



**WWATTS<sup>®</sup>**

**2022**

**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*







# A Message From Our Chief Executive Officer

The year 2022 was a record-breaking one, with impressive milestones for Watts. We realized double-digit top-line organic growth and meaningful operating margin expansion for the year, despite significant inflation and supply chain disruptions. We launched innovative new products, using the latest advances in technology to solve water-related challenges. We endorsed the CEO Water Mandate, expanding our commitment to water stewardship and sustainable business practices.

We continued to deliver value to our customers through our sustainability “triple play”: safety and regulation, energy efficiency, and water conservation. We see tremendous opportunity to enhance these efficiency and safety benefits by transforming traditional mechanical products into smart and connected solutions. Using IoT technology and cloud computing, we are giving customers new monitoring and control capabilities.

The growth of smart and connected enabled products is an important part of our strategy and key to our future growth. We ended the year with approximately 19% of total sales generated by these solutions, with 20 new products introduced. We committed more than half of our \$59 million in research and development spending to expand these offerings and enhance their functionality and security. We are well on our way to achieving our goal of 25% of revenue derived through smart and connected enabled products by the end of 2023.

Our commitment to sustainability extends into every aspect of our business through our environmental, social, and governance (ESG) strategy. Reviewed by our board in 2021, it guides our work to reduce our environmental footprint, expand upon the positive environmental attributes of our products, enrich and engage our communities and people, and adhere to the highest ethical business practices. In 2022, we realized benefits in each of these areas, achieving a particularly noteworthy milestone – ESG research and data company Sustainalytics reported a 24% improvement in our ESG score in 2022, promoting Watts to the low-risk category. The Watts MSCI score was maintained at “AA”, and for the fourth consecutive year, Watts was named one of America’s most responsible companies by Newsweek. These are additional indicators that our investments in sustainability continue to drive positive results.

We are a people-first organization. We know that the complex set of water challenges around the world such as access, scarcity, pollution, and safety require the most capable and committed workforce in the world, with diverse perspectives and approaches. That’s why we continue to invest in strategies to cultivate a diverse, equitable, and inclusive culture with competitive benefits and career development and recognition opportunities.

A little more than a year ago, our Global Leadership Team and board of directors approved a diversity, equity, and inclusion (DEI) strategic plan that set a clear vision and defined the actions required to help us realize it. We have integrated inclusion principles into our performance-management system and developed new training programs to raise awareness and give people the tools to be successful working in diverse teams. While there’s much more work to be done, our strategic plan provides a solid foundation to cultivate a workforce for the future.

As we reflect on 2022, we believe Watts is well positioned to make even greater strides in the years ahead. Our mission has never been more urgent, and we believe our people are prepared to take on the challenges we’ll face in 2023. We have a strong foundation in our innovative products, resilient business model, and world-class workforce.

We are an enterprise guided by the principle that the success of our business, customers, people, communities, and the planet are inextricably linked. Together with our employees, customers, shareholders, and partners around the globe, we can drive the change needed for a safer and more sustainable world.

Sincerely,

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

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





# A Message From Our Chief Sustainability Officer

Sustainability has been our “true north” since the founding of Watts in 1874. That year, we introduced a pressure regulator for steam boilers, a breakthrough in safety technology that has protected workplaces and homes for nearly 150 years. Today, that same spirit of innovation and stewardship continues to inspire the more than 4,500 employees of Watts around the globe.

In recent years, under the leadership of our board and management teams, we have been intentional in defining how we advance sustainability across the entire business. Today we are guided by a comprehensive ESG strategy that formalizes our commitment to socially-responsible business practices.

This annual publication is the seventh of its kind, and each year we strive to make progress in sharpening our approach and achieving greater transparency. This sustainability report describes the actions we have taken to operationalize our ESG policy and embed its principles into our culture. It provides rich data and insights into how we measure impact against performance targets, and aligns with standards set forth by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Finally, it reaffirms our commitment to the United Nations Global Compact and CEO Water Mandate, through which we have pledged to develop an annual “[Communication on Progress](#)” on implementation of its elements.

In the pages ahead, you will see that the four pillars of our sustainability strategy, **Footprint**, **Handprint**, **Social Responsibility**, and **Governance** provide an engaging and accessible framework for sharing progress.

- Our **Footprint** defines the impact of our operations both globally and in the local communities where we

operate. In 2022, we reached a significant milestone in achieving verification by [The Water Council’s WAVE Water Stewardship](#) program. WAVE exclusively grants this verification to companies that both meet its rigorous standards of assessing enterprise-wide water-related risk, and take action to mitigate their water-related impact on the environment.

- Our **Handprint** is the impact our products deliver through water and energy conservation, cost savings, and safety enhancements to our customers. In just one product category – pressure-reducing valves – we estimate our customers avoid wasting more than 19 billion gallons of water globally per year.
- **Social Responsibility** is our commitment to making people and communities safe, healthy, and strong. It includes efforts in occupational health and safety, workforce development, and community engagement. In addition to volunteer contributions and corporate grants, we took several actions driven by insights captured in our global employee engagement survey. One highlight in 2022 was the launch of global, multi-year leadership and inclusivity training for all employees.
- **Corporate Governance** is our approach to operating responsibly and striving to adhere to the highest ethical standards. It’s how we earn trust with our stakeholders and ensure we conduct ourselves in accordance with our mission, vision, and values. In 2022, we completed a global survey of our compliance program with our approximately 2,400 computer-connected employees and are proud to report that our employees overwhelmingly responded that they

believe the company and its management abide by our Code of Conduct and Values. In 2022, we also grew the total number of suppliers participating in sustainability audits by 14% over 2021, and suppliers representing more than 94% of our 2022 global annual spend certified their conformance to our Supplier ESG Standards.

While this report is an important milestone in capturing progress to date in implementing our ESG strategy, it is also an opportunity to look ahead. We look forward to extending our innovative smart and connected enabled technology to even more of our product lines to focus on our customers’ sustainability needs. We plan to take what we learned through our WAVE Stewardship Verification and further expand that work to reduce water consumption across our operations, and advance global water stewardship across the communities and watersheds where we operate. Finally, we will continue to grow the progress we made in building the diverse and talented workforce we need for the future.

I am extremely proud of our progress and continuing evolution as a global leader in sustainability. This success is powered by our extraordinary employees, customers, investors, communities, and partners. We are grateful for the full range of stakeholders that join us every day in our journey toward a safer and more sustainable future.

Sincerely,

**Kenneth R. Lepage**  
General Counsel and Chief Sustainability Officer



# Corporate Profile

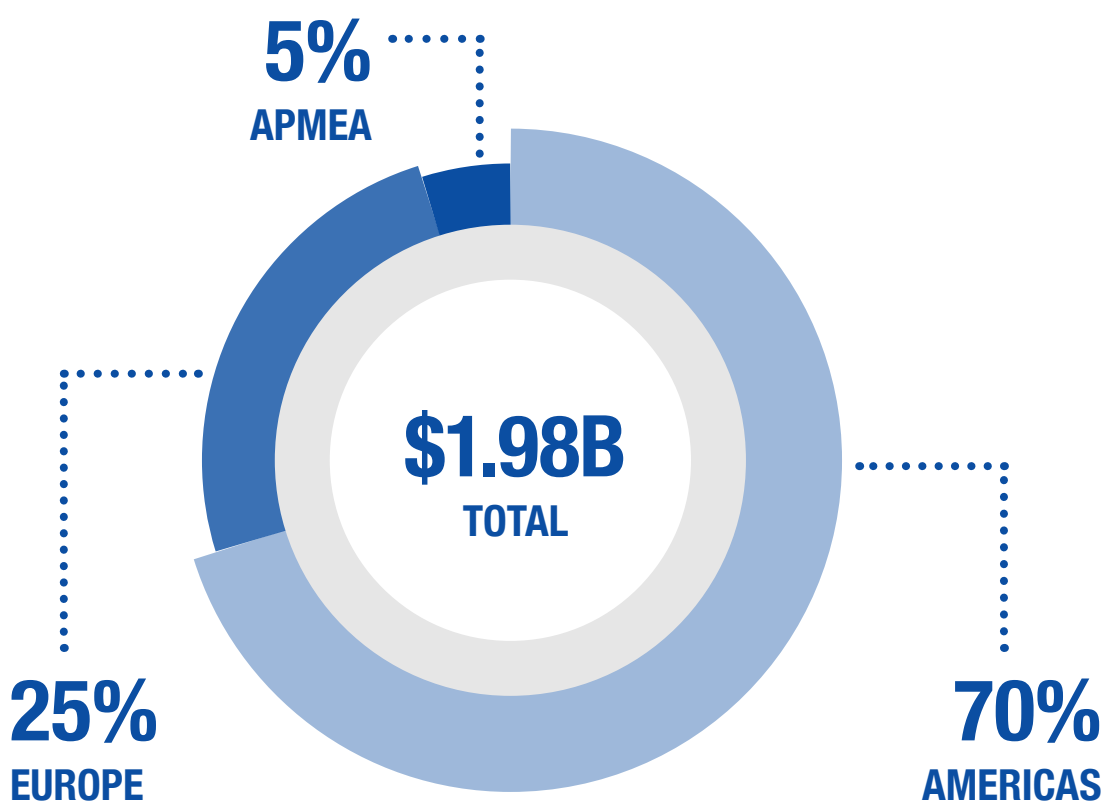
## ABOUT WATTS WATER TECHNOLOGIES, INC.

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 nearly 150 years, Watts has designed and produced valve systems that safeguard and regulate water systems, energy efficient heating and hydronic systems, drainage systems, and water filtration technology that helps purify and conserve water.

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, 2022.



## 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\*

## 21% SPECIALTY

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

## 60% 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

## 31% HVAC AND GAS PRODUCTS

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

## 52% RESIDENTIAL AND COMMERCIAL FLOW

- Backflow preventers, water-pressure regulators, temperature and pressure-relief valves and thermostatic mixing valves, and leak-detection products
- Many of our flow-control and protection products are now smart and connected enabled products, warning of leaks and floods 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

## 7% 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, 2022.





## 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**

- Complete 5-year (2018-2023) eco-efficiency goals ahead of plan
- Commit to new reduction targets in scope 1 & 2 carbon emissions in 2024
- Better quantifying our products' handprint benefits 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
- Pursuing local water-stewardship engagements

## BUSINESS STRATEGY INFLUENCED BY RISKS AND OPPORTUNITIES

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

- Employees and Sites: increased employee engagement and strengthened ERGs
- Analyzed production, logistics, and distribution to maximize our customer reach
- Increased sales from smart and connected enabled products – enabling our customers to achieve their environmental objectives

## 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 to all employees, consultants, and contractors
- Enhanced transparency, commitments, and reporting requirements – UNGC, WAVE, CEO Water Mandate, third-party environmental data validation



# Pillars of Our ESG Strategy

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





# Evolving Our Sustainability Strategy

2014



- Began reporting on environmental data
- Launched monthly operating reviews

2018

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



2019



- Engaged Schneider Electric to track resource consumption
- Established dedicated corporate-sustainability staff

2016

- Published first annual Sustainability Report



2020

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



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
- Completed materiality assessment
- Began evolving focus from Footprint to Handprint
- Disclosed against SASB



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
- Began evolving focus from Sites to Communities
- Held ESG leadership training and bootcamps



Present

- Named to Newsweek's Most Responsible Companies for fourth year in a row
- Promoted to Sustainalytics "low risk" rating



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# Material Topics

In 2021, we completed a materiality assessment to inform our ESG strategy and priority actions. This assessment helped us identify and evaluate the 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 assessment in the [Appendix](#).

Following the 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 below:

## Employee Attraction, Development, and Retention:

- Continued to conduct virtual and on-campus recruiting events driving female and underrepresented minority hiring
- Deepened partnerships with six colleges and universities, which we began in 2021, including with four Historically Black Colleges and Universities (HBCUs)
- Deployed an employee-benefits survey, gaining valuable insight into our strengths and opportunities. Resulting actions included adding a low-cost HSA medical plan and updating our wellness program.

## Diversity, Equity, and Inclusion (DEI):

- Developed our Diverse Slate Policy
- Implemented inclusion and recruiting strategies for 12 U.S. sites
- Established mission, vision, purpose, and objectives for all six of our employee resource groups
- Conducted internal, leader-led panel and keynote discussions on a variety of DEI topics
- Partnered with the NeuroLeadership Institute (NLI) to kick-off our phased leadership and inclusivity training for senior leaders

## 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 1.12 and lost time rate of 0.52, improvements of 13% and 7% YOY 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 identifying and realizing opportunities for increased efficiency and reducing consumption in each of our locations.
- Completed the fourth year of our five-year plan well ahead of previously set targets, including:
  - Reduced our emissions intensity by 49% in 2022, far surpassing goal of 12%.
  - Reduced GHG emissions by 35% as compared to 2018.

## 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 technology to enable customers to better understand and control their water usage. In 2022, over 19% of our revenue came from such products.

## Climate Change Risk and Resilience:

- Supported a cleaner grid and accelerated utility-level decarbonization by purchasing over 7,000 metric tons of CO2 equivalent (MTCO2e) certified wind RECs in 2022. This represents 43% of our market-based emissions for North America where we have the largest share of our global emissions.

## Water Stewardship:

- Became first company to be verified by The Water Council's WAVE program and have our practices and results independently verified.
- Became a signatory of the CEO Water Mandate in 2022.

## Human Rights:

- Issued a formal [Human Rights Policy](#) outlining our commitment to promoting human rights within Watts' labor force. The policy states that Watts will not willingly or knowingly assist in any violation of human rights, benefit from human-rights abuses, or remain silent when human-rights violations are being committed. It applies globally to all Watts directors, officers, and employees throughout all regions, including subsidiaries and supply-chain partners globally.



# Contributing to the UN Sustainable Development Goals

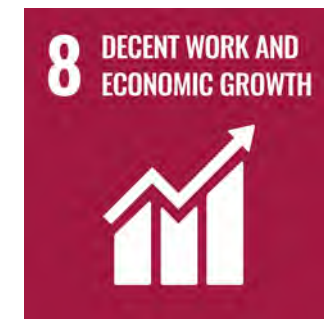
The United Nations (UN) Sustainable Development Goals (SDGs) provide the best-shared definitions of our global challenges and serve as a framework to determine where we can make the greatest impact. Watts is focused on addressing key impacts and opportunities to minimize the environmental footprint of 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. In 2022, we established diversity goals at 12 of our U.S. sites, and virtual and in-person campus recruitment activities for females and underrepresented minorities. Our Women of Watts employee resource group 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 2022, we provided clean, safe drinking water to over 10,000 people.



**Decent Work & Economic Growth, SDG 8:** Promoting inclusive economic growth and development enables us to better serve our customers and communities, and we strive to provide our employees with meaningful career-growth opportunities and a positive and safe work environment. In 2022, we employed approximately 4,600 people across 24 countries. Our commitment extends beyond our company walls through educational partnerships and charitable donations. In 2022 we issued a formal [Human Rights Policy](#) outlining 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 2022, approximately 37% of our revenue was generated from clean-tech products.



APMEA colleagues wear 'Pink for a Day' to support breast cancer research and advocacy during Breast Cancer Awareness Month



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





**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. We also know that adopting circular approaches to materials management in our production processes is critical, so we are identifying opportunities and investing in solutions to accelerate our transition to the circular economy and finding ways to divert waste from landfills. Our approach to waste reduction also includes eliminating single-use plastics and using reusable, recyclable, or compostable content in our packaging.



**Climate Action, SDG 13:** We know this decade is critical to mitigating the worst impacts of climate change, and we are committed to doing our part to build a low-carbon economy. Our strategy is rooted in existing UN frameworks and climate science. We aim to reduce energy consumption and carbon emissions at our facilities and offset emissions through renewable-energy credits, while developing new technologies within our product portfolio, and changing the way we serve our customers to advance environmental and societal objectives. We supported grid decarbonization by purchasing wind reusable-energy credits to offset 24% our global carbon 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](#).

*Right: Our Ballast Water Management Systems help protect marine biodiversity by allowing users to analyze the ballast water, thus preventing carrying invasive marine species to new geographic areas, which can cause serious health and ecological damage*





# ESG Governance

In May 2022, our board of directors amended the charter of our Nominating and Corporate Governance Committee to rename it as the Governance and Sustainability Committee and to assign it 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 2022, our chief sustainability officer presented to the Governance and Sustainability Committee on a number of ESG topics, including progress reports on ESG initiatives, our performance toward meeting our publicly stated environmental goals, our decision to join the U.N. Global Compact, new regulatory requirements relating to ESG disclosures, and results from our participation in The Water Council's water-stewardship accelerator program. We also reviewed areas of material risk to Watts with our board, including risks related to climate change, and actions we are taking to mitigate those risks.

*Right: Watts leadership in a panel discussion on ESG topics at the Watts Connect Conference*





# Stakeholder Engagement

For nearly 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 of a diverse range 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 adjacent table.

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.

