppliers who have signed the supplier code of conduct	66%	66% of our suppliers have confirmed conformance to our Code of Business Conduct and Supplier ESG Standards, representing 95% of our global direct spend
	% of targeted contracts that include clauses on environmental, labor, human rights requirements	100%	Our standard terms and conditions of purchase require supplier compliance with the Supplier Quality Manual and the Watts Code of Business Conduct, including agreement to our Anti-Corruption Policy.
	% of targeted suppliers covered by a sustainability assessment	100%	In 2023, we reviewed approximately 90% of our suppliers, representing approximately 85% our global annual spend, using the Dun & Bradstreet (D&B) ESG Rating Service. 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).
	% of all buyers who received training on sustainable procurement	100%	<p>We engaged with our top 100 suppliers by spend to join the EcoVadis platform to gain further insight into our own supply chain's sustainability performance. Of these, approximately 70% have completed and shared the EcoVadis scorecard. Our goal is to engage with an additional 150 suppliers in 2024, for a total of 250 suppliers, to help more of our suppliers track and improve their performance, and enhance our existing ESG assessment process. We also require all new suppliers to complete an onboarding ESG self-assessment, which allows us to continually update and enhance our insight into ESG practices in our supply chain.</p> <p>In 2023, we reviewed approximately 90% of our suppliers, representing approximately 85% our global annual spend, using the Dun & Bradstreet (D&B) ESG Rating Service. 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). Through our expanded use of this tool, we gained increased insight into our suppliers' sustainability practices, including that suppliers making up one-sixth of the global spend we assessed already have advanced ESG systems in place.</p> <p>For more information see the Responsible Supply Chain section of the 2023 Sustainability Report.</p>
% of targeted suppliers covered by a sustainability on-site audit	22%	We did 1,075 audits (which included some elements of ESG). We transitioned from on-site audits to the Ecovadis systems within 2023.	

Keeping Generations of People and Water Safe

For 150 years, Watts has developed products, components, and systems that have improved the 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



Stakeholder Engagement

	KEY TOPICS		METHODS OF ENGAGEMENT		
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 	<ul style="list-style-type: none"> Employee handbooks Employee recognition programs ERGs Engagement surveys/pulse checks/focus groups Ethics hotline and posters Executive site visits Learning management system/LinkedIn Learning Monthly operating reviews 	<ul style="list-style-type: none"> Onboarding (for new hires) Other local/regional town halls Quarterly CEO video Quarterly connect meetings Strategic talent review Training Total rewards programs Unions/works councils Volunteer opportunities Work-life balance initiatives
CUSTOMERS	<ul style="list-style-type: none"> Product responsibility, safety, and quality Ethics, integrity, and transparency Occupational health and safety Environmental compliance Human rights 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> External website for Watts and its family of brands In-person training at Watts Works Learning Centers Trade shows and other live events Voice-of-customer surveys/focus groups Watts Works online learning 	
STAKEHOLDERS AND DEBT HOLDERS	<ul style="list-style-type: none"> Diversity, equity, and inclusion Employee attraction, development, and retention Governance and accountability 	<ul style="list-style-type: none"> Occupational health and safety 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 SEC Investor meetings and conferences 	<ul style="list-style-type: none"> Investor relations website Quarterly earnings conference calls Quarterly earnings release Other press releases 	
SUPPLIERS	<ul style="list-style-type: none"> Governance and accountability Ethics, integrity, and transparency Sustainable sourcing Human rights Occupational health and safety 	<ul style="list-style-type: none"> Employee attraction, development, and retention 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, and supplier quality engineering teams Harrington quality management system 	<ul style="list-style-type: none"> Kaizen events Site visits Supplier Code of Conduct Supplier quality manual Terms and conditions on purchase orders 	<ul style="list-style-type: none"> ESG standards certification D&B and National Sanitary Foundation (NSF), ESG assessment
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 and 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 	
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 International Organization for Standardization (ISO) audits and permit application Codes and standards body membership and participation 		
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 		

Materiality Assessment

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 our growth strategy and societal trends that may impact our ability to meet stakeholder expectations.