KEY TOPICS			METHODS OF ENGAGEMENT		
EMPLOYEES	<ul style="list-style-type: none"><li>Employee attraction, development, and retention</li><li>Ethics, integrity, and transparency</li><li>Occupational health and safety</li><li>Product responsibility, safety, and quality</li><li>Human rights</li><li>Data security and privacy</li><li>Diversity, equity, and inclusion</li><li>Governance and accountability</li></ul>		<ul style="list-style-type: none"><li>Annual performance-management process</li><li>Branded social media channels</li><li>Career development programs</li><li>Code of Business Conduct</li><li>Collective-bargaining agreements</li><li>Company policies and procedures</li><li>Connect intranet</li><li>Connect weekly email newsletter</li><li>Employee engagement committees</li></ul>	<ul style="list-style-type: none"><li>Employee handbooks</li><li>Employee recognition programs</li><li>Employee resource groups</li><li>Engagement surveys/pulse checks/focus groups</li><li>Ethics hotline and posters</li><li>Executive site visits</li><li>Learning management system/LinkedIn Learning</li><li>Monthly operating reviews</li></ul>	<ul style="list-style-type: none"><li>Onboarding (for new hires)</li><li>Other local/regional town halls</li><li>Quarterly CEO video</li><li>Quarterly connect meetings</li><li>Strategic talent review</li><li>Training</li><li>Total rewards programs</li><li>Unions/works councils</li><li>Volunteer opportunities</li><li>Work-life balance initiatives</li></ul>
CUSTOMERS	<ul style="list-style-type: none"><li>Product responsibility, safety, and quality</li><li>Ethics, integrity, and transparency</li><li>Occupational health and safety</li><li>Environmental compliance</li><li>Human rights</li></ul>	<ul style="list-style-type: none"><li>Sustainable innovation and digital transformation</li><li>Sustainable sourcing</li><li>Governance and accountability</li><li>Recycling and waste</li></ul>	<ul style="list-style-type: none"><li>Branded social-media channels</li><li>Continuous Education Unit (CEU) courses</li><li>Direct engagement via sales teams</li><li>Direct marketing, live events, webinars</li></ul>	<ul style="list-style-type: none"><li>External website for Watts and its family of brands</li><li>In-person training at Watts Works Learning Centers</li><li>Trade shows and other live events</li><li>Voice-of-customer surveys/focus groups</li><li>Watts Works online learning</li></ul>	
STAKEHOLDERS AND DEBT HOLDERS	<ul style="list-style-type: none"><li>Diversity, equity, and inclusion</li><li>Employee attraction, development, and retention</li><li>Governance and accountability</li></ul>	<ul style="list-style-type: none"><li>Occupational health and safety</li><li>Climate change risk and resilience</li><li>Product responsibility, safety, and quality</li><li>Environmental compliance</li></ul>	<ul style="list-style-type: none"><li>Annual Report/10-K</li><li>Annual shareholders meeting</li><li>Annual sustainability report</li><li>Company filings with the U.S. SEC</li><li>Investor meetings and conferences</li></ul>	<ul style="list-style-type: none"><li>Investor-relations website</li><li>Quarterly-earnings conference calls</li><li>Quarterly-earnings release</li><li>Other press releases</li></ul>	
SUPPLIERS	<ul style="list-style-type: none"><li>Governance and accountability</li><li>Ethics, integrity, and transparency</li><li>Sustainable sourcing</li><li>Human rights</li><li>Occupational health and safety</li></ul>	<ul style="list-style-type: none"><li>Employee attraction, development, and retention</li><li>Diversity, equity, and inclusion</li><li>Energy and emissions</li><li>Water stewardship</li><li>Recycling and waste</li></ul>	<ul style="list-style-type: none"><li>Code of Business Conduct</li><li>Direct engagement with sourcing, global commodity leaders, buyers, and supplier quality-engineering teams</li><li>Harrington quality management system</li></ul>	<ul style="list-style-type: none"><li>Kaizen events</li><li>Site visits</li><li>Supplier Code of Conduct</li><li>Supplier quality manual</li><li>Terms and conditions on purchase orders</li></ul>	<ul style="list-style-type: none"><li>ESG standards certification</li><li>Dunn and Bradstreet and NSF, ESG assessment</li></ul>
COMMUNITY	<ul style="list-style-type: none"><li>Community engagement and giving back</li><li>Data security and privacy</li><li>Ethics, integrity, and transparency</li><li>Recycling and waste</li></ul>	<ul style="list-style-type: none"><li>Human rights, and occupational health and safety</li><li>Diversity, equity, and inclusion</li><li>Climate change risk and resilience</li><li>Talent pipelines</li></ul>	<ul style="list-style-type: none"><li>Company website</li><li>Educational partnerships</li><li>Local outreach via donations and volunteerism</li><li>Planet Water partnership</li></ul>	<ul style="list-style-type: none"><li>Scholarships</li><li>Social media</li><li>Early in Career programs</li><li>Student internships</li></ul>	
REGULATORY AUTHORITIES	<ul style="list-style-type: none"><li>Governance and accountability</li><li>Ethics, integrity, and transparency</li><li>Occupational health and safety</li><li>Water stewardship</li><li>Energy and emissions</li></ul>	<ul style="list-style-type: none"><li>Recycling and waste</li><li>Product responsibility, safety, and quality</li><li>Human rights</li></ul>	<ul style="list-style-type: none"><li>Direct engagement</li><li>ISO audits and permit application</li><li>Codes and standards body membership and participation</li></ul>		
BOARD OF DIRECTORS	<ul style="list-style-type: none"><li>Occupational health and safety</li><li>Product responsibility, safety, and quality</li><li>Diversity, equity, and inclusion</li><li>Employee attraction, development, and retention</li><li>Ethics, integrity, and transparency</li><li>Emergency preparedness and response</li><li>Sustainable innovation and digital transformation</li><li>Environmental compliance</li></ul>	<ul style="list-style-type: none"><li>Governance and accountability</li><li>Energy and emissions</li><li>Data security and privacy</li><li>Water stewardship</li><li>Community engagement and giving back</li><li>Recycling and waste</li><li>Climate change risk and resilience</li><li>Human rights</li><li>Sustainable sourcing</li><li>Public policy and advocacy</li></ul>	<ul style="list-style-type: none"><li>Quarterly board meetings</li><li>Quarterly and ad hoc committee meetings</li><li>Annual meeting</li><li>Mid-quarter CEO board letter</li></ul>		



# Footprint





# Footprint

At Watts, our reputation for quality, safety, and reliability is known worldwide from the extensive portfolio of differentiated technologies we provide to meet the needs of our customers. As respectful environmental stewards, we engage in business practices that reflect our values and advance our efforts to promote an economically, socially, and environmentally sustainable future. We are committed to minimizing the impact of our global operations and supply chain on the environment, protecting the communities where we operate, and 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 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 2022 and represent 94% of our global workforce.

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	   
Mery, France*	  
Moirans, France	 
Monastir, Tunisia	 
Plovdiv, Bulgaria	   

\* divested Mery facility in 2022

	Office		ISO 9001
	Manufacturing		ISO 14001
	Distribution Center		ISO 45001
	Headquarters		

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	

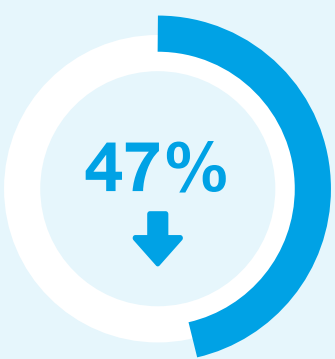


# Footprint

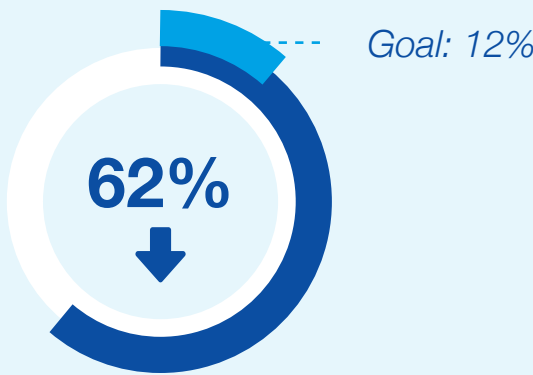
Reducing our water, energy, carbon, and waste footprints



## WATER



Absolute Reduction  
since 2014



Intensity Reduction\*  
*\*baseline year 2018*



First company to complete The Water Council's  
WAVE: Water Stewardship Verified program

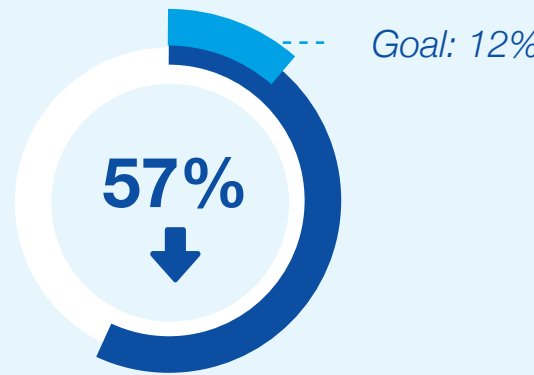


Signed the CEO Water Mandate

## ENERGY



Absolute Emissions  
Reduction since 2014



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



Certified renewable energy credits (RECs) reduced  
carbon emissions by 24%, addressing carbon  
emissions of electricity consumed through 2024



2 sites install onsite solar, generating over 500,000  
kWh of electricity

## WASTE



Intensity Reduction\*  
*\*baseline year 2018*

### IN 2022

- Decommissioned  
lead-foundry
- Reporting non-  
hazardous stats

### RECYCLING IN 2022



METAL SCRAPS  
**3,446,329 Kg**



PLASTIC REGRIND  
**85,695 Kg**



ELECTRONIC WASTE  
**8,591 Kg**

ALL

Tracking  
environmental  
data since  
2014



of global  
manufacturing  
footprint certified to  
ISO 14001 standards



First goal period 2018-  
2023 – set 3% YOY  
eco-efficiency goals



Third-party  
environmental data  
verification since 2020

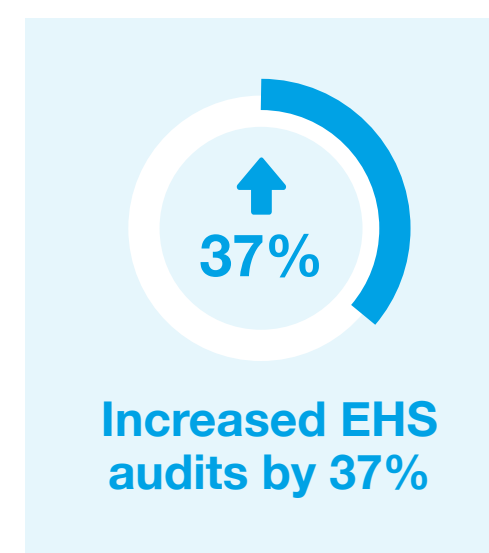


# Environment, Health, and Safety Management

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 executive management team, committee members review the company's EHS and sustainability performance, and discuss trends and issues, key business drivers, progress on goals and targets, and actions for continued improvement.

In 2022, we completed 46 internal and external audits at 19 of our operating sites, focusing on EHS-related compliance and management system effectiveness, representing an increase of 37%. 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 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

In 2022, 13 sites successfully completed surveillance audits for the ISO 14001 standards by undergoing a rigorous process that externally validates our efforts to enhance environmental performance and ensure compliance. Our ISO 14001-certified sites represent 50% of our global population, an increase of 23% since 2020. 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 — 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 longstanding water-conservation challenges. We formalized this commitment through our [Corporate Environment, Health, Safety, and Sustainability Policy](#), published on our website in 2022.

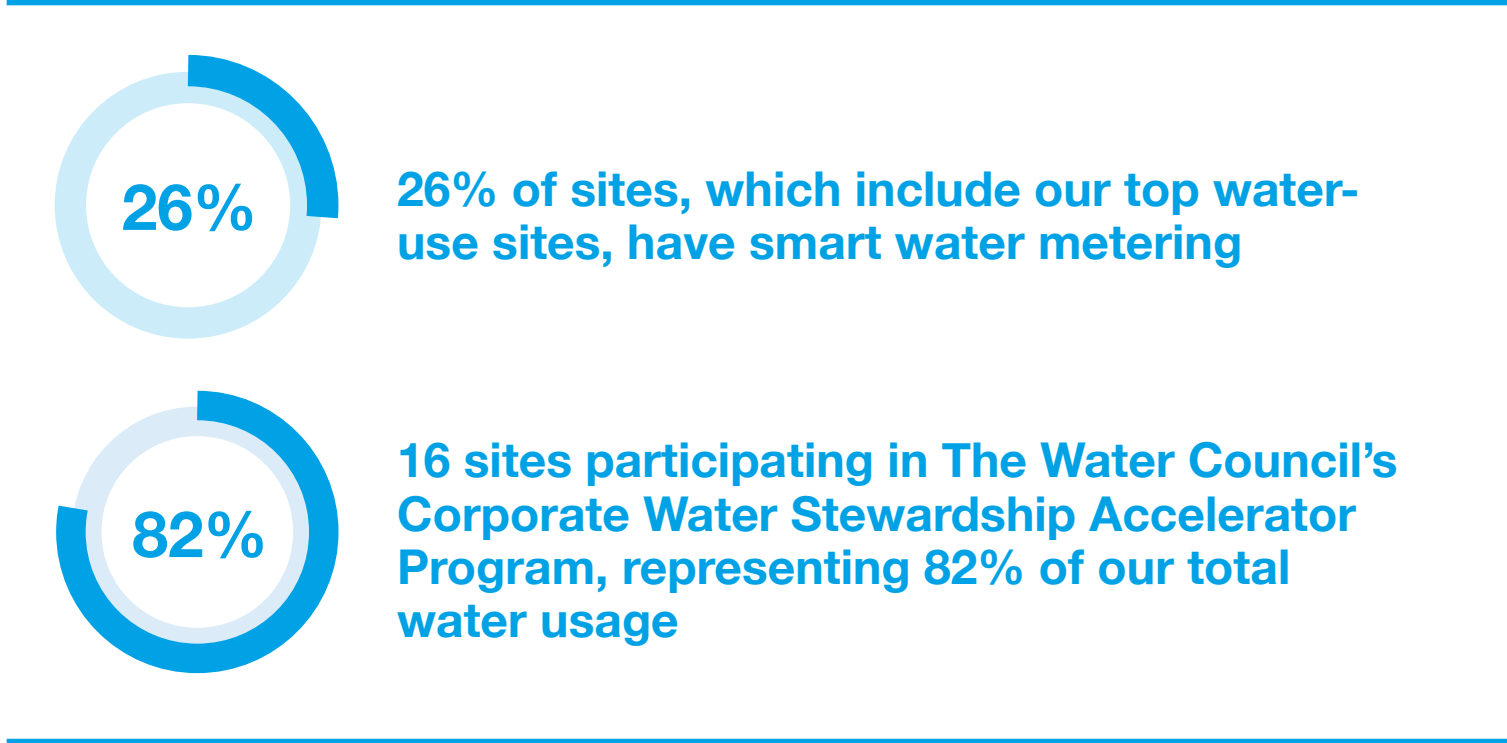
We continue to increase the accuracy and immediacy of our total water usage data so we can take action to reduce it. Our data collection process utilizes a monthly, automatic bill collection system for all utilities across 39 Watts sites. Armed with information provided through monitoring solutions and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

### 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, in

2021 we prioritized eight sites with the highest water risk, identified the watersheds in which the sites operate, conducted a water balance to learn more about their water inputs and outputs, and engaged stakeholders within the surrounding communities. In 2022, we expanded this work to a total of 16 Watts sites, representing 82% of our global water consumption.

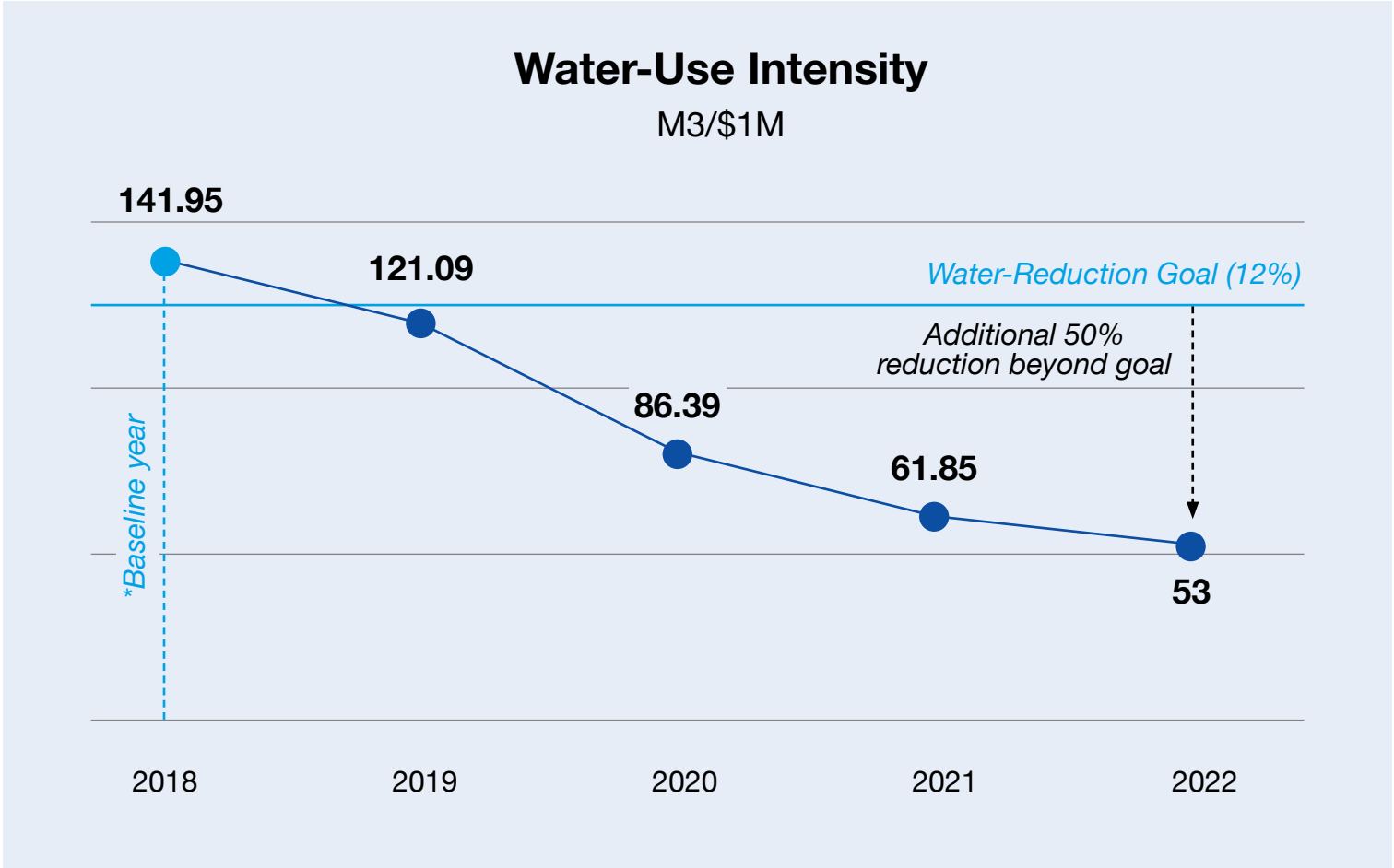
As a result of this work, we are taking action locally and globally to reduce water consumption, increase reuse, improve water quality, reduce negative upstream and downstream impacts, and engage our local communities in water-stewardship activities. Examples include expanded water metering, continued community engagement, and site-specific projects.



## PROGRESS AGAINST OUR COMMITMENTS

We have committed to reduce our water intensity by 3% annually against a 2018 baseline. In 2022, we achieved an annual water-intensity reduction of 11%, and since 2018, have reduced our water intensity by 62% (versus 12% goal).

One of the key features of WAVE is the independent verification of water-stewardship claims. 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 2022 water consumption data, please visit the [Appendix](#).





# 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
- Continuous improvement and progress against core elements of stewardship with respect to direct operations, watershed management, community engagement, and transparency

## LOCAL ACTION DRIVING IMPACT

In 2021, we began a journey to more intentionally consider the impact of our water usage beyond the walls of our sites and into local communities. Through our participation in The Water Council’s WAVE: Water Stewardship Accelerator Program, we began this work with eight Watts sites, selected based on their water-scarcity risk. A second cohort of eight sites kicked off in 2022 and were selected using additional criteria such as water demand. Now 82% of our water usage is covered by sites that have participated in WAVE. Over the past two years, teams at all sites have worked to gain a full understanding of water usage and challenges facing local watersheds, as well as identify actions for reductions and opportunities to engage with other local stakeholders.