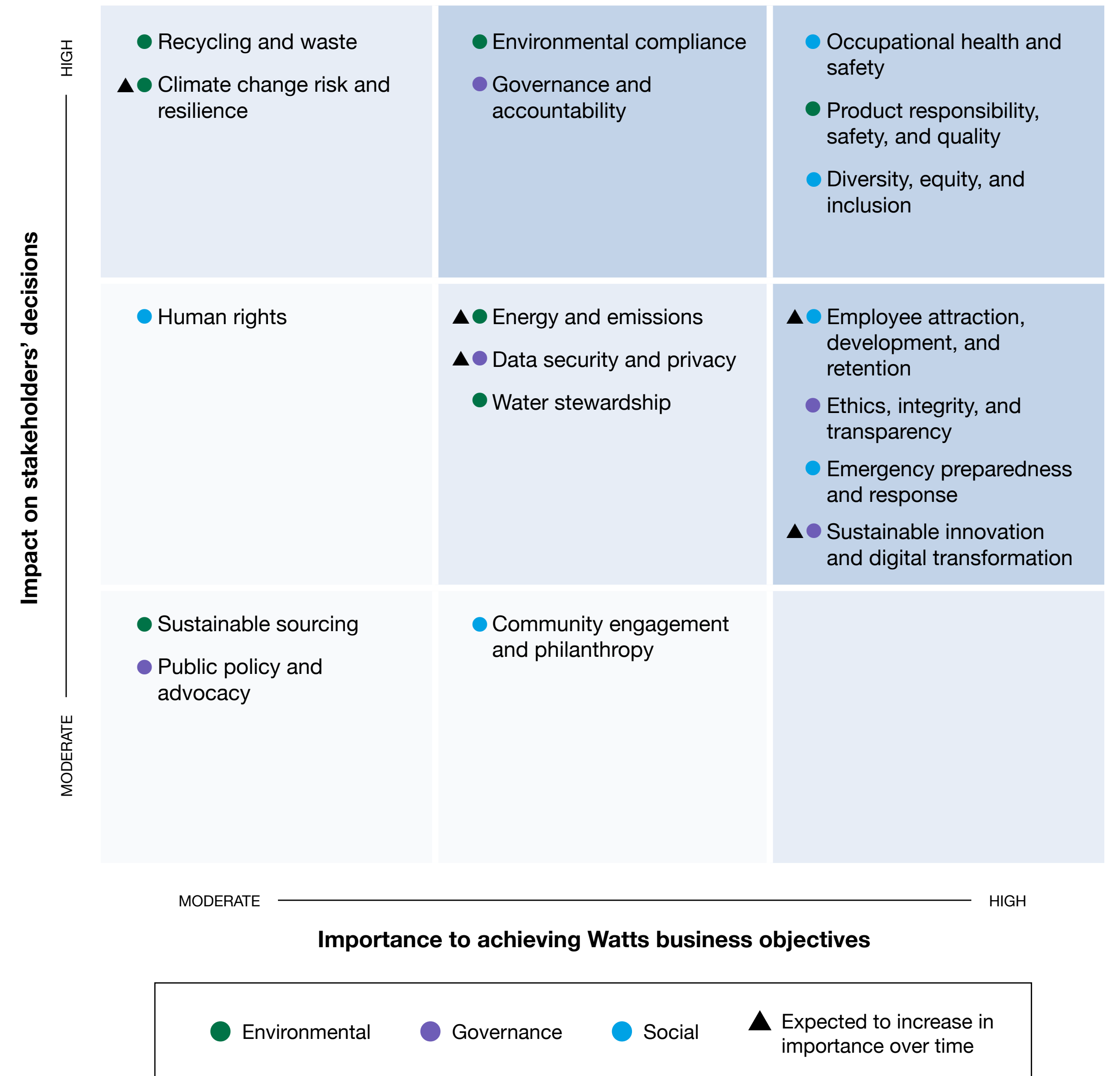
ASSESSMENT PROCESS

Conducted in partnership with a third-party consultant, and in accordance with the 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.
- A 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% 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 topic prioritization with the Watts Global Leadership Teams as a basis to adjust and finalize strategic priorities.

FINDINGS

See right for the resulting materiality matrix.



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 GHG 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 that 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 life-cycle 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 nonprofit 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.

Membership of Organizations

MEMBERSHIP OF ORGANIZATIONS	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES	FUNDING AMOUNT
24x7 Exchange	Americas	Yes	No	No	N/A
3-A Sanitary Standards, Inc.	Americas and Europe	No	Yes	No	N/A
AFCOM	Americas	Yes	No	No	N/A
Aicarr (Italian Association for HVAC, Heating)	Europe	Yes	Yes, Dario Ghisleni	No	N/A
AIG (Australian Industry Group)	Americas	Yes	No	No	N/A
Air-Conditioning, Heating & Refrigeration Institute	Americas	Yes	Yes	No	N/A
American Backflow Prevention Association	Americas	Yes	No	No	N/A
American Centers for Life Cycle Assessment	Americas	Yes	Yes	No	N/A
American Fire Sprinkler Association	Americas	Yes	No	No	N/A
American Rainwater Catchment Systems Association	Americas	No	Yes	No	N/A
American Society for Testing and Materials	Americas	Yes	Yes	No	N/A
American Society of Heating, Refrigerating and Air-Conditioning Engineers	Americas	Yes	Yes	No	N/A
American Society of Mechanical Engineers	Americas	Yes	Yes	No	N/A
American Society of Plumbing Engineers	Americas	Yes	Yes	Yes	~\$48,000
American Society of Sanitary Engineering	Americas	Yes	Yes	No	N/A
American Supply Association	Americas	Yes	Yes	Yes	~\$15,000
American Water Works Association	Americas	Yes	Yes	No	N/A
Angaisa (Italian National Association for Plumbing)	Europe	Yes	No	No	N/A
Anima (Italian Mechanical Association for Industry)	Europe	Yes	No	No	N/A
Aqua Italia (Fluid Solutions Association)	Europe	Yes	No	No	N/A
Assotermica (Italian Thermotecnic Association)	Europe	Yes	No	No	N/A
ATTB (Associate Thermische Technieken België)	Europe	Yes	No	No	N/A
Australian Backflow Association	Americas	Yes	No	No	N/A
Backflow Prevention Group, Water System Branch, China Engineering and Consulting Association (CEDA)	APMEA	Yes	No	No	N/A
AVR (Italian Association of Valves and Taps Manufacturers)	Europe	Yes	No	No	N/A
BDH (Federation of German Heating Industry)	Europe	Yes	No	No	N/A
BFV (Bundesverband Flächenheizungen und Flächenkühlungen e.V.)	Europe	Yes	No	No	N/A
Building Industry Consulting Service International	Americas	Yes	Yes	No	N/A
BPAA (Backflow Prevention Association Australia)	APMEA	YES	YES	Yes	\$11,000 (Business Strategic Partner)

MEMBERSHIP OF ORGANIZATIONS

	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES	FUNDING AMOUNT
Canadian Institute of Plumbing & Heating	Americas	Yes	Yes	No	N/A
Canadian Standards Association	Americas	No	Yes	No	N/A
China Data Center Committee	APMEA	Yes	No	No	N/A
China Valve Industry Association	APMEA	Yes	No	No	N/A
Confindustria Monza e Brianza (Italian Association of Industry)	Europe	Yes	No	No	N/A
Confindustria Trento (Industry for Trento region)	Europe	Yes	No	No	N/A
Council of Industry	Americas	Yes	No	No	N/A
CTI (Italian ThermoTechnical Association)	Europe	Yes	No	No	N/A
DDA (Dutch Data Center Association)	Europe	Yes	No	No	N/A
Distretto Trentino Tecnologico (Area Trento District for Technology)	Europe	Yes	No	No	N/A
EL 20 Standards Committee	APMEA	No	Yes	No	N/A
EVOLIS	Europe	Yes	No	No	N/A
GCCP (Genie Climatique Couverture-Plomberie)	Europe	Yes	No	No	N/A
Green Data Center Technology Committee	APMEA	YES	No	No	N/A
International Association of Plumbing and Mechanical Officials	Americas	Yes	Yes	Yes	~\$2,500
International Code Council	Americas	Yes	Yes	No	N/A
Irrigation Association	Americas	No	Yes	No	N/A
Manufacturers Alliance for Productivity and Innovation	Americas	Yes	No	No	N/A
Manufacturers Standardization Society	Americas	Yes	Yes	No	N/A
Master Plumbers Association	APMEA	Yes	No	Yes	NZD 12,000 (Annual dues 10K, MP recommends of 2K)
Mechanical Contractors Association	Americas	Yes	No	No	N/A
National Fire Protection Association	Americas	Yes	No	No	N/A
National Fire Sprinkler Association	Americas	Yes	Yes	No	N/A
Ningbo Beilun Green Power Association (BLGPA)	APMEA	YES	No	No	N/A
NSF International (National Sanitary Foundation)	Americas	No	Yes	No	N/A
ODE (Heating Networks Flanders)	Europe	Yes	No	No	N/A
Opentherm Association	Europe	Yes	No	No	N/A
Plastic Pipe Institute	Americas	Yes	Yes	No	N/A
Plumbing and Drainage Institute	Americas	No	Yes	No	N/A
PPIG (Plumbing Products Industry Group)	APMEA	Yes	No	No	N/A
Rockland Business Association	APMEA	Yes	No	No	N/A
Rosebank Business Association (NZ)	APMEA	Yes	No	No	N/A