## 2022 COHORT HIGHLIGHTS

### Vernon, Canada



Our Vernon facility is located in the Okanagan region of British Columbia, Canada, an area known nationally as a leader on water issues. It has one of the lowest water-availably rates per person, and many water-dependent industries. Several groups are actively engaged in bringing awareness and support to water conservation-efforts in the area, including local and regional government, First Nations – the local water treatment facility – and local farms, vineyards, and businesses. After experiencing high temperatures and wildfires in 2021, the area benefitted from cooler temperatures and precipitation in 2022. For these reasons, Watts employees in Vernon are particularly attuned to challenges facing the local water supply and continue to join local volunteer efforts focused on wetland restoration.



Vernon team volunteers on World Water Day

In 2022, the Vernon team recognized that more water was being used in its research and development processes, and a secondary water meter was connected to better understand usage increases and inform decision making. The team also worked to reduce evaporative-cooling needs through roof flooding by installing additional insulation. Future projects currently under consideration include the installation of a rooftop cooling unit to further reduce the need for evaporative-cooling and work with the building owner to identify alternative landscaping solutions.



St. Neots, United Kingdom

Water monitoring through our monthly operations review allowed the site to notice an unusual increase in total water consumption. As a result, the site team went on a “water-leak hunt” and discovered several leaks. These were repaired within the same week.



St. Neots Design team

Our St. Neots site is home to a distribution center and manufacturing facility located in Cambridge, a dry region of the United Kingdom. Increases in population and construction activities are anticipated over the next 20 years in this area of significant importance for the country’s biodiversity. The two local watersheds, Great Ouse lower and Graham water reservoir, see low rainfall and poor ground-water level capture. Our team learned more about these challenges facing the local watershed through its participation in the accelerator program in 2022, while also gaining a fuller understanding of the site’s water usage. Water at the site is used solely for sanitation and landscaping. The team plans to install a smart water system to avoid future leaks and has also engaged local community colleges to train future plumbers and installers on the use of Watts water-conservation products.

Sorgues, France

Our Sorgues facility is located in a watershed that has been heavily affected by drought, with ongoing local restrictions in place, including temporary-use bans. Sustainability and water stewardship have been integrated into daily operations, and employee engagement and empowerment – from leadership to floor associates – drove water-use reductions in 2022. Employees understand the role they can play in supporting local conservation efforts.



2021 COHORT UPDATES

Blauvelt, New York, USA

- Achieved 52.32% water-use reduction in 2022
- Total water-use reduction: 12.84 million liters
- Local watershed: 70% of water derived from 60 drilled wells, and 30% from Lake Deforest and Letch Worth Reservoir

Site-wide smart metering at our state-of-the-art AERCO manufacturing facility continues to provide accurate and real-time monitoring of water consumption, resulting in significant usage reductions.

Monastir, Tunisia

- Achieved 20.81% water-use reduction in 2022
- Total water-use reduction: 821,000 liters
- Local watershed: Medjerda River

Greater awareness among site employees has helped our Monastir facility build on 2021 successes, gaining further usage reduction for sanitation purposes.

Ningbo, China

- Achieved 16.35% water-use reduction in 2022
- Total water-use reduction: 1.59 million liters
- Local watershed: Yangtze River and surrounding reservoirs

The team at our Ningbo site has continued to build on progress made in 2021 with several site improvements to reduce water usage, including the installation of water tanks to collect and reuse test water, refurbished plumbing, and implementation of new testing methods.





## ENGAGING ALL COLLEAGUES IN WATER STEWARDSHIP

Our water-stewardship performance has been fueled by an increased awareness among colleagues across the company. The topic has become a common thread in internal communications efforts that reach all our colleagues, regardless of their role, and is ingrained in operations through our monthly operating review process.



An indicator of increased awareness and engagement among employees is the total number of Quick Kaizens focused on water stewardship and the total number of employees engaged – both measures increased by 35% in 2022.

### Preserving Our Local Watershed in Massachusetts

Rivers are the main source of ocean plastic and other pollution as they carry waste from land to ocean. Over two days in August and September, a group of Watts volunteers demonstrated how our community stewardship efforts can be just as impactful as our Footprint. In partnership with local nonprofit Clean River Project, colleagues from our Andover and North Andover, MA, USA sites removed nearly two tons of trash from the Merrimack River. The Merrimack is a 117-mile-long river in the northeastern United States. It rises at the confluence of the Pemigewasset and Winnepesaukee rivers in Franklin, New Hampshire, flows southward into Massachusetts,

*Left: Funding from Watts supported the Clean River Project in extracting two cars from the Merrimack River in 2022: a 1971 Plymouth Fury and a 1976 Buick Regal, both containing hazardous materials that would threaten the health of the drinking water supply. The two extractions represented the Clean River Project’s 85th and 86th vehicle removals, respectively. Car extractions require extensive preparation, sonar and diving capabilities, and lifting and towing services.*

and then flows northeast until it empties into the Gulf of Maine at Newburyport. It serves as the local watershed to three Watts sites, and our flagship manufacturing site in Franklin, NH, USA is the largest water consumer in the upper Merrimack, where the local municipality’s stated goal is to clean up the river.



*Watts volunteers, including CEO Bob Pagano, used hand grabbers, shovels, and rakes to remove items including discarded tires, construction debris, and plastic refuse from the Merrimack River in 2022. Larger items recovered included a manhole cover, a metal bed frame, and a catch-and-release animal trap.*



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 in the [One Watts Performance System](#) section.





### Community garden brings colleagues together, with water conservation at the forefront

A team of employees at our Moirans, France manufacturing facility are providing colleagues with access to organic food while furthering the company’s commitment to water stewardship. The group built their own garden with compost to fertilize as needed, harvesting a wide range of seasonal vegetables, fruits, aromatics, and flowers. Knowing they did not want to increase the site’s overall water consumption to tend the garden, two colleagues designed an innovative watering system that uses air conditioning condensate collected in a tank as the garden’s water source, saving 50 liters of water daily. They have also improved the biodiversity of their local site by building bird feeders, and bird and insect nests.

### Preventing water loss during product testing

In Auckland, New Zealand, colleagues at our Apex Valves manufacturing and distribution site implemented a new solution to detect and prevent water leaks associated with a product quality test conducted at the facility. Implementation of a sensor now stops the test and shuts down the water supply if a leak is detected. A second sensor monitors for system leaks. The change has resulted in a safer workplace, reduction in leaks and water loss, and improved productivity for the facility, which can now run the test overnight as a result of the added detection technology.

### Local contributions to enterprise goals

The team at our Nogales, Mexico contract manufacturing Maquiladora partner knew that an increased production of hazardous waste associated with a parts-cleaning process would impact the site’s total water usage. To reduce water usage and wastewater disposed, they identified and installed a new filter that separates coolant and water, allowing water to be reused in the cleaning process. The filter reduced the water usage related to the cleaning process by more than 18,000 liters in 2022. You can read more about the positive impact this action had on the site’s hazardous waste in the [Waste Reduction Facility Highlights](#).

*Left: Watts volunteers cleaning the Merrimack River in 2022*



# Energy and Emissions

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

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

To accelerate this work, we have committed to reducing our GHG emissions intensity by 3% annually against a 2018 baseline. In 2022, we ramped up the 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, installation of renewables at our facilities in Ningbo, China and Plovdiv, Bulgaria, and the purchase of RECs to cover 100% of our electrical demand at seven of our largest manufacturing and distribution sites in the US, we continued to drive emissions reductions in 2022. Since 2018, Watts has reduced its GHG intensity by 33% (location-based) against our stated 12% 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.<sup>1</sup> 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 a 45% market-based GHG reduction since 2018, and 51% since 2014. Our annual intensity reduction in 2022 compared to 2021 was 31% (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](#)

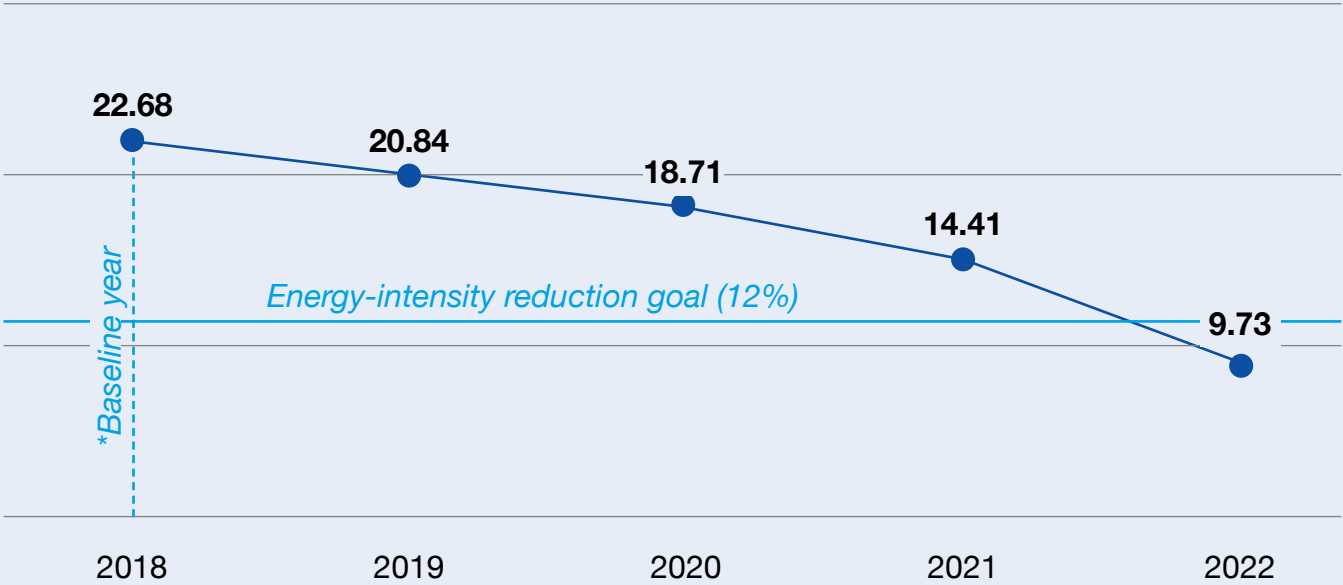
### GHG Intensity Reduction



\*baseline year 2018; market-based emissions"

### GHG Scope 1 & 2 Market-Based Intensity Trend

MTCO<sub>2</sub>e/\$1M



In 2022, 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.

<sup>1</sup> 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](#))



# HEAR IT, TAG IT, SEE IT, FIX IT!

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 launched an air-leak detection program to encourage all employees across the company to help identify compressed-air leaks and tag the assets with our own Watts-branded tags. This represents a significant improvement toward the best practice of crowdsourcing air leaks – getting every Watts employee to participate in energy savings. This also alleviates the burden on Facilities and Maintenance teams, allowing them to spend more time fixing the leaks. Since launching this program in August 2022, 12 of our manufacturing sites have implemented the air-leak tagging program.



Watts employees help save the environment by identifying and tagging air leaks

## 2022 FACILITY HIGHLIGHTS

### Sorgues, France

In 2022, this site implemented a range of measures to reduce its heating demand through natural gas. Some of the measures included efficient thermostat programming and management, nighttime regulation of heating, installation of destratification fans to improve air circulation in warehouses, and ongoing engagement and discussion with staff. Overall, the site reduced their natural gas consumption by 22%, or 18,729 cubic metes, by the end of 2022. They also achieved a reduction in electricity consumption by about 19% through actions taken in 2021 and 2022, such as replacement of old neon lamps with efficient LED lamps throughout the facility, and optimization of equipment power usage (e.g., forklift charging during low demand periods), among others.

### Hautvillers, France

Achieved an 11%, or ~220,000 kWh, reduction in electric consumption and a 23%, or ~ 180,000 kWh, reduction in natural gas consumption through our implementation of efficient setpoints and controls, replacement of inefficient radiators, LED upgrades, shutting down one of two ovens in the foundry, and ongoing engagement across the site. They continue their energy consumption improvement drive through the detection and repair of several compressed air leaks since the start of 2023.





EV charging station in the Watts St. Neots, UK Facility



**St. Neots, UK**

Achieved an 18% reduction in natural gas and 10% reduction in electric usage, equivalent to 50,000 kWh in total energy reduction through an optimized office floor layout, increased frequency of preventive maintenance for heating units, upgraded sensors and controls, and increased awareness and education of employees.

**Ningbo, China**

Achieved a 45%, or 1.4 million kWh, reduction in electric usage due to the combination of a 0.6 MW solar array installation, replacement of more than 200 lights with high-efficiency LEDs (which also vastly improved illumination), commissioning of a compressor-air usage study resulting in the installation of a more efficient air compressor, consistent detection and repairs of compressed-air leaks, and continuous improvements in the HVAC system.

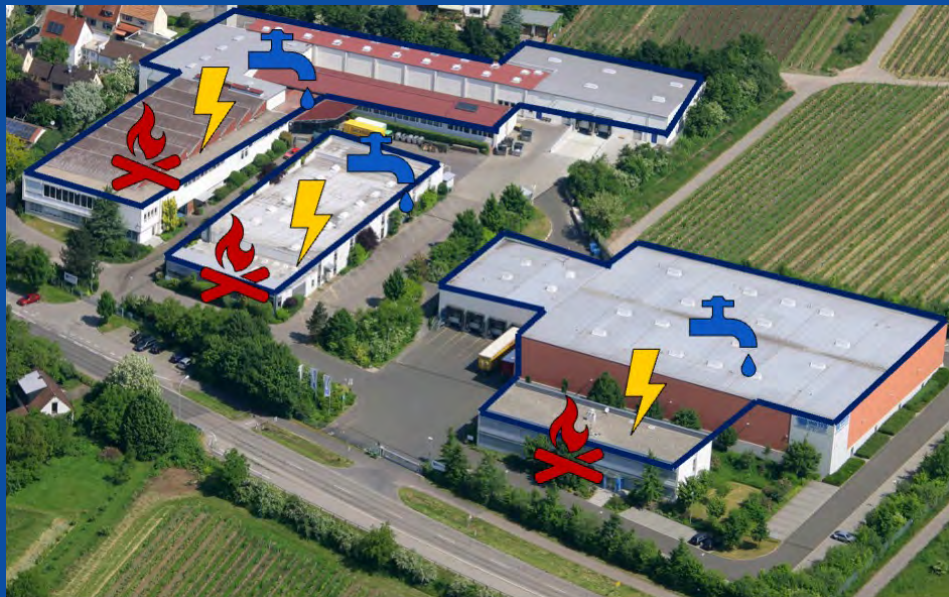
**Plovdiv, Bulgaria**

In 2022, Plovdiv installed a 60kW rooftop solar PV system, which contributed to reducing electrical demand by 10%, or ~100,000 kWh over the August to December period of 2022. Other measures contributing to the decrease were large-scale LED installations throughout the production and warehouse areas and upgrades to their product-printing equipment. Since March 2023, the site has now doubled the solar system’s capacity to a 120-kW system, and by the end of 2024 the system will be further expanded to a total of 150 kW.

**QUICK KAIZENS IN ACTION: ENERGY CONSERVATION**

**Landau, Germany**

A day-long sustainability-focused discussion across all departments included a workshop that got site personnel brainstorming new ways to conserve energy. By the end of 2022, the site was able to reduce total energy consumption by 10% through various measures – including automating blinds, turning bathroom boilers off when the site is closed, and removing inefficient electric fan heaters.



The Landau team mapped actual consumption in each area of its facilities and planned efficiency improvements to reduce consumption.



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



# Waste Reduction

We recognize the need to protect our land, waterways, and communities by reducing the amount of waste generated by our operations. Seventeen of our 39 facilities generate waste classified as hazardous, with the remainder generating solid waste, recycling (paper, cardboard, plastic), electronic recycling, and metal-chips recycling. We comply with all local and national regulations and track manifests for hazardous and non-hazardous industrial waste.

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

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



**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 2022, we continued to track solid waste, scrap metal, and other recycling streams, working closely with our facilities and waste contractors to understand the source and management of our waste, and to standardize data collection across sites. This work required significant collaboration across our global operations; our corporate

Sustainability team partnered with site teams to identify opportunities for improvement through process changes.

A deeper understanding of our waste generation and more frequent collaboration at the site level has generated substantial interest and engagement among colleagues throughout our operations. Employee-driven waste-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.

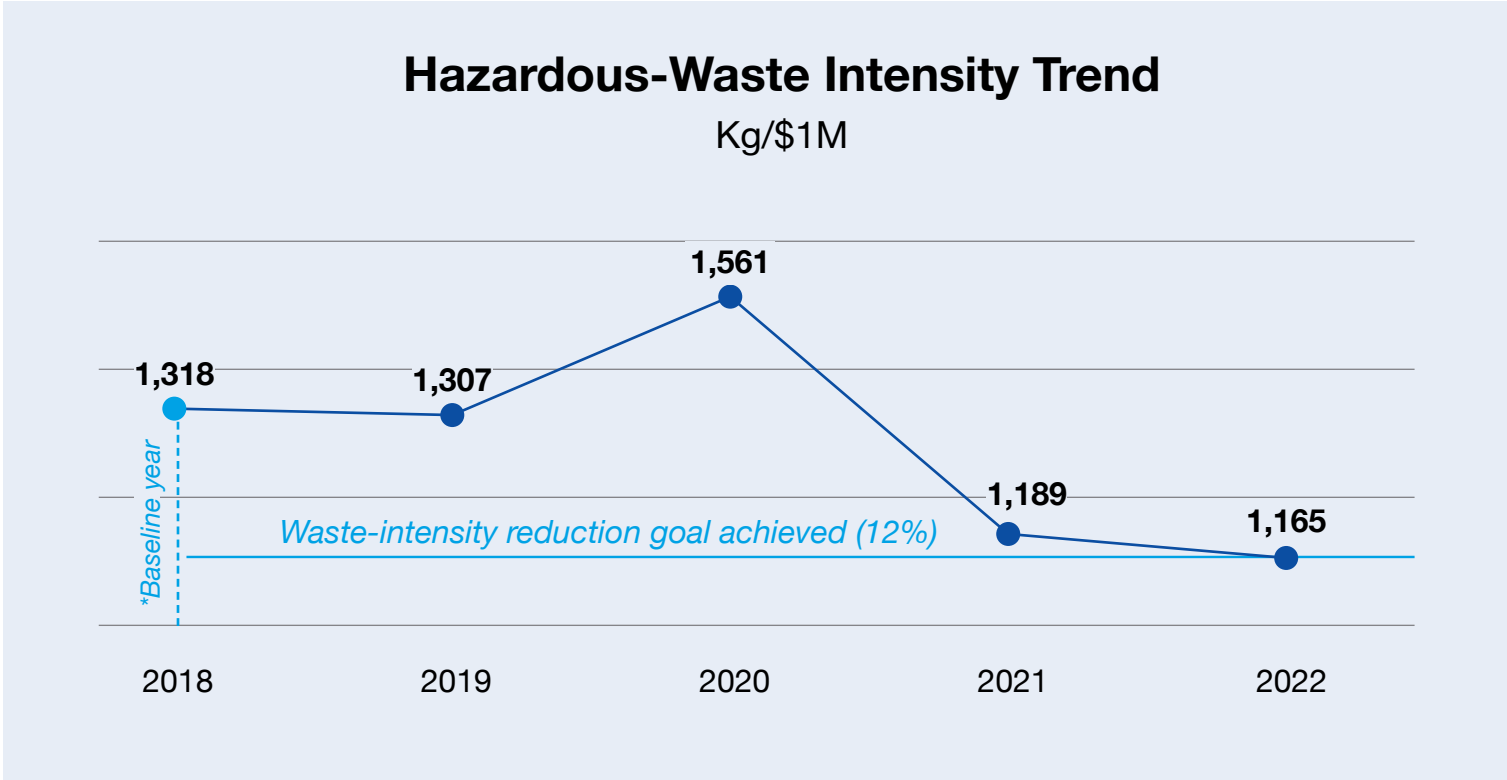
Tracking all forms of waste, reducing the overall quantity generated, and diverting from landfills using circular models is a complex challenge. To accelerate our efforts, we previously committed to reducing our hazardous-waste intensity by 3% annually against a 2018 baseline. By the end of 2022, we had reduced our hazardous-waste intensity by 12%.