MEMBERSHIP OF ORGANIZATIONS

	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES	FUNDING AMOUNT
Syndicat ACR (ancien MTA concept)	Europe	Yes	No	No	N/A
The Australian Industry Group	APMEA	Yes	No	No	N/A
The Water Council (TWC) (Global)		Yes	No	No	N/A
TMP (Technical Association for Plastic Material)	Europe	Yes	No	No	N/A
U.S. Green Building Council	Americas	Yes	Yes	No	N/A
UNCP-FFB (Federation Francaise du Batiment)	Europe	Yes	No	No	N/A
Underwriters Laboratories	Americas	No	Yes	No	N/A
UNI (Italian Standard Unification)	Europe	Yes	No	No	N/A
Uniclimate	Europe	Yes	No	No	N/A
United States Green Building Council	Americas	Yes	No	No	N/A
USC Foundation for Cross-Connection Control and Hydraulic Research	Americas	No	Yes	No	N/A
VIZ - Verband der Installations-Zulieferbetriebe	Europe	Yes	No	No	N/A
Water & Sewer Distributors of America	Americas	No	Yes	No	N/A
Water Quality Association	Americas	Yes	No	No	N/A
WBT (Werkgroep Beveiligingstoestellen) - consultative institution for KIWA	Europe	Yes	No	No	N/A
Western Regional Backflow Conference	Americas	No	Yes	No	N/A
WS026 Australian Standards Committee	APMEA	No	Yes	No	N/A
ASHRAE Falcon Chapter, U.A.E (MEA)	APMEA	Yes	No	Yes	AED 15,750 (Platinum Partner)
Emirates Green Building Council (MEA)	APMEA	Yes	No	Yes	AED 35,000 (Industry partner)

Environmental Data

2023 GHG EMISSIONS			
Scope 1			
	Consumption	Units	Emissions (MTCO2e)
Generation of Electricity, Heat, or Steam	64,617,947*	kWh	9,760
Transportation	155,336**	Liters	365
	2023 Total Scope 1:		10,125
Scope 2: Location-Based			
Electricity	58,322,231	kWh	15,836
	2023 Total Scope 2 Location-Based:		15,836
Scope 2: Market-Based			
Electricity	58,322,231	kWh	15,354
Renewable Energy Credits (RECs)			-7,230
	2023 Total Scope 2 Market-Based:		8,124
Scope 3			
Business Travel			5,640
	2023 Total Scope 3:		5,640
	Total Scope 1, 2 (Location-Based), & 3		31,601
	Scope 1 + 2 (Location-Based) Total		25,961
	Scope 1 + 2 (Location-Based) Intensity (MTCO2e/\$M)		12.83
	Total Scope 1, 2 (Market-Based), & 3		23,889
	Scope 1 + 2 (Market-Based) Total		18,249
	Scope 1 + 2 (Market-Based) YOY Reduction (%)		-7.3
	Scope 1 + 2 (Market-Based) Intensity (MTCO2e/\$M)		9.02

*Includes natural gas, diesel, fuel oil, propane, acetylene, and propylene.

**Includes fleet gasoline, fleet diesel, and propane mobile.

HISTORICAL GHG EMISSIONS	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	7,917
Europe	3,134	3,203	3,191	3,369	3,208	3,262	3,465	3,965	3,102
APMEA	3	3	3	3	3.14	1.27	26.31	31	6
Scope 1: Company Cars (MTCO2e)									
Europe <i>*Sites: Biassono, Dattenberg, Hautvillers, Landau, Moirans, Sorgues, St. Neots, Vildbjerg, Virey</i>								182	305
Total Scope 1 Emissions								11,845	11,330
Scope 2: Electricity Location-Based (MTCO2e)									
N. America	20,040	18,477	16,419	16,719	15,353	13,589	10,488	10,993	11,158
Europe	6,529	6,323	6,604	6,686	6,461	6,680	4,628	4,495	3,950
APMEA	1,884	1,890	2,147	2,280	2,416	2,307	1,768	1,995	1,175
Total Scope 2 Location-Based GHG Emissions (MTCO2E)								17,483	16,282
Scope 1 + 2 (Location-Based) Total								29,328	27,613
Scope 1 + 2 (Location-Based) Intensity (MTCO2E/\$M)								16.21	13.95
Scope 2: GHG Emissions (Market-Based; MTCO2e)									
N. America								14,184	10,665
Europe								4,223	3,761
APMEA								1,995	1,175
RECs								-6,174	-7,374
Total Scope 2 Market-Based GHG Emissions (MTCO2e)								14,228	8,227
Scope 1 + 2 (Market-Based) Total*								26,073	19,251
Scope 1 + 2 (Market-Based) YOY Reduction (%)									-26
Scope 1 + 2 (Market-Based) Intensity (MTCO2E/\$M)								14.41	9.73
Scope 1 + 2 (Market-Based) Intensity YOY Reduction (%)									-32
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	3,053
Europe						185	21	5	100
Total Business Air Travel Emissions								1,049	3,153
Watts Global Total Emissions (MTCO2e) – Using Scope 2 Market-Based								27,122	22,710