The overall amount of hazardous waste we generated globally in 2022 increased 7.2% to 2,307,093 kg primarily driven by the Franklin, NH, USA foundry decommissioning project. This one-time project generated 278,000 kg of lead-contaminated waste, representing 12.1% of the hazardous waste generated globally during the reporting period. The European region had a YOY decrease of 3.1%, our APMEA region had a YOY decrease of 56%, and our Americas region had a YOY increase of 118%. Excluding the decommissioning-project waste, the organization reduced hazardous waste generation by

5.7%, including a 29.7% reduction in the Americas region.

For our U.S. operations, toxic waste reported under EPA’s Toxic Release Inventory Reporting program decreased in 2021, the latest reporting year available, by 21.9% compared to 2018. This decrease was heavily driven by the reduction in lead-containing products. Lead reporting decreased by 94% compared to 2018.

In addition to our continued work with factories to reduce waste, the combination of reduced production at some of our largest facilities in Europe and APMEA, as well as closures and a move to offshore machining processes at some facilities, led to a 47% yearly decline in recycling of metal scraps and chips, and 70% decline in plastic-regrind recycling numbers. We have increased the recycling of our electronic waste by 9% compared to 2021. For more information on hazardous waste and recycling data see the [Appendix](#).



In 2022, 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.](#)



2022 FACILITY HIGHLIGHTS

Franklin, New Hampshire, USA

We decommissioned our leaded-product foundry to focus on our lead-free products. The equipment from the leaded-product foundry was sold or recycled. As a result of this one-time decommissioning, the site was able to recycle 237 metric tons of steel and generated 278 metric tons of incremental hazardous waste in 2022.

Excluding the hazardous waste generated from the decommissioning project, the site reduced other hazardous waste by 53% through a combination of a full year of benefits for their oil-recycling project and oil-rag segregation and reclassification.

Ningbo, China

The majority of hazardous waste generated at this site is an oily emulsion of cutting fluid and copper powder. Main actions to reduce waste generation included adding leakproof collection trays to capture and reuse cutting fluid, switching from wet to dry processing equipment to reduce cooling and cutting-fluid usage, and continuous communication and training around best practices. Combined, these solutions resulted in a 40% reduction in hazardous waste compared to 2021.

Biassono, Italy

Achieved a reduction of approximately 3,000 kilograms of hazardous waste compared to 2021. The reduction was driven through routine monitoring and evaluation of waste delineation, monthly operating reviews, data analysis, periodic training, and employee engagement to raise awareness and increase adoption of best practices.

Fort Worth, Texas, USA

Excluding the one-time waste generated as a result of the Franklin, NH, USA foundry decommissioning, the largest hazardous waste stream generated in the Americas region is associated with our passivation/pickling operations at our facility in Fort Worth, Texas, USA. Our Fort Worth facility has been piloting a metals-removal system for in-process passivation tanks with favorable results. This technology is now operating in the Fort Worth site and will be evaluated next for 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 reduction of toxic metals and other materials under EPA’s TRI reporting of 21.9% compared to 2018. Please refer to this [table](#) in the Appendix for more details.



Waste delineation at the Franklin, NH, USA facility

QUICK KAIZENS IN ACTION: WASTE REDUCTION

Blauvelt, New York, USA

Aerosol cans were being disposed as hazardous waste, which was costly due to special handling needed. The team purchased and installed an aerosol-can disposal machine that compacted and emptied the cans, not only making them non-hazardous but also reducing total weight and allowing for recycling. This action helped the site eliminate expensive fees associated with disposing of the cans.

Nogales, Mexico

During the cleaning of parts-cleaning tanks, water with coolant needed to be disposed of as hazardous waste, which would have resulted in the site missing its annual sustainability targets. At the beginning of 2022, the EHS manager purchased a filter to separate the coolant and water and reuse both in the parts-cleaning process. You can read more about the positive impact this action has on the site’s water performance in the [Water Stewardship](#) section.

St. Neots, United Kingdom

Items were shipped from this facility using plastic packing materials, which were costly to purchase and difficult to recycle. The site began to corrugate and reuse cardboard, originally being disposed as recyclable waste stream, as the new packing material. This avoided both the cost to purchase plastic packing material and the cost to dispose of cardboard.



St. Neots implements circular use of cardboard



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 nearly 150 years, we have developed and designed products, components, and systems that solve the world's greatest water-safety challenges, conserve water, and improve energy efficiency. We design our products to benefit users and help their sustainability efforts based on this "triple play" of sustainability: Safety and Regulation, Water Conservation, and Energy Efficiency.

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 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. We have made substantial progress in the development of smart and connected enabled products and expect to derive 25% of our revenue from these products by the end of 2023.



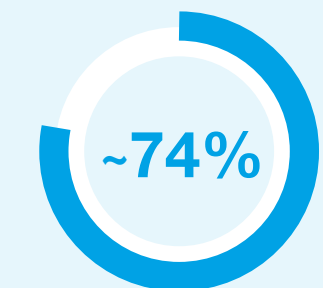




Our “triple play” of sustainability: **Safety and Regulation**, **Water Conservation**, and **Energy Efficiency**

### SAFETY AND REGULATION

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

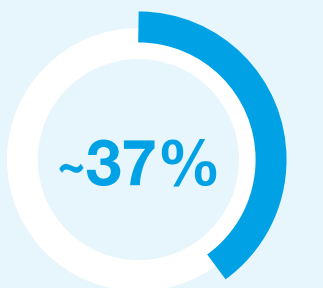


of Watts gross product revenue\*

**Product spotlight:** Big Bubba® BB-S101 Whole Home Filtration System filters-out certain metal contaminants, PFOA/PFAS, chlorine and cysts 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

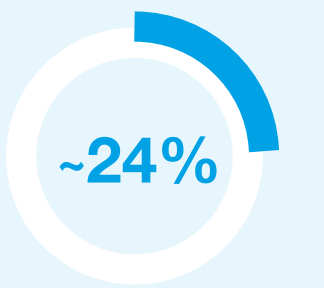


of Watts gross product revenue\*

**Product spotlight:** Watts Pressure-Reducing Valves avoid the use of 19B+ 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 2022, our AERCO high-efficiency gas-fired boilers and water heaters helped our customers avoid approximately 104,000 Metric Tons of CO2

## 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



51% increase in Watts Works learning sessions in 2022

\* Products may fit into multiple categories





# Safety & Regulation

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

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

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

## Connected 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, 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.



## Increasing the Speed of Knowledge to Conserve and Protect Water

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

Watts smart and connected 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 pre-emptive 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

Sentry 2.5 Backflow Performance Monitoring System

**Challenge:** Backflow prevention valves save water and mitigate disease and injury risks by preventing used water or other contaminants from re-entering the potable water supply. But since they were introduced in the 1970’s, operators have been limited to one or two annual inspections to maintain this critical safety equipment. Typically, a water system must be shut down during inspections, making more frequent inspections too costly and impractical, and thus raising the risk of failure and contamination of potable water.



**Solution:** Watts Sentry 2.5 Backflow Performance Monitoring System continuously monitors backflow valve performance. The system streams performance data from a backflow device directly to a customer’s building-management system and delivers real-time alerts if critical limits are exceeded. The system streams data around the clock, giving backflow-system operators powerful new tools to monitor and optimize equipment to conserve and protect drinking water.

Lead-Free Under Sink Guardian, Hot Water Purge

**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 with Hot Water Purge (LFUSG-HWP) helps ensure that hot water temperatures at faucets remain consistent and minimize risk of scalding. It gives system operators capabilities to individually sanitize faucets for an entire building loop at regular intervals (when paired with Powers IntelliStation) to mitigate waterborne-pathogen growth. This is especially important in buildings with variable occupancy such as schools, dormitories, hotels, colleges, or those with vulnerable occupants such as hospitals and skilled-nursing facilities.



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.

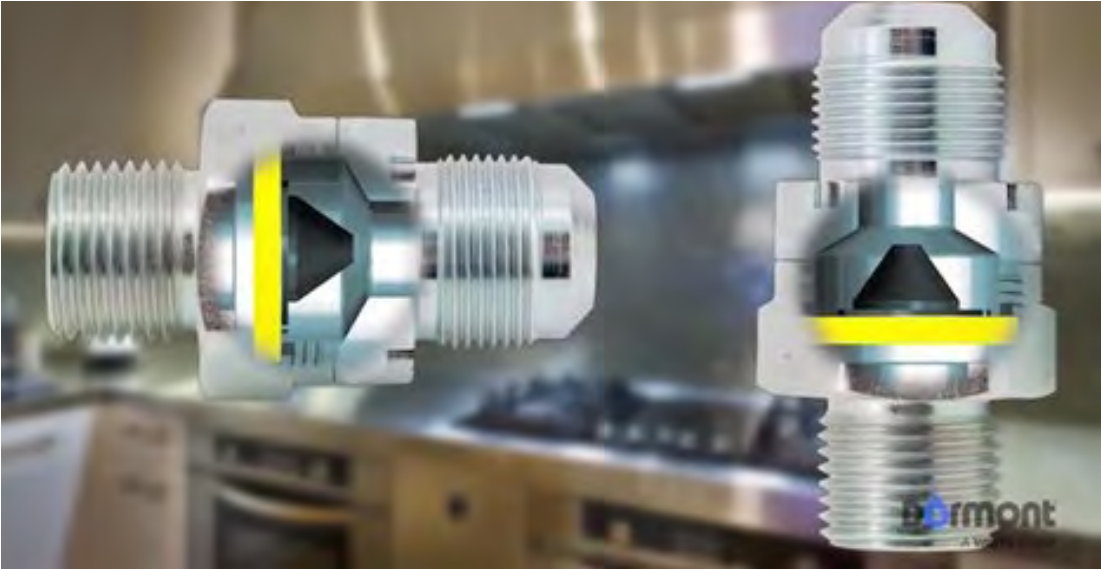
**Solution:** The Big Bubba® BB-S101 Whole-Home Filtration System filters out certain metal contaminants, PFOA/PFAS, chlorine, and cysts from water at its point-of-entry into a home. The system filters up to 84,000 gallons of safe drinking water, avoiding the need for single-use plastic water bottles. 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.

SmartSense Excess Flow and Thermal Shutoff Valve

**Challenge:** Gas-line ruptures and disconnections are potentially catastrophic safety hazards. They can be difficult to detect and may go unnoticed for extended periods, raising the risk of fires and explosion. Structure fires can also cause gas lines to fail and explode, increasing risk to life, property, and first responders.

**Solution:** SmartSense detects gas-line ruptures, disconnection, and even fire. When a threat is detected, SmartSense’s excess-flow limiter restricts gas flow, limiting harmful build-up of gas within the home. Its fire-safe shutoff uses a thermal ring that expands to stop the flow of gas at extremely high temperatures and when the valve reaches (350o-425oF). It also features a premium antimicrobial coating to inhibit bacteria growth, improve corrosion and UV protection, and enhance flame and smoke resistance.





## AT WEST FRIENDSHIP, FIRE AND ICE “ARE DEALT WITH ACCORDINGLY”

West Friendship Volunteer Fire Department in Howard County, MD, USA was having issues with snow accumulation around its fire station, which led to response delays and potential safety hazards for their firefighters and vehicles.

The solution was a dual system to address exterior snow melt, and an interior radiant-heat system to increase energy efficiency. These systems use 32,000 linear feet of Watts EPDM synthetic-rubber Onix tubing and manifolds. Pre-engineered, pre-packaged HydroNex system panels control the interior radiant heating, and a larger, custom-built HydroSkid package controls the exterior snow-melting system.

Now, the snow-melt system controls snow accumulation around their station so they can respond quickly and safely, and the interior radiant heating makes heating the station more energy efficient.







# 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

### Kingpin Hinge Arm

**Challenge:** When livestock drink from watering troughs, they can damage the level-detection arm, which is the mechanism that shuts off the valve supplying water to the trough. The arm is typically damaged where the arm and valve connect. Once the arm is broken, the valve will remain open until either remedial action is taken or the water supply is exhausted. This leads to significant water waste and risk of dehydration in the herd. In fact, farmers in New Zealand lose an estimated 2 million liters of water annually due to valve damage caused by livestock.

**Solution:** Watts Kingpin Hinge Arm protects the cotter-pin connection by inserting a durable hinge and self-centering mechanism at the valve end of the arm. This allows the arm to absorb the impact from the livestock, which reduces the pressure that is on the connection point with the valve and greatly decreases the chance of damage. The Kingpin Hinge Arm can be retrofitted into existing valves and floats for optimal valve performance. The installation of a Kingpin Hinge Arm reduces the need for valve replacements, protects livestock, and helps prevent water loss that can even lead to flooding.



### Pressure-Reducing Valves (PRVs)

**Challenge:** Excess water pressure in residential settings wastes water, damages appliances, and needlessly raises utility bills. Elevated water pressure causes additional wear and tear on appliances, limiting lifespan and increasing maintenance costs. It can increase household water usage by as much as 30% through waste, and increases energy bills because hot water is wasted as well.



**Solution:** According to the U.S. Environmental Protection Agency, the average home can save over 11,000 gallons of water a year by reducing incoming water pressure from 80 psi to 50 psi with a pressure-reducing valve (PRV). In fact, it's estimated that Watts pressure-reducing valves avoid the use of over 19 billion gallons of water globally per year, saving water, energy, and costly wear and tear on home appliances.

### OneFlow

**Challenge:** Calcium-scale build-up in plumbing systems increases energy costs and can lead to expensive repairs to hot-water heaters, boilers, and other equipment vulnerable to scale build-up from hard water. But conventional anti-scale systems use water softeners that require backwash and discharge of water that contains salt and chemicals that break down build-up.



**Solution:** OneFlow® Anti-scale Solution prevents and breaks down scale build-up without the need

to backwash or discharge water. A salt-free and chemical-free solution, it uses less water than conventional water softeners, and doesn't require electricity. OneFlow® is an environmentally safe solution that helped customers avoid using more than 138 million gallons of water, 12 million lbs. of salt, and three million kWh of electricity in 2022 alone.

### BLÜCHER HygienicPro®

**Challenge:** Drainage systems in factory floors with insufficient flow can waste water and create hazards through pooling and cross contamination. Insufficient drainage flow can allow humidity and waste to collect on factory floors, creating hygiene and food-safety challenges. Under these conditions, the contaminated sewer system and the clean production area may come into contact, causing additional risk. Conventional drainage systems often lack the capacity to collect waste from processing activities and offer limited access to clean and maintain them.



**Solution:** BLÜCHER HygienicPro® drains offer high capacity and efficient flow, are easy to clean, and help mitigate bacterial growth while limiting water volumes. They also reduce production downtime needed to maintain and clean the system. In flow comparison tests, HygienicPro drains use 96.5% less water than conventional channels. In 2022, HygienicPro customers avoided the use of 23,150 liters of water.



## DETECTING LEAKS WHERE THEY CAN DO THE MOST DAMAGE

Watts leak-detection systems minimize potable-water loss and mitigate costly water damage and insurance claims. Our systems are used in residential, commercial, and industrial applications to detect leaks within a plumbing system. They use wireless leak sensors, shutoff valves, and apps for remote monitoring around the clock. Our Trident® wireless leak-detection system is the only platform to receive FM approval.



*The Detection Group provides real-time alerts to managers of commercial property*



*Sentinel Hydrosolutions Leak-Defense Systems® alert and stop leaks throughout a residence*



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



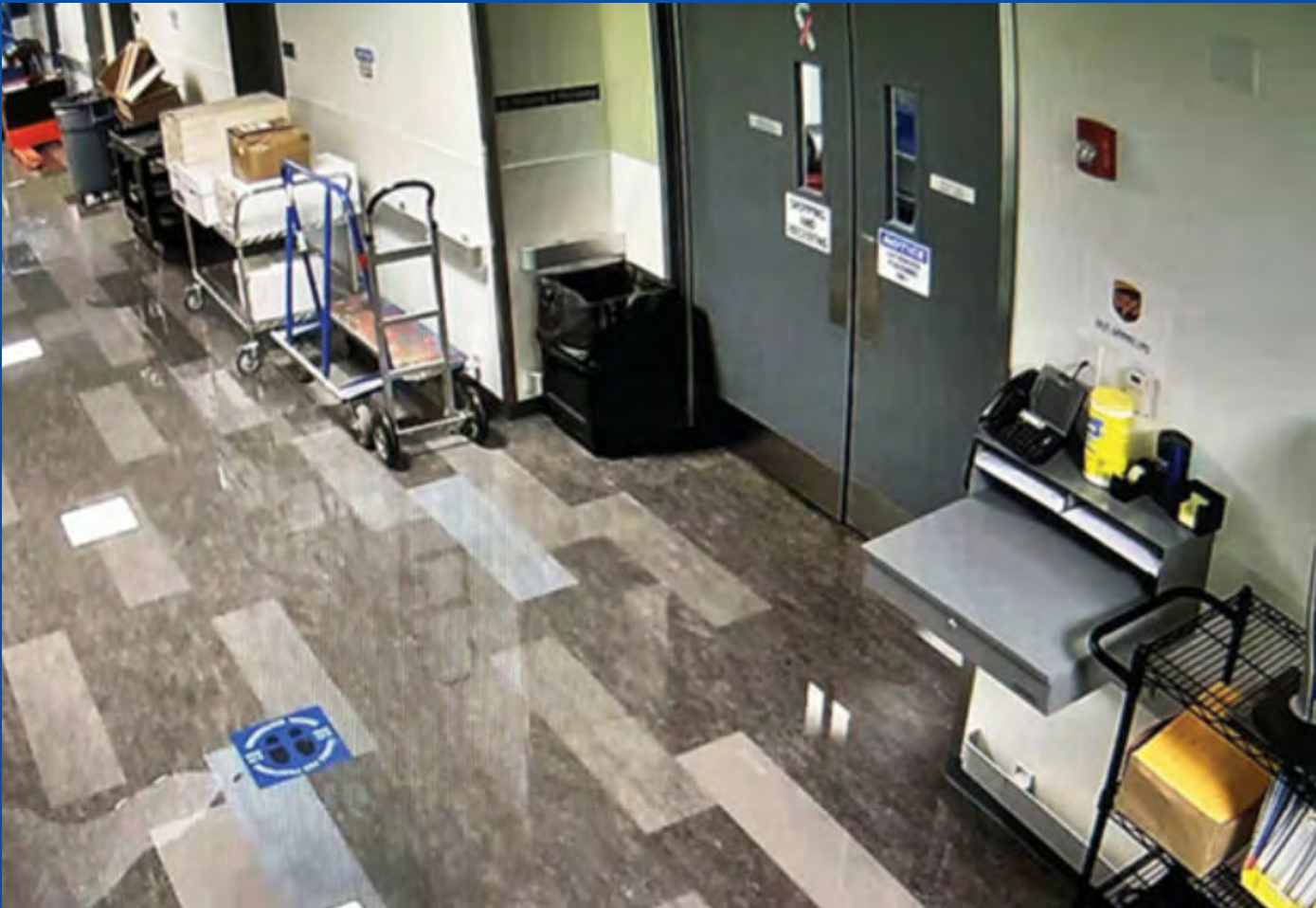
# WATTS LEAK DEFENSE SYSTEM® HELPS PREVENT CATASTROPHIC LEAKS AT SOLA SALON LOCATIONS

Sola Salons is a growing national chain with 17 locations in greater San Diego. Over the years, several of these locations have suffered water damage from after-hours plumbing leaks. Four of these incidents alone resulted in hundreds of thousands of dollars in property damage and wasted water. They needed a better way to protect against these costly and destructive leaks.

The Watts Leak Defense team provided a system that could be adapted to the unique hours and plumbing systems at each location. The Leak Defense System® is a water-flow monitoring and alarm system that detects leaking water in a plumbing system.

During hours when a salon is closed, the Leak Defense System operates in “unoccupied” mode. When excess water flows during these hours, the system automatically shuts the water off and sends a text message or email alert to building managers or other designated recipients.

To date, the Leak Defense System has prevented catastrophic leaks at the 17 Sola Salon locations. They also plan to install the systems at more of their 600 locations nationwide.



*The Detection Group’s Trident solution alerts Facilities teams and saves corporate HQ from major flood on a Sunday morning*

## TRIDENT SYSTEM FOILS LEAK AT NORTH ANDOVER, MA, USA, HEADQUARTERS

The Detection Group’s Trident Solution saved at least \$50,000 in damages during a typically quiet Sunday morning at the Watts corporate headquarters in North Andover, MA, USA when a water hose in the building’s irrigation room suddenly disconnected. As soon as the break happened, water started flowing out—first into the irrigation room and then into a nearby shipping and receiving hallway. With no one around, it was on its way towards wreaking havoc on the carpeted space of the ground-floor offices, cubicles, and meeting rooms.

However, a Trident system from The Detection Group (TDG) had been installed more than a year earlier to stand guard against just such an emergency, and at 7 a.m., Facilities team members received a call from The Detection Group system alerting them of the emergency.

The Facilities team responded quickly to stop the leak and then got to work cleaning up the pooled water.

“In the end, we had almost zero damage from the headquarters leak; we just had to replace a carpet in an office,” said one of our Facility/Maintenance specialists. “The entire ground floor could have been flooded if we hadn’t gotten the call from the TDG system, and in preventing this, the TDG system has already paid for itself.”





# 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 Centurion*

**Challenge:** Non-condensing commercial water heaters waste energy by using unnecessarily high levels of gas.

**Solution:** PVI's Centurion gas-fired water heaters provide precise temperature control  $\pm 4^{\circ}\text{F}$  and up to 99% thermal efficiency. Incorporating advanced combustion controls, Centurion features patented O2 trim technology that self-corrects to maintain precise air-to-fuel ratios. Proper oxygen levels ensure the unit is operating at peak efficiency and significantly reducing carbon emissions.

It's estimated that Centurion will save 2,324 metric tons of CO2 emissions compared to traditional non-condensing commercial water heaters, or the equivalent emissions from 505 cars, in 2023.

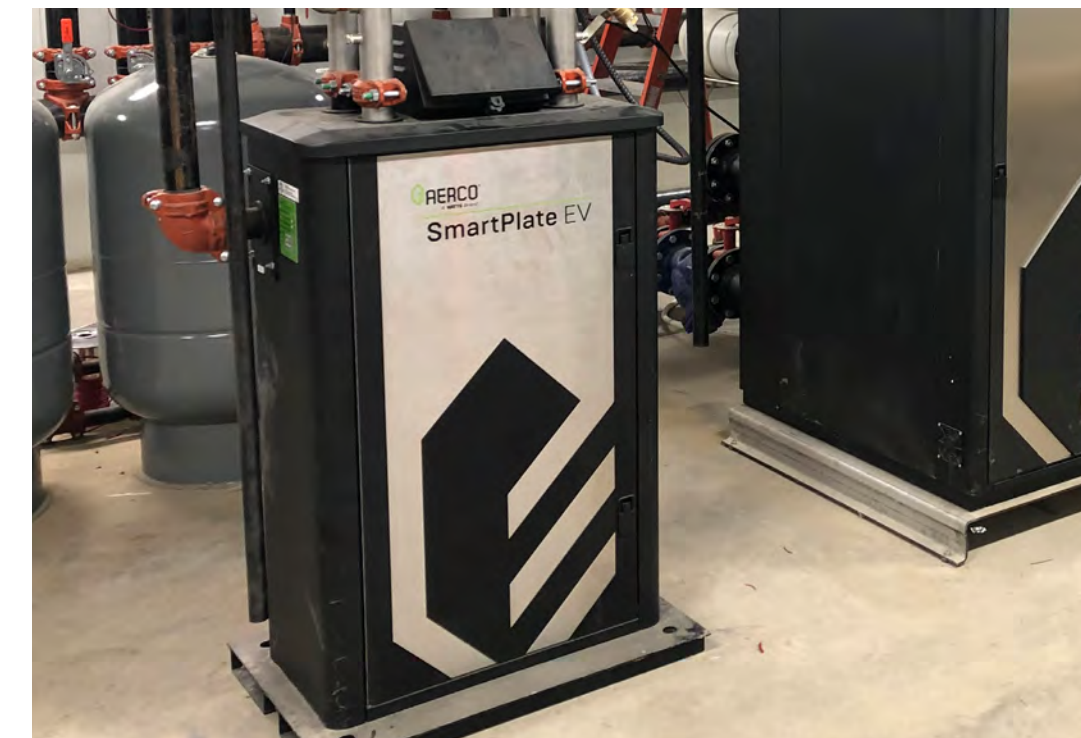
### *AERCO SmartPlate EV*

**Challenge:** Local and national building codes have an increased focus on reducing or eliminating inefficient, gas-fired water heaters.

**Solution:** AERCO's SmartPlate EV® is a high-efficiency indirect water heater that heats twice as much water as a typical gas-fired water heater, in a much smaller footprint. This translates to a significantly smaller environmental impact by using less energy, and fewer materials are used because they do not require gas piping or venting.



The SmartPlate EV reduces the overall gas-fired footprint in commercial buildings by approximately 25% by eliminating the need for a gas-fired water-heating plant. When combined with a condensing boiler with dual returns, like AERCO's Benchmark Platinum, it can increase boiler efficiency by up to an additional 6%.



### *Aegis Heat Pump*

**Challenge:** Commercial domestic-water electric heat pumps are a great solution to maximize energy savings. Typically the refrigerants a heat pump uses to move heat from one set of coils to another are harmful to the atmosphere (high global warming potential (GWP)) and flammable.

**Solution:** The Aegis Heat Pump is a highly efficient electric heat-pump water heater that uses a natural refrigerant (CO2) to produce domestic



hot water. CO2's official refrigerant code is R744 and is non-toxic, non-flammable, has an Ozone Depletion Potential (ODP) of zero, and a low GWP.

The Aegis Heat Pump saves an estimated 3,435 tons of CO2 annually.

### *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.





# BENCHMARK PLATINUM OVERACHIEVES AT EFFICIENCY

Since 2006, Saskatoon Public Schools in Saskatchewan, Canada have made AERCO their manufacturer of choice for high-efficiency boilers in retrofits and new construction. In every installation of these fully modulating and condensing boilers, the school district realized performance and cost-savings that were above expectations. Naturally, when one of their schools, Henry Kelsey School, recently needed to update its heating system, they knew the best solution was AERCO.

They determined that two AERCO Benchmark® Platinum 1000 hot-water boilers would provide the best replacement solution for the existing steam boiler. In the first year of operation, the Benchmark Platinum 1000 boilers exceeded all expectations with a 30% reduction in fuel consumption. When maintenance costs of the AERCO were considered in cost-savings calculations, the new high-efficiency system achieved yearly operational savings of 40%.

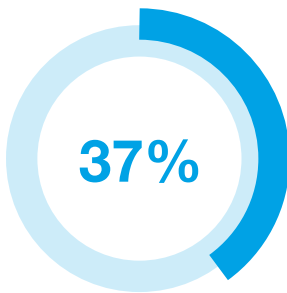




# Sustainable Innovation

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 2022, 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.

In 2022, more than 19% of our revenue is 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 aim to have 25% of our revenue come from these products by end of 2023, and we are on our way to achieving it.



We also generate 37% of our revenue from clean-tech products that support water infrastructure and distribution, water-resource management and efficiency, and green-certified engineering and construction.

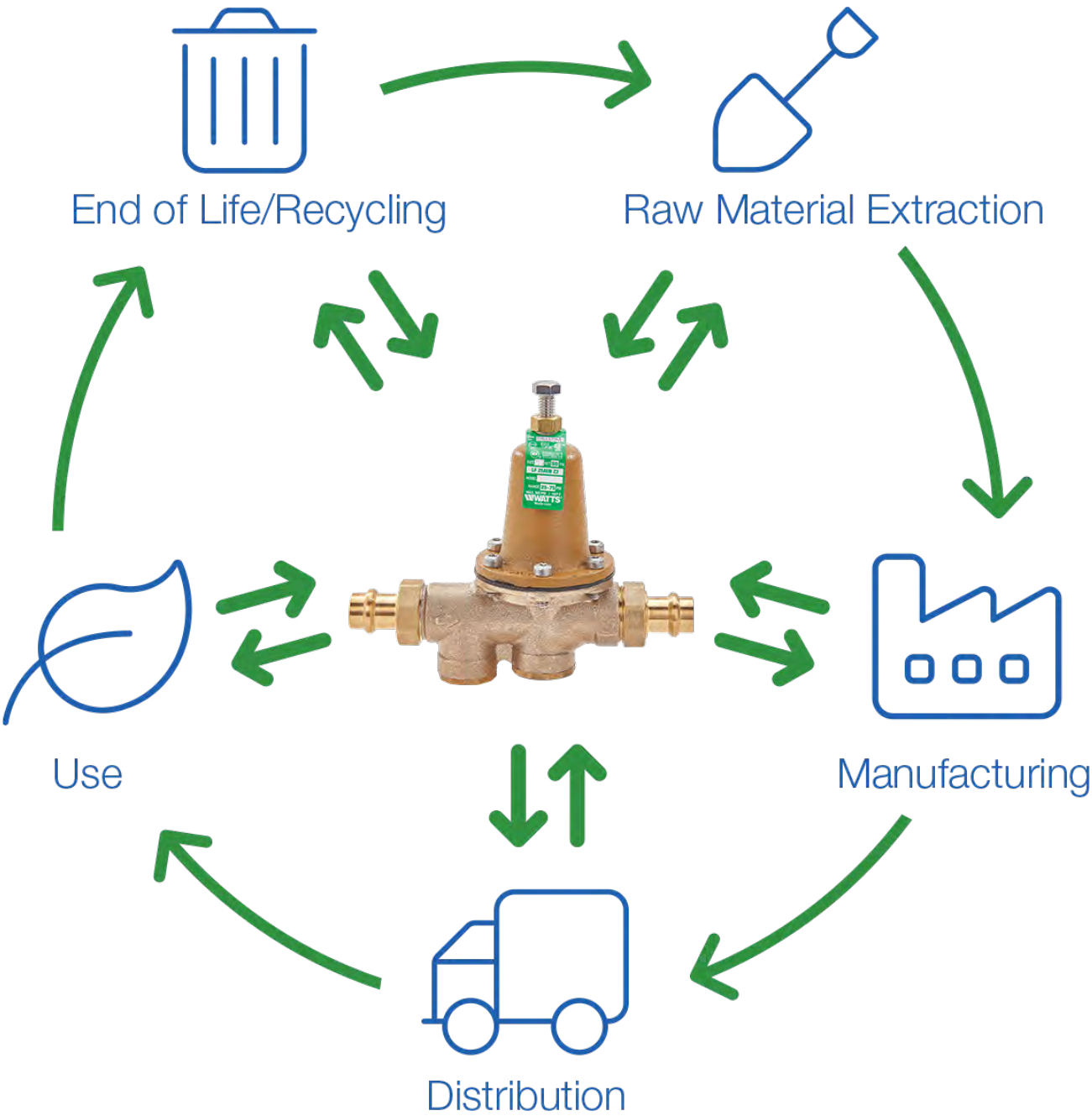
## LIFE CYCLE ASSESSMENTS AT WATTS

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. We’re well-along in the development of our Life Cycle Assessment (LCA) capabilities, which will be a powerful tool in this effort. An LCA is a scientific method of quantifying the environmental impact of a product throughout its life cycle.

We’ve developed our LCA methodology in accordance with ISO 14040 and ISO 14044 guidelines and have used it to perform our first LCA on our pressure-reducing valve (PRV) product family. Two products were chosen to represent the direct-action PRV line to get the most coverage from this LCA. We considered the environmental impact of our PRVs at five stages of the products’ lifecycle: raw materials, manufacturing, distribution, use, and end-of-life.

After modeling the energy and material inputs, as well as the emission and waste outputs at each stage of the PRVs’ lifecycle, the environmental impact was then assessed based on six impact assessment categories: human health, ecosystems, resources, cumulative energy demand, climate change, and water use. This approach provides a holistic assessment of sustainability and guides decision making in impact mitigation. The results from this LCA are being used to guide PRV design and manufacturing improvements and inform new product development.

With our first LCA on PRVs now complete, we’ve reaffirmed our commitment to expanding our LCA capabilities over the next year. We’ve joined the American Center for Lifecycle Assessment (ACLCA) Industry Committee to further help us develop a best-in-class LCA program.





DESIGNING FOR EXTENDED PRODUCT LIFE

We have a long history of designing our products for long life. This allows us to get the most out of the raw materials used, and provide our customers with products that last longer and need replacement and disposal less frequently. We design products for a long life using specialized processes and approaches.

During the new product development process, we choose materials that are durable, meet all technical requirements (including the Industry Service Life Expectation) and adhere to all codes and regulations. In addition to using durable materials to maximize service life, we have also developed coatings that help combat corrosion and microbial growth, which can quickly degrade a material. Our ArmorTek technology is a leading example, with its patent-pending three-pronged approach to corrosion protection.

For components like gaskets and springs that require less durable materials, we offer a wide variety of repair kits. This ensures that if a component fails, it can be easily replaced without having to replace the entire product. In 2022, we sold over a million repair kits, keeping our products in service for as long as possible.

Another way we keep products in use for as long as possible is by designing them for reuse and avoiding disposables. Many of our products are designed to be cleaned and reused, such as Mueller Steam Specialty strainers and Watts Big Bubba’s cleanable filtration cartridges.

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 is 65-85% recycled. This reduces the carbon footprint of the raw material by up to 50%, as the extraction and transport are much less energy intensive. The product is also infinitely recyclable at its end of life and can be melted down and reused without being downcycled.



St. Neots eliminates plastic by shredding and reusing cardboard as the new packing material

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 2022, over 90% of all packaging boxes shipped to customers in the Americas were made with a high percentage of post-consumer recycled content and crates from low-grade non-consumer wood.

OUR APPROACH TO SUSTAINABLE PACKAGING:

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



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

When the pandemic made in-person learning impossible, it did not stop our efforts. Instead, we designed creative solutions to bring the learning to our customers. In 2022, more than 177,000 Watts Works learning sessions were completed around the world, a 51% increase over the prior year.