2023 GHG EMISSIONS INTENSITY RATIO		
Scopes Included in Numerator:	Scope 1 & 2 (Market-Based)	Scope 1 & 2 (Location-Based)
Numerator:	18,249 MTCO ₂ e	25,961 MTCO ₂ e
Denominator:	2,022.9 USD per million	2,022.9 USD per million
Ratio:	9.02 MT/\$M	12.83 MT/\$M

CHANGE IN TOTAL GHG EMISSIONS VS. BASELINE			
	Baseline Emissions Metric Tons CO ₂ e (2018)	2023 Emissions Metric Tons CO ₂ e	% Change of Total Emissions
Total Scope 1, 2 (Location-Based), & 3	40,883	31,601	-22.70%
Total Scope 1, 2 (Market-Based), & 3	40,883	23,889	-41.57

NITROGEN OXIDES (NOX), SULFURE OXIDES (SOX), AND OTHER SIGNIFICANT AIR EMISSIONS* (MT)	
	2023
SO _x	0.00705646
Volatile Organic Compounds (VOC)	6.63924
Hazardous Air Pollutants (HAP)	3.95452
Particulate Matter (PM)	0.0479803

*Data included is for the largest factory in the Americas, Franklin, NH, that reports a portion of these parameters annually due to the Foundry operations.

ENERGY CONSUMPTION	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total fuel consumption (Non-renewable sources)										
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	61,486,848	58,322,231
<i>From RECs</i>									26,562,408	25,991,453
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	5,511,643	4,862,298
Propane (Liter) <i>Includes forklift usage</i>	132,452	204,171	203,614	196,826	160,095	123,110	133,562	169,793	198,464	169,000
Diesel (Liter) <i>Includes fuel oil</i>	81,745	74,710	50,281	63,548	52,160	30,303	18,554	32,408	19,733	28,579
Diesel & Gasoline – Fleet (Liter)									126,609	117,689
Acetylene (M3)	2,946	4,300	2,889	402	311	113	13	36	15	30
Propylene (Liter)	89	0	7,735	10,847	9,780	15,357	11,844	23,619	17,783	4,723
Total Fuel Consumption (Renewable Sources):										
On-site solar at Ningbo, Plovdiv										676,910
Total Energy (MWH)	141,600	146,600	145,000	142,500	130,200	127,647	123,593	129,856	121,873	111,714
YOY Energy Reduction										10,159
Energy Eco-Efficiency (MWH/\$1M)	93.55	99.88	103.69	97.82	83.20	79.75	81.93	71.78	61.55	55.22

2023 WATER USAGE (ML)	2023
Total Withdrawal (All Areas)	108.28
Surface Water	105.94
Freshwater (≤1,000 mg/L Total Dissolved Solids)	105.94
Groundwater	2.34
Freshwater (≤1,000 mg/L Total Dissolved Solids)	2.34
Total Withdrawal (Water-Stressed Areas)	43.83
Surface Water	41.49
Groundwater	2.34
Freshwater (≤1,000 mg/L Total Dissolved Solids)	2.34
Total Water Discharge (All Areas)	108.28
Surface Water	105.94
Groundwater	2.34
Total Water Discharge (Water-Stressed Areas)	43.83
Total Discharge by Freshwater and Other Water (All Areas)	108.83
Municipally Sourced	108.83
Total Water Discharge by Freshwater and Other Water (Water-Stressed Areas)	43.83
Freshwater (≤1,000 mg/L Total Dissolved Solids)	43.83
Total Water Consumption (All Areas)	108.28
Total Water Consumption (Water-Stressed Areas)	43.83

HISTORICAL WATER USAGE	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	105,000,652
Consumption (Liters)									
Asia-Pacific (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	10,453,282
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	27,307,591
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	67,239,779
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	105,000,652
Water Eco-Efficiency (M3/\$M)	133.17	125.63	143.07	136.36	141.95	121.09	86.39	61.85	53.04

2023 WASTE BY COMPOSITION (MT)			
Waste Composition	Waste Generated	Waste Diverted From Disposal	Waste Directed to Disposal
Metal	4,965	4,965	
Plastic	222	222	
Electronics	12	12	
Cardboard	588	588	
Wood	1,069	401	668
Solid Waste	496		496
Non-Hazardous Waste	3,256		3,256
Hazardous Waste	1,717		1,737
Comingled Recycling	29	29	
Glass	0	0	
Organics	4	4	
Paper	17	17	
Total	12,377	6,240	6,157
% of Waste Prevented			50.41%

2023 WASTE DIVERSION AND DISPOSAL BY RECOVERY AND DISPOSAL OPERATION (MT)		
	Offsite	Percent
Hazardous Waste		
Incineration (with energy recovery)	38	57%
Incineration (without energy recovery)	14	20%
Landfilling	12	18%
Stablization-Landfill	4	5%
Total*	68	100%
Non-Hazardous Waste		
Landfill	1,974	85%
Other Recovery	213	9%
Other Treatment	118	5%
Discharge to Sewer	7	0.3%
Incineration	2	0.1%
Energy Recovery	2	0.1%
Other	2	0.1%
Total**	2,319	100%

*Represents 89% of hazardous waste generated in the Americas

**Represents 99% of non-hazardous waste generated in the Americas

HISTORICAL TOTAL HAZARDOUS WASTE WEIGHT BY REGION (KG)	2014	2015	2016	2017	2018	2019	2020	2021	2022
APAC	0	0	2,780	5,770	16,690	17,100	18,600	12,000	5,280
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	1,890,974
N. America	372,316	313,835	198,142	162,725	167,407	151,351	121,422	188,541	410,839
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	2,307,093
Hazardous Waste Eco-Efficiency (KG/\$M)	1,276	1,228	1,045	1,189	1,318	1,307	1,561	1,189	1,165

HISTORICAL TOTAL WASTE (KG)	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Waste (Hazardous & Non-Hazardous)									4,390,554
Hazardous Waste	1,930,741	1,802,255	1,461,041	1,731,642	2,062,881	2,102,099	2,354,870	2,151,435	2,307,093
Non-Hazardous Waste									2,083,461
Recycling & Reuse									
Metal Scraps and Chips Recycling							5,609,820	7,325,843	3,446,329
Plastic Re grind Reuse							105,041	122,320	85,695
Global Electronic Waste Recycling							3,507	7,888	8,591

WASTE DIRECTED TO DISPOSAL (GRI: 306-5)		2022
Disposal Type	Weight (MT)	Percent (%)
Landfill	342	83%
Stablization – Landfill	21	5%
Other – Treatment	15	4%
Other – Physical Treatment	14	3%
Incineration-Energy Recovery	9	2%
Incineration	9	2%
Total Waste Directed to Disposal	410	0.99

NEW SUPPLIERS SCREENED USING ENVIRONMENTAL CRITERIA			
Year	Total Number of New Suppliers	Number of New Suppliers Screened Using Environmental Criteria	% of New Suppliers Screened Using Environmental Criteria
2023	33	33	100%

EPA TOXIC RELEASE INVENTORY REPORTING - US SITES ONLY (KG)	2018	2019	2020	2021	2022	2023
Total Toxics Reported	1,441,860	1,177,637	1,114,393	1,117,575	977,064	Not available until 2025
Total Toxics Recycled	1,441,142	1,144,009	1,079,051	1,062,732	929,096	Not available until 2025

ANNUAL COMPLIANCE PROCEDURES						
Sites	NPDES (Storm Water)	POTW/Categorical	TRI/EPCRA	Tier II/EPCRA	State Air Permit	RCRA
Export	●			●		
FT Myers	●					
Nogales						
San Antonio	●			●	●	
St Paul's	●		●	●		
Vernon						
Spindale	●					
Woodland	●	●	●	●	●	●
Franklin	●	●	●	●	●	●
Franklin						
Sparks	●			●		
Groveport						
Blauvelt	●	●	●	●	●	
Ft. Worth	●	●	●	●	●	●
Nigbo						
Apex						

ENVIRONMENT, HEALTH, AND SAFETY AUDITS

No.	Plant	Country	Region	Audit Scope ¹	Audit Type	Annual ²
1	Burlington	Canada	Americas	General Safety	Internal	
2	Vernon	Canada	Americas	General Safety	Internal	
3	Nogales	Mexico	Americas	ISO14001 - Surveillance	External	Yes
4	Nogales	Mexico	Americas	ISO45001 - Surveillance	External	Yes
5	Export	USA	Americas	Guarding	Internal	
6	Fort Myers	USA	Americas	ISO14001 - Surveillance	External	Yes
7	Fort Worth	USA	Americas	General Safety	Internal	
8	Franklin	USA	Americas	ISO14001 - Surveillance	External	Yes
9	Groveport	USA	Americas	General Safety	Internal	
10	No. Andover	USA	Americas	ISO14001 - Surveillance	External	Yes
11	No. Andover	USA	Americas	ISO45001 - Surveillance	External	Yes
12	San Antonio	USA	Americas	General EHS	Internal	
13	St. Pauls	USA	Americas	Air Compliance	External	
14	St. Pauls	USA	Americas	General Safety	Internal	
15	St. Pauls	USA	Americas	Guarding	External	
16	St. Pauls	USA	Americas	ISO14001 - Surveillance	External	Yes
17	St. Pauls	USA	Americas	Stormwater Compliance	External	
18	Woodland	USA	Americas	General Safety	Internal	
19	Woodland	USA	Americas	Guarding	External	
20	Ningbo	China	APMEA	ISO14001 - Surveillance	External	Yes
21	Ningbo	China	APMEA	ISO45001 - Surveillance	External	Yes
22	Plovdiv	Bulgaria	Europe	ISO14001 - Surveillance	External	Yes
23	Plovdiv	Bulgaria	Europe	ISO45001 - Surveillance	External	Yes
24	Vilbjerg	Denmark	Europe	General Safety	Internal	
25	Vilbjerg	Denmark	Europe	ISO14001 - Surveillance	External	Yes
26	Vilbjerg	Denmark	Europe	Guarding	External	
27	St. Neots	England	Europe	ISO14001 - Surveillance	External	Yes
28	St. Neots	England	Europe	ISO45001 - Surveillance	External	Yes
29	Hauvillers	France	Europe	General Safety	Internal	
30	Hauvillers	France	Europe	Guarding	External	

No.	Plant	Country	Region	Audit Scope ¹	Audit Type	Annual ²
31	Hauvillers	France	Europe	Regulatory Applicability	External	Yes
32	Moirans	France	Europe	Guarding	External	
33	Moirans	France	Europe	Regulatory Applicability	External	Yes
34	Rosieres	France	Europe	General Safety	Internal	
35	Rosieres	France	Europe	ISO14001 - Surveillance	External	Yes
36	Rosieres	France	Europe	Regulatory Applicability	External	Yes
37	Sorgues	France	Europe	Guarding	External	
38	Sorgues	France	Europe	ISO14001 - Surveillance	External	Yes
39	Sorgues	France	Europe	Regulatory Applicability	External	Yes
40	Virey	France	Europe	General Safety	Internal	
41	Virey	France	Europe	Guarding	External	
42	Virey	France	Europe	ISO14001 - Surveillance	External	Yes
43	Virey	France	Europe	ISO45001 - Surveillance	External	Yes
44	Virey	France	Europe	Regulatory Applicability	External	Yes
45	Landau	Germany	Europe	ISO14001 - Surveillance	External	Yes
46	Monastir	Tunisia	Europe	General Safety	Internal	

¹Audits scopes and schedules are updated annually and are based on multiple criteria, including (1) regulatory obligations, (2) management system (ISO) obligations, (3) company risk-based assessments, and (4) a representative sampling of the global portfolio.

²These audits are required annually in accordance with country-specific compliance requirements or other organizational obligations.