## 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
- **2022 highlight:** program expanded to include 171 new modules and 50 updated modules

## LUNCH & LEARN

- Small group, one-hour trainings conducted either onsite with customers or virtually by sales team members at Watts
- **2022 highlight:** launched seven new programs while delivering over 43,000 training sessions to customers
- We have 30 Continuing Education CEU courses available through both ASPE (American Society of Plumbing Engineers) and AIA (American Institute of Architects)

## VIRTUAL INSTRUCTOR-LED TRAINING

- Live, virtual, interactive instructor-led, 45-minute training sessions with subject-matter experts focused on specific product challenges
- **2022 highlight:** continued to obtain feedback from our target audiences on this new capability and developing course curriculum

## 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
- **2022 highlight:** continued to invest in Learning Center sites with the opening of our latest centers in Fort Worth, Texas and Eerbeek, Netherlands



# 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 2022 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 hosted a local first-responders festivity in our North Andover, MA, USA headquarters to thank them for their service to our community*





# Social Responsibility

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



## HEALTH & SAFETY

 Zero recordable injuries achieved at 14 operating and distribution sites

### ISO 45001 Certification

- Achieved for our global Occupational Health and Safety program
- Certified sites represented 22% of our global population

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

## ENRICHING COMMUNITIES

Provided clean, safe drinking water for

**10,800+** people

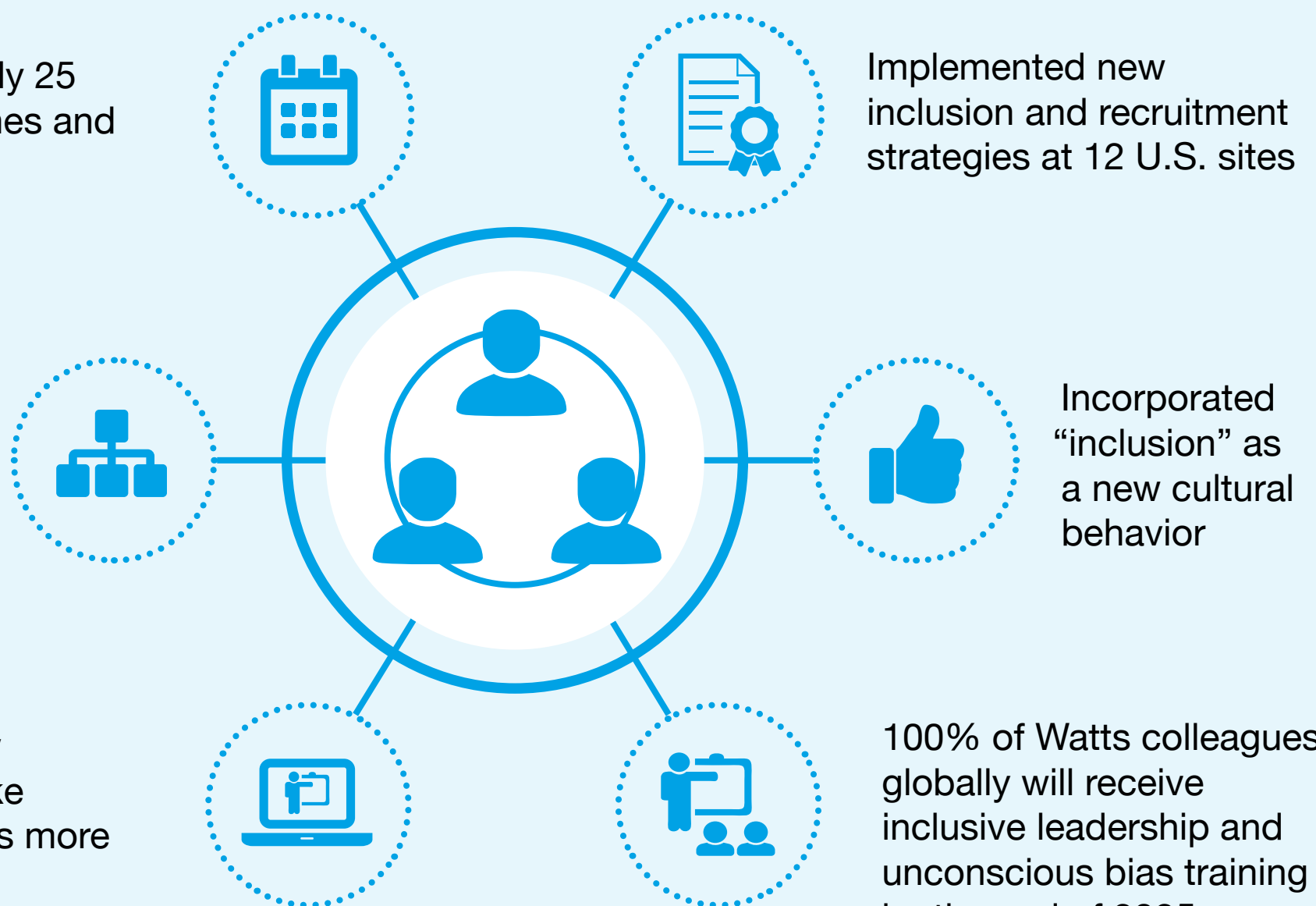


## DIVERSITY, EQUITY, AND INCLUSION

Celebrated nearly 25 cultural milestones and events

Grew the reach and influence of our six Employee Resource Groups

Launched a new microsite to make benefits offerings more accessible



## ENGAGING & INVESTING IN EMPLOYEES

**22,400+** hours of employee training

**3,300+** employees trained on Quick Kaizens, to “fix what bugs them”

**9,800+** Quick Kaizen submissions, a 30% YOY increase

**50** employees awarded \$76K+ through Inventor Recognition program



# Occupational Health and Safety (OHS)

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

Our enterprise-wide OHS management system promotes operational excellence and enables Watts to build exceptional products in facilities that operate safely, ethically, and responsibly. Its key elements include worker participation and consultation, risk assessments, training, written procedures, internal and external auditing, and a framework for measuring program maturity and identifying opportunities for continuous improvement. In early 2022, our global OHS system achieved ISO 45001 certification, the international standard for occupational health and safety, and a testament to our strong commitment to protect employees and visitors from work-related accidents and diseases. Our contracted manufacturing Maquiladora partner in Nogales, Mexico, also received this certification for the first time. Our ISO 45001 certified sites represent 22% of our global population.

## A CULTURE OF SAFETY

We aspire to be a zero-incident workplace, and in 2022, 14 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 2022, employees submitted more than 5,400 near-miss reports and 15,000 safety observations.
- **Safety Training:** This training promotes a safe and healthy workplace. In 2022, 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 2022 we conducted machine-guarding assessments across nine of our sites (three in the Americas and six in Europe) and implemented standardized safety training and digital tracking across 11 operating sites in the Americas.

Injury reductions in 2022 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 having zero recordable injuries.

## 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
2018	1.98	0.64
2019	1.97	1.01
2020	1.51	0.68
2021	1.28	0.56
2022	1.12	0.52

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-one operating and distribution sites reduced their year-over-year lost time incident rates or had zero incidents, including 10 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 2022, we continued to execute against an 18-month plan designed to enhance our DEI strategy and lay the foundation for effective program management. Our chief human resources officer presented progress to our board of directors in November 2022, and in the summer of 2023 will present the board with a comprehensive, longer-term strategic plan for approval.

As a reflection of our commitment to embed DEI throughout our business, **in 2022 we revised our strategic pillars and incorporated “inclusion” as a new cultural behavior.** These changes cascaded to our performance management process, which assesses all Watts employees on their demonstration of cultural behaviors and sets our expectation of accountability and inclusion at all levels. In 2022, managers received training on how to assess performance and set goals related to inclusion.

## DEI PERFORMANCE HIGHLIGHTS IN 2022

### TALENT ACQUISITION

We continue to work toward greater balance in representation of 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 Employee Resource Groups.

- We provided inclusive recruitment training to talent acquisition partners and hiring managers in 2022.
- We expanded our recruitment pipeline through the adoption of a diverse-slate policy that fosters outreach to all candidates, including those from historically underrepresented groups and women. It also requires that a group of five interviewers include, at minimum, one woman and/or one individual from a historically underrepresented group. Our Talent Acquisition team will partner with hiring managers in 2023 to support implementation and provide additional training on the policy.
- We focused on 12 U.S. sites for directed implementation of the inclusion and recruiting pipeline efforts above.

### TALENT MANAGEMENT

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



*Build-a-hand team exercise*



*Watts at Florida A&M University Career Fair*



## TALENT DEVELOPMENT

- By the end of 2025, all Watts colleagues globally will receive training on inclusive-leadership behaviors and unconscious bias through a partnership with the NeuroLeadership Institute (NLI). The training first rolled out to our executive leadership group, vice presidents and directors, in the U.S. in October 2022. We plan to complete the training for all U.S. colleagues in 2023 before expanding to APMEA and Europe. According to NLI, 82% of managers who completed the “Decide” training module mitigate bias at least once a week, and 97% of managers who completed the “Include” module applied learnings to be more inclusive at least once a week.
- Select members of our Employee Resource Groups had the opportunity to participate in external trainings and conferences, such as the Cornell School of Industrial and Labor Relations’ Modern Chief Diversity Officer program.

## TOTAL REWARDS

- In June 2022, we completed a survey that solicited employee feedback on our benefit offerings in the U.S. We were able to analyze responses and identify opportunities for plan changes that could better support historically underrepresented groups and women. Across the board, we heard from employees that affordability is a key factor in selecting coverage, and in 2023 introduced a lower cost HSA medical plan. We have partnered with Mercer, an international consulting firm, to help us develop a three- to five-year strategy that focuses on enhancing our benefits based on the diverse needs of our population. This includes looking at our data by gender, age, ethnicity, region, and other factors to develop a well-rounded benefits program. Further enhancements to address health disparities among different groups are being considered as part of our multi-year benefits strategy.
- A new benefits microsite, launched in 2022, is helping all employees better understand and access their benefits. We translated all content to Spanish in 2022 and will introduce additional languages in 2023.





DRIVING ENGAGEMENT IN DEI THROUGH OUR EMPLOYEE RESOURCE GROUPS

In 2022, we supported each of our six Employee Resource Groups (ERGs) in establishing their mission, vision, purpose, and objectives. Throughout the year, ERGs led impactful discussions, organized cultural celebrations, and created awareness of how Watts can continue to foster a welcoming and inclusive environment for every employee. We also supported our ERGs in building memberships through communications and marketing.

BLACK MATTERS AT WATTS

**Mission:** Focused on building programs, allocating resources, and partnering with select external organizations to drive meaningful change.

PRIDE MATTERS AT WATTS

**Mission:** To WELCOME members of the LGBTQ+ community into the Watts family; to CELEBRATE the diversity and talent across the Watts LGBTQ+ and Ally employees; and to EDUCATE the Watts family about LGBTQ+ issues and concerns towards building a mutually inclusive, affirming, and productive work environment.

VET MATTERS AT WATTS

**Mission:** Vet Matters is a network of veteran and veteran family members who strive to continue serving. We are a diverse, talented organization dedicated to empowering veteran employees, supporting the company’s diversity initiatives, and providing service to our military community.

LATIN AMERICAN AT WATTS

**Mission:** Develop a network of employees to promote cultural diversity and professional development of its members, thereby creating a supportive environment for all employees, including those from the Latin American community, and contributing to the success of the company’s mission.

TECH MATTERS AT WATTS

**Mission:** Lead in DEI best practices by building a diverse and inclusive culture in innovation, research and development, and engineering.

WOMEN OF WATTS

**Mission:** Promote and cultivate a more inclusive environment at Watts that champions and encourages the growth, development, and success of all employees, including women, at all levels. By holding leadership accountable and raising awareness of obstacles, recommending and implementing solutions, and building relationships and allies, we intend to create an organization where women and all employees can flourish, have influence, and are valued for their authentic selves.

CELEBRATING CULTURAL MILESTONES IN 2022

We joined our ERGs in celebrating nearly 25 cultural milestones and events throughout 2022.

- Our Pride Matters at Watts ERG held a panel discussion on topics such as the personal journey of coming out, what allyship looks like, and how to support colleagues at work.
- Our Women of Watts ERG led a pilot mentorship program in 2022, as well as panel discussions on work-life balance, leadership qualities of women, and career journeys of Watts leaders.



The Latin American at Watts ERG sponsored a Cinco de Mayo cultural awareness celebration in Fort Myers, FL, USA and Fort Worth, TX, USA, where colleagues enjoyed a variety of traditional foods and celebrated Latinx culture.



# Talent Retention and Development

We implemented a number of measures to further distinguish Watts as an employer of choice and took several actions in 2022, including conducting a compensation market analysis, piloting flexible working arrangements, enhancing our focus on DEI, implementing recognition programs, and sharing tools to support employee development.

## 2022 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 will conduct a complete benchmark of all our roles to ensure we are market-competitive in our hiring and retention practices. As part of this project, we will conduct a review of our internal pay equity and will make appropriate adjustments.
- 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:** In the U.S., we conducted supervisor training and launched a global, multi-year leadership and inclusivity training in partnership with the NeuroLeadership Institute.
- Recognition and Appreciation:** Our 2022 Connect Leadership Awards recognized individuals’ and teams’ accomplishments in helping Watts achieve strategic goals.
- Engagement:** An employee pulse survey conducted in 2022 helped us gain insights on progress on the topics of highest importance to our colleagues – in relation to both their personal desire to continue working at Watts and in achieving our business objectives. We also invested in vibrant social programming for employees, including celebrations for holidays and company-related milestones, volunteer events, and fitness competitions.

## TRAINING AND DEVELOPMENT

We invest in our employees by providing opportunities that support them in enhancing their skills, competencies, and overall professional development. We offer a variety of in-person and virtual learning and development programs that, at all levels and regions, are designed to build and retain a strong global workforce. In 2022, learning and development initiatives included the launch of global leadership and inclusivity training, new supervisor training, and training on feedback and career development, as well as increased broad-scale coaching opportunities. 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 22,400 hours of online and in-person training on professional development topics.

## 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 2022, 50 employees received a total of more than \$76,000 as part of the company’s Inventor Recognition and Award program. Since the inception of the program in 2017, 640 awards have been distributed, totaling more than \$410,000.





## INTERNSHIP PROGRAM

Our student internship program aims to recruit, develop, and retain the next generation of top talent and future leaders at Watts. In 2022, 49 interns from across the U.S. participated in a variety of training and development activities as part of a 10-week summer program. At the end of their internship, participants presented their learnings and experiences to the leadership teams.

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

## STRATEGIC TALENT REVIEW

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

In 2022, the STR process allowed us to identify talent and successors throughout the organization, using a consistent approach globally. Select businesses meet quarterly to discuss key talent and development actions. These conversations ensure shared accountability for identifying and executing the development and experiences needed to ensure our talented employees are progressing in their careers with Watts.

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

**100%** In 2022, 100% of eligible employees in Watts APMEA and Europe, and 99.78% of eligible employees in the Americas completed the performance-review process.



*Watts provided potential talent with an overview of the company during a recruiting event at Virginia Commonwealth University.*



*Watts representatives shared information about our Employee Resource Groups at a North Carolina A&T recruiting event.*



# 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 that separates good companies from the truly great ones. We power our One Watts Performance System (OWPS) through a collection of tools, processes, and behaviors that feed our continuous growth and potential, as well as fuel our future performance and success. Designed with our customer as the focal point, the OWPS serves as the foundation for all 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 2022, 100 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 2022, Watts employees submitted 9,898 Quick Kaizens to the Hub (a 30% YOY increase), with more than half of all Quick Kaizens completed from areas outside of Operations such as Customer Service, IT, and Accounting. The Quick Kaizen application has demonstrated the high engagement of our employees in improving their environment and workplace.

### Blue Belt 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 2022, 3,371 employees have been trained to “fix what bugs them” and 1,738 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 2022, our teams executed 396 productivity projects generating millions of dollars in savings.



*Vildbjerg, Denmark team conducted a Kaizen event that significantly improved flow and material handling*

**In 2022, Watts employees submitted 9,898 Quick Kaizens to our Quick Kaizen Hub, an automated online portal that centralizes improvement efforts. In 2022, 1,929 employees participated in Quick Kaizens. As of 2022, 1,738 employees have been awarded a Blue Belt certificate for participating in three or more Quick Kaizens.**





# Community Impact

We strive to make a positive economic and social impact on our global community. During 2022, we supported those in need through donations to nonprofit charitable organizations and through our employees’ volunteer efforts. While the initiatives below are just a snapshot of our impact, they exemplify the Watts spirit of employee engagement.

## COMMUNITY INVOLVEMENT



*In recognition of first responders, Watts invited local police and fire departments to the North Andover, MA, USA facility*

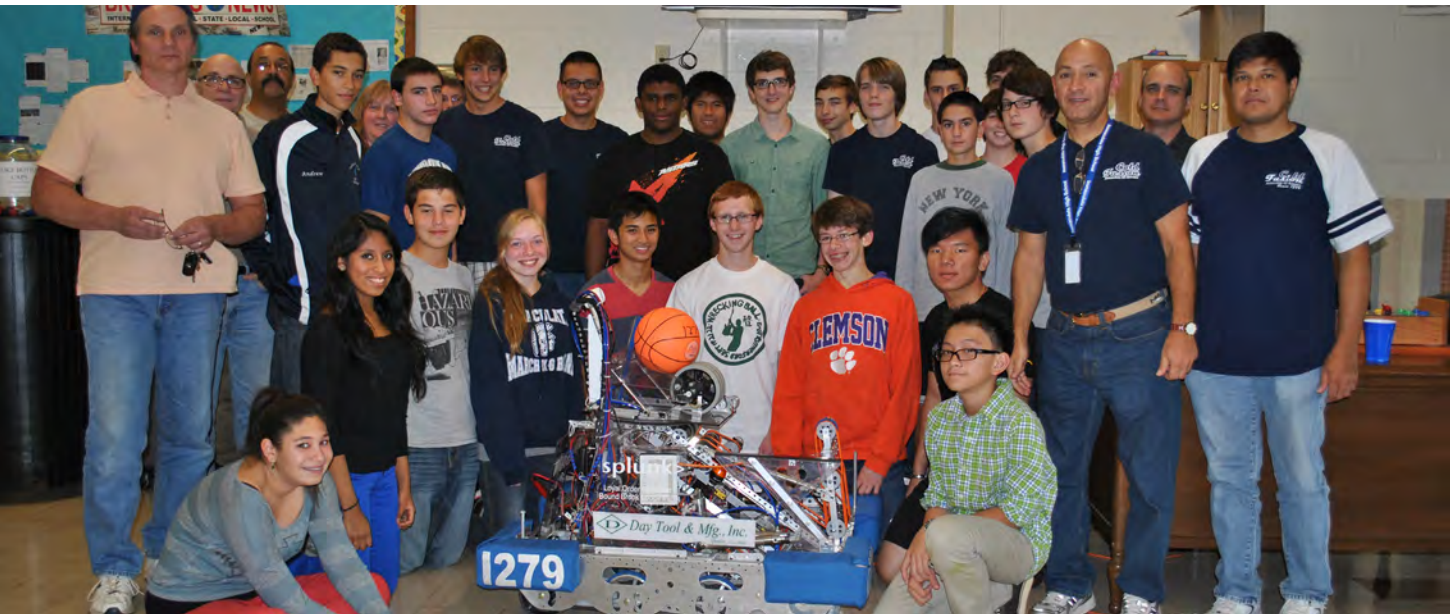
**Supporting First Responders** – The team from North Andover, MA, USA hosted local police and fire fighters for a festive afternoon to thank them for their service to the community. The event was catered by 3rd Alarm Wood Fired Pizza, a restored 1968 Mack pizza truck run by firefighters. First responders and their families enjoyed pizza, wings, and socializing with neighbors.

**Taking Action for Community Health** – Employees in Shanghai, China mobilized to support their neighbors during last year’s COVID-19 lockdowns. They volunteered their time and lent their expertise to support the public health response to the pandemic. They helped organize testing and data collection, sanitation and waste disposal, and helped coordinate an online health clinic providing virtual care and mental health support.

## EDUCATIONAL PARTNERSHIPS

**Investing in Next Generation of Diverse Talent** – Watts invested more than \$240,000 through partnerships with six colleges and universities to provide low-income students with financial support and career development opportunities. The partnerships included four Historically Black Colleges and Universities: Hampton University, Prairie View A&M, Florida A&M, and North Carolina A&T, as well as Virginia Commonwealth and Ohio State University. Watts will also provide opportunities for internships and entry-level positions for students at the six schools.

**Promoting STEM through Robotics** – For more than 18 years, a Watts colleague from Blauvelt, NY, USA has served as a volunteer mentor for high school students competing at the Robotics Challenge sponsored by For Inspiration and Recognition of Science and Technology (FIRST). FIRST is an organization dedicated to educating future science, technology, engineering, and mathematics (STEM) professionals.



*Blauvelt, NY, USA colleagues volunteer at a robotics challenge through a partnership with For Inspiration and Recognition of Science and Technology (FIRST)*

## FUNDRAISING, SPONSORSHIPS, AND DONATIONS

**Support for Ukraine** – Colleagues at our Sorgues, France facility assembled and sent care packages to people impacted by the conflict in Ukraine. They included food, sanitary products, and critical medical supplies such as face masks and gloves.

**Celebrating Young People in the Trades** – The Watts Auckland, New Zealand facility was a major sponsor of Plumbing World’s Young Plumber of the Year competition, where early-in-career professionals participate in competitions to win the National Young Plumber of the Year Award.