Total Audits in 2023	47
No. of Internal	24
No. of External	23
ISO14001	11
ISO45001	8
Safety	14
Environmental	6
Multimedia	8
Annual Audits	0

Social Data

NEW EMPLOYEE HIRES & RATE										
	New Employee Hires (#)					New Employee Hire Rate (%)				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Total	780	652	573	213	328					
New associate hires by region										
Americas	490	435	364	141	203	63%	67%	64%	66%	62%
Europe	238	177	172	40	92	31%	27%	30%	19%	28%
APMEA	52	40	37	32	33	7%	6%	6%	15%	10%
New associate hires by gender										
Female	297	223	169	61	102	38%	34%	29%	29%	31%
Male	482	429	404	152	225	62%	66%	71%	71%	69%
Not Specified	1	0	0	0	1	0	0	0	0	0
New associate hires by age group										
Under 30 years old	258	196	168	65	88	33%	30%	29%	31%	27%
30-50 years old	352	319	285	102	175	45%	49%	50%	48%	53%
Over 50 years old	116	119	117	45	60	15%	18%	2%	21%	18%

EMPLOYEE TURNOVER & RATE										
	Employee Turnover					Employee Turnover Rate				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Total	1054	855	853	783	851					
Voluntary	632	616	642	430	559	60%	72%	75%	55%	66%
Involuntary	422	239	211	353	292	40%	28%	25%	45%	34%
Turnover by region (%)										
Americas	614	527	566	493	502	58%	62%	66%	63%	59%
Europe	357	259	206	208	258	34%	30%	24%	27%	30%
APMEA	83	69	81	82	91	8%	8%	9%	10%	11%
Turnover by gender (%)										
Female	351	285	278	237	259	33%	33%	33%	30%	30%
Male	702	568	574	546	588	67%	66%	67%	70%	69%
Not Specified	1	2	1	0	4	0%	0%	0%	0%	0%
Turnover by age group (%)										
Under 30 years old	233	204	213	166	202	22%	24%	25%	21%	24%
30-50 years old	389	367	394	327	353	37%	43%	46%	42%	41%
Over 50 years old	327	267	237	269	257	31%	31%	28%	34%	30%

PARENTAL LEAVE*, **, ***		
	2023	2022
Total number of employees that were entitled to parental leave	806	576
Female	562	417
Male	244	159
Not Specified	N/A	N/A
Total number of employees that took parental leave	18	18
Female	14	15
Male	4	3
Not Specified	N/A	N/A
Total number of employees that returned to work in the reporting period after parental leave ended	13	18
Female	10	15
Male	3	3
Not Specified	N/A	N/A
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	2	
Female	2	11
Male	0	3
Not Specified	N/A	N/A
Return to work and retention rates of employees that took parental leave (%)		
Female	100%	73%
Male	100%	100%
Not Specified	N/A	N/A

*2023 Data Only Captures U.S. and APMEA, 2022 data is US only and was not tracked prior to 2022

**One year after the leave, one male employee has returned from leave for one year, and he is still active. The others who took parental leave in 2023, have not yet been returned from leave for one year.

***There was a 100% return to work rate for males and females. Only 2 males has surpassed the one-year mark of employment since returning from leave. All others are still employed, however, they will not have returned for one year until later in 2024.

WORK-RELATED INJURY METRICS*					
	2023	2022	2021	2020	2019
Number of Fatalities	0	0	0	0	0
Number of Hours Worked	9,780,517	9,656,944	9,652,990	8,865,719	9,539,222
Fatality Rate (%)	0.00	0.00	0.00	0.00	0.00
Number of High-Consequence Work-Related Injuries (Excluding Fatalities)	24	25	25	29	48
Number of Hours Worked	9,780,517	9,656,944	9,652,990	8,865,719	9,539,222
High-Consequence Work-Related Injuries Rate (Excluding Fatalities) (%)	0.49	0.52	0.52	0.65	1.01
Number of Recordable Incidents	21	28	34	36	45
Number of Hours Worked	9,780,517	9,656,944	9,652,990	8,865,719	9,539,222
Total Recordable Incidents Rate (TRIR) (%)	0.43	0.58	0.7	0.81	0.94

*Reported rates are based on 200,000 hours worked and include both employees and temporary workers combined (no distinction) for the global organization.

WORK-RELATED ILL HEALTH METRICS*					
	2023	2022	2021	2020	2019
Number of Fatalities	0	0	0	0	0
Number of Hours Worked	9,780,517	9,656,944	9,652,990	8,865,719	9,539,222
Fatality Rate (%)	0.00	0.00	0.00	0.00	0.00
Number of High-Consequence Work-Related Injuries (Excluding Fatalities)	0	0	2	1	0
Number of Hours Worked	9,780,517	9,656,944	9,652,990	8,865,719	9,539,222
High-Consequence Work-Related Injuries Rate (Excluding Fatalities) (%)	0.00	0.00	0.04	0.02	0.00
Number of Recordable Incidents	0	1	1	1	1
Number of Hours Worked	9,780,517	9,656,944	9,652,990	8,865,719	9,539,222
Total Recordable Incidents Rate (TRIR) (%)	0.00	0.02	0.02	0.02	0.02

*Reported rates are based on 200,000 hours worked and include both employees and temporary workers combined (no distinction) for the global organization.

TRAINING & DEVELOPMENT						
	Training (Total Hours)			Training (Average Hours)		
	2023	2022	2021	2023	2022	2021
By Gender						
Female	14,755	14,015	5,854	5.5	5.04	2.03
Male	8,017	8,291	2,757	4.5	5.19	1.67
Not Specified	25	107	102	4.16	0.58	1.85
Total	22,797	22,413	8,713	5.13	4.92	1.9
By Employee Category (Americas & APMEA)						
Senior Level	678	515	313.5	7.5		
Middle Level	4,641	2,611	996	8.8		
Entry Level	17,478	7,039	2,281	4.6		
Total	22,797	10,165	3,590.5	5.13		

TRAINING & DEVELOPMENT					
	Regular Performance & Career Development Reviews (%)				
	2023	2022	2021	2020	2019
By Gender					
Female	67.70%	67.30%	67.40%	67.70%	67.20%
Male	33.30%	32.70%	32.60%	32.30%	32.80%
Not Specified	N/A	N/A	N/A	N/A	N/A
By Employee Category					
Senior Level	1.50%	1.60%	1.80%	1.90%	2.10%
Middle Level	26.60%	26.40%	26.50%	25.90%	26.50%
Entry Level	71.90%	72.10%	71.80%	72.20%	71.50%
Total	100%	100%	100%	100%	100%
By Region					
Americas	99.06%	99.78%	98.82%	97%	
Europe	99.64%	100%	97.01%	97%	
APMEA	100%	100%	100%	99%	