*Veronika Kreitner, the first ever female recipient since the competition began in 2017, shown with Plumbing World’s General Manager Rob Kidd.*

**Matching our Employees’ Generosity** – To recognize the generosity of our colleagues around the world, Watts matched employee contributions to support people impacted by the conflict in Ukraine. Watts donated a total of \$50,000 to the International Red Cross to provide critical supplies such as water, food, first aid, and medicine.



# 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 2022, Watts continued its partnership with Planet Water Foundation, installing six AquaTowers across five countries and positively impacting up to 10,800 people.

- During World Water Day in March, Watts sponsored the installation of two integrated water systems for residents in Indonesia and Mexico.
- 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, India, Mexico, 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.

*Right: Watts partnered with Planet Water Foundation to erect 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 2022, our board met six 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, 100% of the board's membership attended the 2022 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 2023 Proxy Statement.



# Corporate Governance

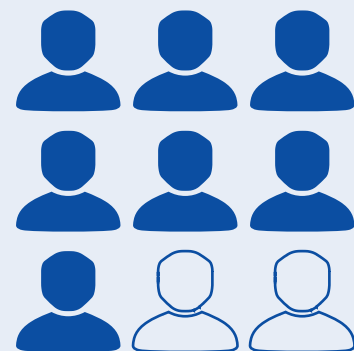
Earning the trust of our stakeholders by operating responsibly and adhering to the highest ethical standards



## WATTS BOARD OF DIRECTORS

9

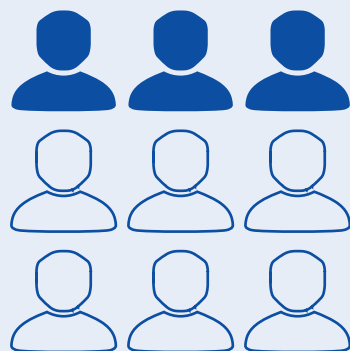
Total Members



7/9 Independent Directors

62

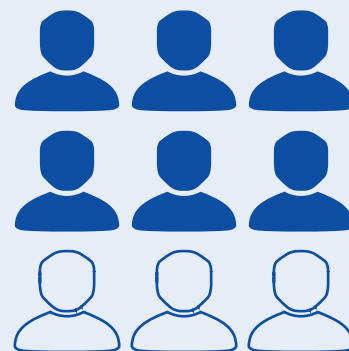
Average Age



3/9 Diverse Directors

8 YEARS

Average Tenure



6/9 Directors With Experience in ESG Matters

### Committee Meeting Participation:

Audit (5), Governance and Sustainability (formerly Nominating and Corporate Governance) (4), Compensation (6)

## ETHICS AND COMPLIANCE

Implemented formal Human Rights Policy

Completed global survey of our compliance program

Code of Conduct published in 15 different languages

95%+

95%+ of responding employees know how to report issues or concerns

99%

99% of employees acknowledged adherence to the Code

## RESPONSIBLE SUPPLY CHAIN



18% increase in suppliers audited, representing 29% of our global supplier footprint



89 sustainability-focused supplier assessments completed



94% of our global suppliers, by spend, have confirmed conformance to our Supplier ESG Standards



2 sites were recognized with EcoVadis' Silver Sustainability Rating

Learn more about our board composition, responsibilities, and performance in our [2023 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. The policy states that we will not willingly or knowingly assist in any violation of human rights, benefit from human rights abuses, or remain silent when human rights violations are being committed. It applies globally to all Watts directors, officers, and employees (including part-time employees and contractors) throughout all regions, which includes all subsidiaries globally and supply chain partners. The policy also encourages the reporting of any concerns regarding human rights using the processes outlined in the Watts Code of Conduct, including the Watts Hotline.

In 2022, we completed a global survey of our compliance program with our approximately 2,400 computer-connected employees to further measure the understanding and acceptance of our compliance requirements. We are proud to report that our employees overwhelmingly indicated that they believe the company and its management abide by our Code of Conduct and Values, they know how and where to report issues and concerns, and recognize that the company takes appropriate actions when company policies are violated.

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 2022 included harassment and discrimination prevention, product safety and quality, fair competition, insider trading, and sustainability principles. In 2023, training will focus on similar and additional Code topics, including human rights-related topics.

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 2022, we conducted targeted training to finance, sales, sourcing, 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 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 2022, 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 2023.



## 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 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. Utilizing multiple factors, risks, and business developments, these assessments determine areas of focus for audits and site visits, during which we review select compliance processes for evidence of fraud, corruption, or deficiencies, such as compliance with the U.S. Foreign Corrupt Practices Act. The Internal Audit function performed multiple site audits across each region 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 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.

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**No incidents of corruption were confirmed at Watts in 2022, nor were any legal actions regarding corruption brought against the company.**

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## 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.



**Following our global ethics hotline audit and refresher training in 2021, our 2022 global compliance survey indicated that over 95% of responding employees know how to report issues or concerns.**

The deputy general counsel/CCO reviews all ethics hotline matters and assigns them to an investigator. Primarily conducted by Human Resources and the Legal department, investigations on these matters promptly take place by conducting interviews and collecting documentation in order to assess the validity of the report, with a goal of completing all investigations within 45 days of receipt. After the investigation is completed, the investigator reviews and documents the results and proposed actions, which in the case of a substantiated matter could include verbal and written coaching, verbal and written warnings, suspensions, or termination, which the Legal department reviews before closing the matter. We report all matters on a quarterly basis to the Ethics and Compliance Steering Committee, and the Audit Committee of the board of directors. In addition, the chair of the Audit Committee has full access to the ethics hotline and receives notifications of any matters submitted through 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 2022, 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 program is also a foundational component of our business continuity strategy.

Our [Privacy Policy](#) informs users — of our website, mobile and desktop applications, and connected devices and services — about the data we collect from them and how we use it. We strive to give users choices that allow them to control the information they provide to us, such as opting out of promotional emails, disabling cookies in their internet browser settings, and optional product registration. We also take measures to protect consumer privacy by aggregating data and anonymizing personal information.

We designed our global cybersecurity program 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. Per its charter, the Audit Committee has review and oversight responsibility of information security issues and receives updates from the chief information officer at least twice per year. Our Cybersecurity Council, comprised of senior leaders, reviews and assesses security risks and issues from a business and technology perspective across all organizations within Watts.





# Responsible Supply Chain

Our supply 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 commit to take steps toward preventing and mitigating social and environmental impacts in our supply chain, as well as partnering with suppliers that share our values and high standards of ethical business conduct.

In 2022, 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.

In 2022, two of our sites – Sorgues, France and Vildjberg, Denmark – completed EcoVadis sustainability assessments of their operations. Both sites were recognized with EcoVadis’ Silver Sustainability Rating by the organization, a global leader in sustainability ratings, with a methodology framework that assesses organizations’ policies, actions, and reporting related to the environment, labor and human rights, ethics, and sustainable procurement. The assessments resulted in a prioritized list of actions for the sites to further strengthen their sustainability programs. Beginning in 2023, Watts will expand participation as a global supplier on the EcoVadis platform to allow our customers to better assess our sustainability performance. In addition, we are targeting a select group of our top suppliers to join the EcoVadis platform to gain further insight into our own supply chain’s sustainability performance. Our goal is to evaluate the EcoVadis platform as a potential tool as we look to increase our transparency, help our suppliers track and improve their performance, and enhance our existing ESG assessment process.

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, two of our sites were recognized with EcoVadis’ Silver Sustainability Rating**

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

- Safeguard human life by providing safe working conditions for all employees, customers, and contractors.
- Respect the protection of international human rights as specified by local laws, including laws prohibiting discrimination, child labor, forced labor, and human trafficking. This includes laws such as the UK Modern Slavery Act, the California Transparency in Supply Chains Act of 2010, and alignment with our Supplier ESG Standards and the international frameworks embodied in those standards, such as the ILO’s 1998 Declaration on Fundamental Principles and Rights at Work.
- Promote ethical standards through compliance with anti-corruption laws, and by identifying and addressing potential conflicts of interest with customers and suppliers.
- Protect the environment by limiting the use of natural resources and engaging in sustainable business practices that minimize the environmental impact of their operations.

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

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

## QUALITY AUDITS

Through our Supplier Quality Audit Program, we work with our suppliers on quality corrective action plans to remediate issues of non-compliance and re-audits to check on improvements. We track nonconformances through the corrective action process in our quality management system. Watts team members have been trained and certified to perform training on current requirements, self-assessment programs, non-compliance reporting, corrective action plans, and all available supplier resources on our website. We also measure suppliers for performance via monthly scorecards issued by Watts and compared to similar operations within the same manufacturing methods to align with best practices.

826

**In 2022, we performed quality audits on 826 suppliers, which represents 29% of our global supplier footprint. We added 125 new suppliers to the program this year, an increase of 18% over 2021.**



## SUSTAINABILITY ASSESSMENTS

Within our Supplier Quality Audit Program, we conducted 89 sustainability-focused assessments of suppliers in 2022. In 2021, we partnered with NSF International Strategic Relations to assist Watts employees with these ESG assessments of select key strategic suppliers, and we expanded the ESG assessment program in 2022 to include 14% more suppliers than in 2021. These assessments allow us to more deeply survey our ESG performance among our suppliers, including workplace conditions, respect for human rights, supply chain mapping of conflict minerals, and the use of substances of concern. We 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.

In 2022, we met our goal of reviewing suppliers representing approximately 30% 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 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. In 2023 we aim to include suppliers representing an additional 10% of our

global annual spend in this assessment process, reaching approximately 40% of our global spend.

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**In 2023, we are targeting covering suppliers representing approximately 40% of our global annual spend with our Dun & Bradstreet ESG sustainability assessments.**

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In 2022 we published our [Supplier ESG Standards](#) and began requiring our suppliers to acknowledge and certify their conformance with our [Code of Business Conduct](#) and with these Supplier ESG Standards. We aligned the standards with the ten principles of the U.N. Global Compact, the U.N. Guiding Principles on Business and Human Rights, and the ILO's 1998 Declaration on Fundamental Principles and Rights at Work. More than 65% of our suppliers — representing 94% of our 2022 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.

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**More than 65% of our suppliers — representing 94% of our 2022 global annual spend — have confirmed their conformance to these Supplier ESG Standards.**

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## SUPPLIER DIVERSITY

In early 2023, partnering with D&B Supplier Diversity and Socio-Economic Solutions, we conducted a review of the diversity of our sourcing spend. D&B provided socio-economic and other diversity indicators using its database comprised of publicly available information and third-party certified data.

The initial assessment shows that at least 1.7% of our direct global spend is with suppliers owned by veterans, racial and ethnic minorities, women, and other socially or economically disadvantaged individuals. For the next annual review, we will look to expand our understanding of various European supplier diversity laws, certifications, and reporting methodologies, in an effort to expand the diversity of our supply chain, with a goal of increasing our confirmed spend with diverse suppliers to 10% of our global annual spend in 2023.

## 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. 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. These survey results are issued yearly in our Conflict Minerals Report, available on the [Supplier page](#) of our website.



## PUBLIC POLICY & ADVOCACY

We are committed to engaging with policymakers and sharing industry knowledge to advance our mission of improving the comfort, safety, and quality of life for people around the world through our expertise in water technologies. This includes partnering with a variety of industry organizations globally. For more details, please refer to 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 2022. 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 seventh 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 2022 Sustainability Report was formally reviewed by our:

- Global Sustainability Task Force
- Global Leadership Team
- Environment, Health, Safety, and Sustainability Steering Committee
- ESG Disclosure Committee
- 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 2022 and represent 94% of our global workforce.

Additionally, we are proud to include a set of general disclosures with key data points and information with reference to 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 2022 Annual Report, [Form 10-K](#), [2023 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](mailto:sustainability@wattswater.com).



# Appendix

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# GRI Index

Statement of use	Watts Water Technologies, Inc. has reported the information cited in this GRI content index for the period January 1, 2022, to December 31, 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 2: General Disclosures 2021		
GRI 2-1	Organizational details	<p>Watts Water Technologies, Inc.</p> <p>Watts was incorporated in Delaware in 1985 and trades on the New York Stock Exchange (NYSE) under the stock symbol WTS. The company is headquartered in 815 Chestnut Street, North Andover, MA 01845, USA, and operates in the Americas, Europe, and Asia-Pacific, Middle East, and Africa (APMEA).</p>
GRI 2-2	Entities included in the organization’s sustainability reporting	<p>The 2022 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 2022 and represent 94% of our global workforce. Please see a <a href="#">full list of the sites</a> included in the Footprint section.</p>
GRI 2-3	Reporting period, frequency and contact point	<p>01.01.2022 - 12.31.2022</p> <p>Annual</p> <p>Published: May XX 2023</p> <p>Questions or comments should be directed to: <a href="mailto:sustainability@wattswater.com">sustainability@wattswater.com</a></p>
GRI 2-4	Restatements of information	<p>No restatements of information within the 2022 Sustainability Report with respect to our previous report.</p>
GRI 2-5	External assurance	<p>No third-party external assurance of the 2022 Sustainability Report has taken place.</p> <p><a href="#">Verification Statement</a> of environmental data can be found in the 2022 Sustainability Report Appendix.</p>
GRI 2-6	Activities, value chain and other business relationships	<p>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 nearly 150 years, Watts has designed and produced valve systems that safeguard and regulate water systems, energy efficient heating and hydronic systems, drainage systems, and water filtration technology that helps purify and conserve water.</p> <p>Markets: Americas, Europe, and Asia-Pacific, Middle East, and Africa</p> <p>Customers: Wholesalers, Specialty, Original Equipment Manufacturers (OEMs), and DIY Chains</p> <p>We report on our annual net sales for each of the three geographic segments in which we operate our business globally, as well as by product line, and customers and markets:</p> <p>Total Net Sales: \$1,980.0M USD Americas: 70% Europe: 25% APMEA: 5%</p>