Diversity Profile

GLOBAL

	2021				2022				2023			
	Entire Company	Individual Contributor	Management	Executive	Entire Company	Individual Contributor	Management	Executive	Entire Company	Individual Contributor	Management	Executive
Gender												
Female	36%	29%	20%	14%	36.82%	38.93%	22.85%	21.21%	37.62%	39.67%	24.96%	23.53%
Male	64%	71%	80%	86%	63.14%	61.02%	77.15%	78.90%	62.36%	60.31%	75.04%	78.47%
Other					0.04%	0.5%	0%	0%	0.02%	0.02%	0%	0%
Age Group												
Under 30 years old									11.72%	13.09%	3.44%	0%
30-50 years old									51.31%	51.08%	54.73%	17.65%
Over 50 years old									36.97%	35.82%	41.82%	85.35%

U.S. ONLY – GENDER

	2021		2022		2023			
	Entire Company	Management	Entire Company	Individual Contributor	Management	Entire Company	Individual Contributor	Management
Female	27%	19%	28.36%	29.52%	22.94%	29.20%	29.82%	26.61%
Male	73%	81%	71.59%	77.06%	77.06%	70.74%	70.12%	73.39%
Other			0.05%	0.06%	0.00%	0.05%	0.07%	0.00%

ALL U.S. EMPLOYEES ETHNICITY BREAKDOWN

	2021			2022			2023		
	Entire Company	Individual Contributor	Management	Entire Company	Individual Contributor	Management	Entire Company	Individual Contributor	Management
American Indian/Alaskan Native	1.90%	0.00%	0.00%	1.66%	1.96%	0.29%	1.55%	1.78%	0.56%
Asian	4.30%	4.10%	9.90%	4.63%	4.15%	6.76%	5.50%	5.41%	5.88%
Black/African American	9.70%	6.20%	2.90%	9.83%	11.00%	6.47%	9.77%	11.15%	3.92%
Hispanic/Latino	15.80%	12.90%	5.80%	16.29%	17.38%	11.18%	15.91%	16.95%	11.48%
Native Hawaiian or Other Pacific Islander	0.30%	0.20%	0.30%	0.21%	0.13%	0.59%	0.11%	0.07%	0.28%
Two or more races	1.30%	1.50%	1.20%	1.14%	1.26%	0.59%	1.23%	1.39%	0.56%
White	65.80%	72.90%	79.00%	63.22%	61.06%	73.24%	62.95%	60.36%	73.95%
Other	0.90%	1.40%	90.00%	3.01%	3.24%	3.24%	1.07%	0.99%	1.40%
Blank							1.92%	1.91%	1.96%

HEADCOUNT BY COUNTRY

	2021	2022	2023
Australia	31	25	27
Belgium	43	47	47
Bulgaria	249	231	193
Canada	163	162	162
China	210	180	185
Denmark	328	314	293
Finland	5	5	4
France	689	666	617
Germany	220	227	218
Italy	225	234	229
Republic of Korea	1	1	0
Mexico	14	15	17

	2021	2022	2023
Netherlands	16	15	14
New Zealand	44	46	42
Norway	9	8	8
Poland	14	15	16
Russian federation	1	1	0
Spain	14	15	15
Sweden	23	22	19
Tunisia	352	381	400
United Arab Emirates	18	21	22
United Kingdom	43	43	41
United States of America	1,873	1,922	1,873
Grand total	4,585	4,596	4,442

PERCENT OF HEADCOUNT BY REGION

	2021	2022	2023
Americas	44.8%	45.8%	46.4%
Europe	48.8%	48.6%	47.8%
APMEA	6.4%	5.6%	5.8%
Grand Total	100%	100%	100%

CONTRACT TYPE BY GENDER

	2021	2022	2023
Full time	4,505	4,503	4,344
Male	2,868	2,876	2,737
Female	1,582	1,625	1,606
Blank	55	2	1
Part time	80	93	98
Male	15	26	33
Female	65	67	65
Grand Total	4,585	4,596	4,442

CONTRACT TYPE BY REGION

	2021	2022	2023
Regular	4,522	4,536	4,383
Americas	2,029	2,083	2,036
Europe	2,200	2,194	2,087
APMEA	293	259	260
Temporary	63	60	59
Americas	25	23	23
Europe	37	37	36
APMEA	1	0	0
Grand Total	4,585	4,596	4,442

REGION BY CONTRACT TYPE & GENDER

	2021	2022	2023
Americas	2,054	2,106	2,059
Regular	2,029	2,083	2,036
Male	1,483	1,499	1,450
Female	546	583	585
Unspecified	N/A	1	1
Temporary	25	23	23
Male	15	17	13
Female	10	6	10
APMEA	294	259	260
Regular	293	259	260
Male	168	148	151
Female	125	111	103
Temporary	1	0	0
Female	1	0	0
Europe	2,237	2,231	2,123
Regular	2,200	2,194	2,087
Male	1,207	1,220	1,140
Female	952	973	947
Unspecified	41	1	0
Temporary	37	37	36
Male	10	18	16
Female	13	19	20
Blank	14	0	0

PERCENTAGE OF HEADCOUNT BY AGE GROUP

2023	
Under 30 years old	10.9%
30-50 years old	50.3%
Over 50 years old	38.8%
Grand Total	100%

U.S. ONLY - MILITARY VETS BY CLASSIFICATION

	2022			2023		
	Entire Company	Individual Contributor	Management	Entire Company	Individual Contributor	Management
Retired	1.77%	1.77%	1.77%	1.76%	1.72%	1.96%
Newly Separated	0.94%	0.95%	0.88%	1%	0.92%	1.40%
Inactive Reserve	0.78%	0.63%	1.47%	0.75%	0.66%	1.12%
Special Disabled	0.36%	0.44%	0.00%	0.32%	0.40%	0.00%
Vietnam Era	0.16%	0.19%	0.00%	0.16%	0.20%	0.00%
Active Reserve	0.10%	0.00%	0.59%	0.11%	0.00%	0.56%
No Military Service	5.25%	5.18%	5.59%	4.80%	4.61%	5.60%
Not Indicated	90.64%	90.84%	89.71%	91.5%	91.5%	89.4%

Governance Data

COMMUNICATION & TRAINING ON ANTI-CORRUPTION POLICIES & PROCEDURES			
	Training		
	2021	2022	2023
Governance Body: Region			
Americas	100%*	100%*	100%*
Europe	100%*	100%*	100%*
APMEA	100%*	100%*	100%*
Employees: Category	99%	99%	
Senior Level			99%
Mid Level			100%
Entry Level			99%
Employees: Region	99%	99%	
Americas			99%
Europe			99%
APMEA			99%
Business Partners: Type	100%	100%	
Distributors			100%
Sales Agents/Reps			100%
Business Partners: Region	100%	100%	
Americas			100%
Europe			100%
APMEA			100%

**The management team of Watts consists of the Global Leadership Team, the America's Leadership Team, the European Leadership Team, and the APMEA Leadership Team*

ANNUAL COMPLIANCE PROCEDURES

	NPDES (Stormwater)	Public-Owned Treatment Works (POTW)/CATEGORICAL	TRI (Toxic Release Inventory)/ Emergency Planning and Community Right to Know Act (EPCRA)	Tier II/EPCRA	State Air Permits – Includes Volatile Organic Compounds (VOC) and More	Resource Conservation and Recovery Act (RCRA)
A15 - Export	X			X		
A23 - FT Myers	X					
A12 - Nogales						
A18 - San Antonio	X			X	X	
A10 - St Paul's	X		X	X		
V - Vernon						
DR02 - Spindale	X					
A05 - Woodland	X	X	X	X	X	X
A01 - Franklin	X	X	X	X	X	X
D01 - Franklin						
D05 - Sparks	X			X		
D20 - Groveport						
Blauvelt	X	X	X	X	X	
Ft. Worth	X	X	X	X	X	X
Ningbo						
Apex						

Verification Opinion Statement

GRI / Inventory Verification



Watts Water Technologies Inc.

815 Chestnut Street, North Andover, MA 01845, USA

GHG Accounting Standard: The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard – Revised Edition

ISO 14064-1:2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

GRI Disclosure Guidelines

Verification Criteria: ISO 14064-3 2019 Specification with guidance for the verification and validation of greenhouse gas statements

Reporting Period: CY 2023 (01 January 2023 – 31 December 2023 inclusive)

Scope of the Verification

Verification covers the above period associated with Watts Water Technologies Inc. global inventory. Where assumptions have been made then these have been documented for transparency. These components are collectively referred to as the “inventory” for the purposes of this Opinion. The verification covers:

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 where applicable. The emission factors used were assessed to be from robust and recognized sources in all cases. While water and 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 (waste). As part of the verification Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR) were verified back to source. The key metrics as reported with the overall inventory data were assessed to be correct.

The scope of the verification included energy consumption, greenhouse gas emissions, water consumption, waste generation, TRIR & LTIR. After review of the reported data and it is concluded 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 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 where applied.

Verification Opinion Statement

GRI / Inventory Verification

Verifiers Opinion

Based on the evidence provided and the samples selected for verification, nothing has come to our attention that causes us to believe that the inventory is not materially correct.

The verification was conducted to a limited level of assurance in accordance with ISO 14064-3 (2019).

The inventory is a fair and accurate representation of Watts Water Technologies Inc. actual data compiled in conformance with the verification criteria described above. The data and information supporting the inventory were historical in nature.

The following qualifications and notes apply:

- The verification boundary is defined as reported in the reporter's inventory summaries. 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, Amsterdam & Eerbeek.
- "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.
- Some source streams cover data for sites where data is available only (see footnotes to the summary data table below).

Verified Inventory

SCOPE	Subscope	Activity Data	tCO ₂ e (LocationBased)	tCO ₂ e (Market Based)
1	Acetylene	30,250 litres	0.11	0.11
1	Diesel	3,681 litres	10.01	10.01
1	Fuel Oil	24,898 litres	79.05	79.05
1	Propane	200,271 litres	304.04	304.04
1	Propane Mobile	1,115 litres	1.69	1.69
1	Propylene	4,723 litres	7.72	7.72
1	Natural Gas	4,862,298 m3	9,357.56	9,357.56
1	Fleet*	155,336 litres	363.24	363.24
	Scope 1 Totals		10,123.43	10,123.43

NB: table continued on next page.

Verification Opinion Statement

GRI / Inventory Verification



2	Electric Power	58,322,231 kWh	15,836.44	15,354.01
2	RECs**	25,991,453 kwh		- 7,230.32
2	Fleet* (Electric Vehicles)	6086 kWh	1.90	1.90
Scope 2 Totals			15,838.35	8,125.58
3	Business Travel - Air	21,444,465 km	5,639.79	5,639.79
Scope 3 Totals			5,639.79	5,639.79

All	Total		31,601.56	23,888.80
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Other	Water Consumption (litres)	108,280,338
Other	Hazardous Waste (kg)**	1,736,761
Other	Non-Hazardous Waste (kg)****	3,255,192
Other	Total Recordable Incident Rate (TRIR) *****	0.92
Other	Lost Time Incident Rate (LTIR) *****	0.49

* covers the sites with a complete fleet inventory data for 2023 (Biassono, Dattenberg, Eerbeek, Hautvillers, Moirans, Monastir, Ningbo, Plovdiv, Sorgues, Vildbjerg, Virey)

** covers sites where contractual instruments were used in 2023: Blauvelt, D20, Export, Franklin, Franklin DC - D01, Ft Worth, North Andover

*** covers site where hazardous waste was produced. Vildbjerg, Biassono, Landau, Hautvillers, Ft. Worth, Franklin, Virey, Caringbah, Rosieres, Nogales, Ningbo, Sorgues, Plovdiv, Gardolo, Moirans, Woodland, Ft. Myers. Other sites did not produce hazardous waste during 2023.

**** covers sites where records were available. Franklin, Hautvillers, Virey, St. Pauls, Woodland, Ft. Worth, Rosieres, Biassono, Export, Enware, Gardolo, Sorgues, Blauvelt, Ft. Myers.

***** As reported March 2024 noting that the system is dynamic and subject to small changes as cases are updated over time.

Signed:

Name: **Andrew Shepherd – Lead Auditor**
Lead Auditor

Name: **Tony Summers**
Independent Technical Reviewer

Date: 11th June 2024

Date: 17th June 2024