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 2022, 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 <a href="#">Corporate Profile</a> and <a href="#">Responsible Supply Chain</a> sections of the 2022 Sustainability Report, and <i>Item 1</i> of our <a href="#">2022 Form 10-K</a>.</p>
GRI 2-7	Employees	<a href="#">Diversity Profile</a> , 2022 Sustainability Report Appendix
GRI 2-9	Governance structure and composition	<p><b>Board of Directors:</b> Christopher L. Conway Michael J. Dubose David A. Dunbar Louise K. Goeser W. Craig Kissel Joseph T. Noonan Robert J. Pagano, Jr. Merilee Raines Joseph W. Reitmeier</p> <p><b>Watts Board of Directors</b> Total Members: 9 Average Age: 62 Average Tenure: 8 years Independent Directors: 7 Diverse Directors: 3/9 Directors with Experience in ESG matters: 6/9 Committee Meeting Participation: Audit (5), Governance and Sustainability (formerly Nominating and Corporate Governance) (4), Compensation (6)</p> <p>In May 2022, our board of directors amended the charter of our Nominating and Corporate Governance Committee to rename it as the Governance and Sustainability Committee and to assign it 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 <a href="#">Corporate Governance</a> and <a href="#">ESG Governance</a> sections of the 2022 Sustainability Report. Also see pp. 12-15 of the <a href="#">2022 Form 10-K</a>, our <a href="#">2023 Proxy Statement</a>, and our <a href="#">Board of Directors page</a>.</p>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
<b>GRI 2-10</b>	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, and who can intelligently assess management’s performance and evaluate our strategic direction. In considering whether to recommend any candidate for nomination to the board, including candidates recommended by stockholders, the Governance and Sustainability Committee must be satisfied that the recommended nominee has, at a minimum:</p> <ul style="list-style-type: none"> <li>• the highest personal and professional integrity</li> <li>• sound business and strategic judgment</li> <li>• the ability to devote sufficient time and energy to the board</li> <li>• the ability and willingness to challenge management while refraining from assuming management’s role</li> </ul> <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 <i>Director Independence</i>, <i>Director Candidates</i> and <i>Criteria and Diversity</i> sections on pp. 15, 20-23 of the <a href="#">2023 Proxy Statement</a>.</p>
<b>GRI 2-11</b>	Chair of the highest governance body	<p>Robert J. Pagano, Jr. has been the chief executive officer of the company since May 2014. 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.</p> <p>In conjunction with electing Mr. Pagano as chairperson of the board, the board established the role of lead independent director, and the independent members of the board unanimously elected W. Craig Kissel for the role effective February 7, 2022. 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.12 of the <a href="#">2022 Form 10-K</a>, our <a href="#">Board of Directors page</a>, and the <i>Board Leadership</i> Structure section on p. 15 of our <a href="#">2023 Proxy Statement</a>.</p>
<b>GRI 2-12</b>	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. Security and Exchange Commission (SEC) and New York Stock Exchange (NYSE). The board has adopted our <a href="#">Corporate Governance Guidelines</a> to assist and guide each of its 9 members in serving in their director roles, and carrying out the many responsibilities within their charge, including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Monitoring overall company performance, and the integrity of our financial controls and legal compliance procedures</li> <li>• Appointing executive officers, and overseeing succession planning and our executive officers’ performance and compensation</li> <li>• Supervising the development of operating, financial and other corporate plans, strategies, and objectives</li> <li>• Overseeing our approach to sustainability and corporate social responsibility</li> <li>• Reviewing and approving the company’s annual business plan, capital expenditures budget, and other key financial and business objectives</li> <li>• Overseeing processes and strategies for identifying, assessing, managing, and mitigating operational, financial, legal, regulatory, strategic, and reputational risk</li> <li>• Evaluating the board’s own performance, as well as the effectiveness of its three standing governance committees, annually</li> </ul> <p>Sustainable business practices and products are essential to creating financial and non-financial value for our stakeholders. We believe that embedding sustainability into our products, operations, and governance benefits our company and its diverse external stakeholders, including customers, investors, and non-governmental organizations (NGOs). We completed a materiality assessment in September 2021 to inform our future strategy and action. This assessment helped us identify, evaluate, and stratify numerous ESG topics that impact our business and its stakeholders, including ESG-related risks and opportunities as we execute on our growth strategy, as well as societal trends that may impact our ability to create long-term value and respond to external stakeholder demands and expectations.</p> <p>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"> <li>• Overseeing the integrity of financial statements</li> <li>• Evaluating compliance with legal and regulatory requirements</li> <li>• Managing systems of internal control over financial reporting</li> <li>• Overseeing internal audit function</li> <li>• Evaluating and/or reviewing the performance of internal audit function</li> <li>• Overseeing the effectiveness of internal control structure</li> <li>• Reviewing management’s assessment and management of risk</li> <li>• Managing qualification, independence, and performance of independent auditor</li> <li>• Evaluating management’s approach to cybersecurity assessment and risk mitigation</li> <li>• Forming “whistle-blowing” procedures</li> </ul> <p>For more information, see the <a href="#">Governance and Accountability</a>, <a href="#">Stakeholder Engagement</a>, and the <a href="#">Materiality Appendix</a> sections of the 2022 Sustainability Report, and the <i>Corporate Governance</i> section on pp. 11-24 of the <a href="#">2023 Proxy Statement</a>.</p>
<b>GRI 2-13</b>	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 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>In May 2022, our board of directors amended the charter of our Nominating and Corporate Governance Committee to rename it the Governance and Sustainability Committee, and to assign it primary responsibility for the oversight of our environmental, social, and governance (ESG) efforts and strategy. 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 chief executive officer, has general oversight responsibility for all sustainability matters. Our general counsel and chief sustainability officer also chairs our global Sustainability Steering Committee, which is made up of senior company leaders and is responsible for formulating our sustainability strategy and overseeing the execution of our environmental, social, and governance initiatives.</p> <p>For more information, see the <a href="#">ESG Governance</a> section of the 2022 Sustainability Report, and the <i>Corporate Governance</i> section on pp. 11-24 of our <a href="#">2023 Proxy Statement</a>.</p>
<b>GRI 2-15</b>	Conflicts of interest	<p>Our <a href="#">Conflicts of Interest Policy</a> 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 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>For more information see the <a href="#">Ethics, Integrity, and Transparency</a> section of the 2022 Sustainability Report and pp. 23-24 of the <a href="#">2023 Proxy Statement</a>.</p>
<b>GRI 2-16</b>	Communication of critical concerns	<p>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 non-management or independent directors as a group. All relevant and appropriate correspondence will be forwarded to the intended recipient(s).</p> <p>Please see the <i>Communications with the Board</i> section on p. 17 of the <a href="#">2023 Proxy Statement</a>.</p>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
<b>GRI 2-17</b>	Collective knowledge of the highest governance body	For information on the expertise present in our board of directors, please see pp. 22 of the <a href="#">2023 Proxy Statement</a> .
<b>GRI 2-18</b>	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. 15 and 19 of the <a href="#">2023 Proxy Statement</a> and our <a href="#">Corporate Governance Standards</a> .
<b>GRI 2-19</b>	Remuneration policies	Executive officer compensation information is available in the Compensation Discussion and Analysis section on pp. 29-43, and board compensation information in the Director Compensation section on pp. 9-11 of the <a href="#">2023 Proxy Statement</a> .
<b>GRI 2-20</b>	Process to determine remuneration	Executive officer compensation information is available in the Compensation Discussion and Analysis section on pp. 29-43, and board compensation information is available in the Director Compensation section on pp. 9-11 of the 2023 Proxy Statement. The company conducts annual shareholder advisory votes on named executive officer compensation, as described in Proposal 2, pp. 59-60 of the <a href="#">2023 Proxy Statement</a> .
<b>GRI 2-21</b>	Annual total compensation ratio	<p>The median of the annual total compensation of all employees of the company (other than our chief executive officer) was \$48,091; and the annual total compensation of our chief executive officer was \$7,076,495.</p> <p>Based on this information, for 2022 the ratio of the annual total compensation of our chief executive officer to the median of the annual total compensation of all employees was approximately 147 to 1.</p> <p>CEO pay increased 0.8% from 2021 to 2022, while the median employee compensation increased by 3.6% in the same period. This reflects a ratio of 0.22 to 1 in yearly increase in compensation for the CEO vs. all employees.</p> <p>For more information, please see the Pay Ratio Disclosure section on p. 58 of the <a href="#">2023 Proxy Statement</a>.</p>
<b>GRI 2-22</b>	Statement on sustainable development strategy	<a href="#">A Message from Our Chief Executive Officer</a> , 2022 Sustainability Report
<b>GRI 2-23</b>	Policy commitments	<p>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 <a href="#">Code of Business Conduct</a> 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.</p> <p>In 2022, we implemented a formal <a href="#">Human Rights Policy</a> 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 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.</p> <p>Please see more information on how these policies are communicated to employees, business, and other parties in the <a href="#">Ethics, Integrity, and Transparency</a>, and <a href="#">Responsible Supply Chain</a> sections of the 2022 Sustainability Report.</p>
<b>GRI 2-24</b>	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 of the 2022 Sustainability Report Appendix, and the <a href="#">Environmental Health, and Safety Management</a>, <a href="#">Water Stewardship</a>, <a href="#">Diversity, Equity, and Inclusion</a>, <a href="#">Ethics, Integrity, and Transparency</a>, and <a href="#">Responsible Supply Chain</a> sections of the 2022 Sustainability Report. More information can be found on p. 11 of the <a href="#">2022 Form 10-K</a>.</p>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
GRI 2-26	Mechanisms for seeking advice and raising concerns	<p>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 <a href="#">Watts website</a> and contact and access information is also provided in postings at each facility. Following our global ethics hotline audit and refresher training in 2021, our 2022 global compliance survey indicated that over 95% of responding employees know how to report issues or concerns.</p> <p>The deputy general counsel/chief compliance officer (CCO) reviews all ethics hotline matters and assigns them to an investigator. Primarily conducted by Human Resources and the Legal department, investigations on these matters promptly take place by conducting interviews and collecting documentation in order to assess the validity of the report, with a goal of completing all investigations within 45 days of receipt.</p> <p>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 2022, the number of reports received by our ethics hotline was demonstrative of a healthy and effective hotline according to the Navex Global benchmark.</p> <p>For a comprehensive overview, please see the <a href="#">Ethics, Integrity, and Transparency</a> section of the 2022 Sustainability Report.</p>
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 <a href="#">Membership of Organizations</a> in the 2022 Sustainability Report 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 in a variety of ways.</p> <p>For more information on our stakeholder engagement approach and activities, please see the <a href="#">Stakeholder Engagement</a> section of the 2022 Sustainability Report.</p>
GRI 2-30	Collective bargaining agreements	<p><b>Collective Bargaining</b></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><b>Communication of Rights</b></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"><li>• During the onboarding process</li><li>• Via internal company channels (e.g., company policies, rules and regulations, information boards, etc.)</li><li>• Directly from their trade union or work council representative</li></ul> <p><b>Grievance Procedures</b></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 2022, Watts had approximately 1,721 employees worldwide who were represented by unions, collective bargaining agreements, or works councils. That is approximately 37% 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 STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
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 highest 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 on the <a href="#">Materiality Assessment section</a> in the 2022 Sustainability Report Appendix and 2022 updates on material topics in the <a href="#">Material Topics</a> section of the 2022 Sustainability Report.</p>
GRI 3-2	List of material topics	<a href="#">Material Topic Definitions</a> , 2022 Sustainability Report Appendix.
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 CCO 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 <a href="#">Code of Business Conduct</a> 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"> <li>• Bi-annual due diligence review</li> <li>• Quarterly business courtesies review</li> <li>• Ethics hotline viability and availability</li> <li>• Compliance-focused site visits utilizing detailed checklists designated specifically for compliance policy and process review, sampling, and training</li> </ul> <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 multi-factor questionnaire, anti-corruption law notification, and 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. The Compliance team in each region then determines whether to approve going forward with the relationship or recommend further review and approval.</p> <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 and to see our Anti-corruption policies, see the <a href="#">Ethics, Integrity, and Transparency</a> section of the 2022 Sustainability Report.</p>
GRI 205-1	Operations assessed for risks related to corruption	<p><a href="#">Ethics, Integrity, and Transparency</a>, 2022 Sustainability Report</p> <p><a href="#">GRI 205: Anti-corruption, GRI 3-3 Management Approach</a>, 2022 Sustainability Report Appendix</p>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
<b>GRI 205-2</b>	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. In 2022, we completed a global survey of our compliance program to further measure the understanding and acceptance of our compliance requirements. We are proud to report that our employees overwhelmingly indicated that they believe the company and its management abide by our Code of Conduct and Values, they know how and where to report issues and concerns, and they recognize that the company takes appropriate actions when company policies are violated.</p> <p>For more information, please see the <a href="#">Ethics, Integrity, and Transparency</a> section of the 2022 Sustainability Report.</p>
<b>GRI 205-3</b>	Confirmed incidents of corruption and actions taken	<p>No incidents of corruption were confirmed at Watts in 2022, nor were any legal actions regarding corruption brought against the company.</p> <p>For more information, please see the <a href="#">Anti-corruption Policies</a> section of the 2022 Sustainability Report.</p>
<b>GRI 206: Anti-competitive Behavior 2016</b>		
<b>GRI 3-3</b>	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 <a href="#">Code of Business Conduct</a>.</p> <p>For more information on our global compliance program, please see the <a href="#">Ethics, Integrity, and Transparency</a> section of the 2022 Sustainability Report.</p>
<b>GRI 206-1</b>	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 2022.</p>
<b>GRI 301: Materials 2016</b>		
<b>GRI 3-3</b>	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 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.</p> <p>We require our suppliers to comply with our <a href="#">Conflict Minerals Policy</a>, 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 <a href="#">Conflict Minerals</a> section of the 2022 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. 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 <a href="#">Sustainable Innovation</a> section for the 2022 Sustainability Report.</p>
<b>GRI 301-2</b>	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 which consists of 65-85% recycled steel.</p> <p>For more information, see the <a href="#">Sustainable Innovation</a> section for the 2022 Sustainability Report.</p>
<b>GRI 301-3</b>	Reclaimed products and their packaging materials	<p>In 2022, 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.</p> <p>For more information, please see the <a href="#">Sustainable Packaging</a> section of the 2022 Sustainability Report.</p>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE																						
GRI 302: Energy 2016																								
GRI 3-3	Management of material topics	<p>We are committed to mitigating the impact on the environment through continuous improvement of our manufacturing and business operations. To achieve this, we comply with all applicable laws, regulations, and standards related to energy efficiency, emissions, energy use, and consumption. We routinely engage with facilities and other personnel to enhance data collection, track key performance metrics, and identify and implement projects to meet our eco-efficiency reduction goals.</p> <p>For more information, please see the <a href="#">Energy and Emissions</a> section of the 2022 Sustainability Report.</p>																						
GRI 302-1	Energy consumption within the organization	<table><tr><th>ENERGY CONSUMPTION</th><th>2022</th></tr><tr><td>ELECTRICITY (kWh)</td><td>61,486,848</td></tr><tr><td><i>From renewable energy credits (RECs)</i></td><td>26,562,408</td></tr><tr><td>NATURAL GAS (M3)</td><td>5,511,643</td></tr><tr><td>PROPANE* (Liter)</td><td>198,464</td></tr><tr><td>DIESEL** (Liter)</td><td>19,733</td></tr><tr><td>DIESEL &amp; GASOLINE - FLEET (Liter)</td><td>126,609</td></tr><tr><td>ACETYLENE (M3)</td><td>15</td></tr><tr><td>PROPYLENE (Liter)</td><td>17,783</td></tr><tr><td>TOTAL ENERGY (MWh)</td><td>121,872.74</td></tr><tr><td>ENERGY ECO-EFFICIENCY (MWh/\$1M)</td><td>61.56</td></tr></table> <p><i>*Includes forklift usage</i> <i>**Includes fuel oil</i></p> <p>Please see the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix for historical environmental data.</p>	ENERGY CONSUMPTION	2022	ELECTRICITY (kWh)	61,486,848	<i>From renewable energy credits (RECs)</i>	26,562,408	NATURAL GAS (M3)	5,511,643	PROPANE* (Liter)	198,464	DIESEL** (Liter)	19,733	DIESEL & GASOLINE - FLEET (Liter)	126,609	ACETYLENE (M3)	15	PROPYLENE (Liter)	17,783	TOTAL ENERGY (MWh)	121,872.74	ENERGY ECO-EFFICIENCY (MWh/\$1M)	61.56
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GRI 302-3	Energy intensity	<p>61.56 MWh/\$1M</p> <p>Please see the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix for historical environmental data.</p>																						
GRI 302-4	Reduction of energy consumption	<p>Energy consumption reduced from 2021 to 2022 by 7,645 MWh. We aim to reduce energy consumption and carbon emissions at our facilities and offset emissions through renewable energy credits. Targeted programs aimed at reducing energy consumption include:</p> <ul style="list-style-type: none"><li>• Diversification of energy mix including on-site renewable energy generation where feasible</li><li>• Implementation of a global production energy-hunt program as well as air-leak detection and repair program</li><li>• Temperature controls during heating seasons</li><li>• Employee engagement and ongoing dialogue on energy conservation</li></ul>																						
GRI 302-5	Reductions in energy requirements of products and services	<p>We strive to design products to reduce their environmental impact and provide cost-savings for our end-user customers.</p> <p>For more information, please see the <a href="#">Improving Energy Efficiency</a> section of the 2022 Sustainability Report.</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 longstanding water conservation challenges. We formalized this commitment through our <a href="#">Corporate Environment, Health, Safety, and Sustainability Policy</a>, published on our website in 2022.</p>																						



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE												
		<p>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.</p> <p>For more information on goals and yearly progress, see the <a href="#">Water Stewardship</a> section of the 2022 Sustainability Report.</p>												
GRI 303-1	Interactions with water as a shared resource	<p>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, in 2021 we prioritized eight sites with the highest water risk, identified the watersheds in which the sites operate, conducted a water balance to learn more about their water inputs and outputs, and engaged stakeholders within the surrounding communities. In 2022, we expanded this work to another eight sites (total of 16 Watts sites), representing 82% of our global water consumption.</p> <p>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 on water stewardship activities. Examples include expanded water metering, continued community engagement, and site-specific projects.</p> <p>Please see the <a href="#">Water Stewardship</a> section of the 2022 Sustainability Report for more information and the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix for historical environmental data.</p>												
GRI 303-2	Management of water discharge-related impacts	<p>Our water stewardship guiding principles include the 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. 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 longstanding water conservation challenges.</p> <p>For more information, please see the <a href="#">Water Stewardship</a> section of the 2022 Sustainability Report.</p>												
GRI 303-3	Water withdrawal	<p>105,000,652 liters</p> <p>Please see the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix for historical environmental data.</p>												
GRI 303-4	Water discharge	<p>105,000,652 liters</p> <p>Please see the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix for historical environmental data.</p>												
GRI 303-5	Water consumption	<table><tr><th>WATER CONSUMPTION (L)</th><th>2022</th></tr><tr><td>N. AMERICA</td><td>67,239,779</td></tr><tr><td>EUROPE</td><td>27,307,591</td></tr><tr><td>APMEA</td><td>10,453,282</td></tr><tr><td>TOTAL WATER CONSUMPTION</td><td>105,000,652</td></tr><tr><td>WATER-USE INTENSITY (M3/\$M)</td><td>53.04</td></tr></table> <p>A comprehensive overview of our water withdrawal throughout the years, as well as information on data collection, reporting, and review for water savings and future targets can be found in the <a href="#">Water Stewardship</a> section of the 2022 Sustainability Report.</p>	WATER CONSUMPTION (L)	2022	N. AMERICA	67,239,779	EUROPE	27,307,591	APMEA	10,453,282	TOTAL WATER CONSUMPTION	105,000,652	WATER-USE INTENSITY (M3/\$M)	53.04
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GRI 305: Emissions 2016														
GRI 3-3	Management of material topics	<p>We recognize the increasing urgency to avert the worst effects of climate change through rapid decarbonization and greater climate resiliency. Our energy policy is rooted in existing UN frameworks and climate science. 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.</p> <p>For more information, please see the <a href="#">Energy and Emissions</a> section of the 2022 Sustainability Report.</p>												



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE																					
GRI 305-1	Direct (Scope 1) GHG emissions	<table><tr><th colspan="2">2022 SCOPE 1 GHG EMISSIONS</th></tr><tr><td colspan="2">Natural Gas, Diesel, Propane, Acetylene, Propylene (MTCO2e)</td></tr><tr><td>N. AMERICA</td><td>7,917</td></tr><tr><td>EUROPE</td><td>3,102</td></tr><tr><td>APMEA</td><td>5.73</td></tr><tr><td colspan="2">Company Cars (MTCO2e)</td></tr><tr><td>EUROPE*</td><td>305.125</td></tr><tr><td>TOTAL SCOPE 1 EMISSIONS</td><td>11,330</td></tr></table> <p>*Sites: Biassono, Dattenberg, Eerbeek, Gardolo, Hautvillers, Landau, Moirans, Monastir, Sorgues, St. Neots, Vildbjerg, Virey</p> <p>For more information, please see the <a href="#">Energy and Emissions</a> section of the 2022 Sustainability Report and the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix.</p>	2022 SCOPE 1 GHG EMISSIONS		Natural Gas, Diesel, Propane, Acetylene, Propylene (MTCO2e)		N. AMERICA	7,917	EUROPE	3,102	APMEA	5.73	Company Cars (MTCO2e)		EUROPE*	305.125	TOTAL SCOPE 1 EMISSIONS	11,330					
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GRI 305-2	Energy indirect (Scope 2) GHG emissions	<table><tr><th colspan="3">2022 SCOPE 2 GHG EMISSIONS (MTCO2E)</th></tr><tr><td>Energy Location Based (MTCO2e)</td><td>Market-Based</td><td>Location-Based</td></tr><tr><td>N. AMERICA</td><td>10,665</td><td>11,158</td></tr><tr><td>EUROPE</td><td>3,760</td><td>3,949</td></tr><tr><td>APMEA</td><td>1,175</td><td>1,175</td></tr><tr><td>RECs</td><td>-7,374</td><td></td></tr><tr><td>TOTAL SCOPE 2 EMISSIONS</td><td>8,226</td><td>16,282</td></tr></table> <p>For more information, please see the <a href="#">Energy and Emissions</a> section of the 2022 Sustainability Report and the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix.</p>	2022 SCOPE 2 GHG EMISSIONS (MTCO2E)			Energy Location Based (MTCO2e)	Market-Based	Location-Based	N. AMERICA	10,665	11,158	EUROPE	3,760	3,949	APMEA	1,175	1,175	RECs	-7,374		TOTAL SCOPE 2 EMISSIONS	8,226	16,282
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GRI 305-3	Other indirect (Scope 3) GHG emissions	<table><tr><th colspan="2">2022 SCOPE 3 GHG EMISSIONS</th></tr><tr><td colspan="2">Business Air Travel (MTCO2e)</td></tr><tr><td>N. AMERICA</td><td>3,053</td></tr><tr><td>EUROPE</td><td>100</td></tr><tr><td>TOTAL SCOPE 3 EMISSIONS</td><td>3,153</td></tr></table> <p>For more information, please see the <a href="#">Energy and Emissions</a> section of the 2022 Sustainability Report and the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix.</p>	2022 SCOPE 3 GHG EMISSIONS		Business Air Travel (MTCO2e)		N. AMERICA	3,053	EUROPE	100	TOTAL SCOPE 3 EMISSIONS	3,153											
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GRI 305-4	GHG emissions intensity	<table><tr><th>MARKET-BASED</th><th>2021</th><th>2022</th><th>Y-O-Y REDUCTION</th></tr><tr><td>WATTS GLOBAL SCOPE 1+2 GHG EMISSIONS INTENSITY (MTCO2e/\$M)</td><td>14.42</td><td>9.73</td><td>-32%</td></tr></table> <p>For more information, please see the <a href="#">Energy and Emissions</a> section of the 2022 Sustainability Report and the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix.</p>	MARKET-BASED	2021	2022	Y-O-Y REDUCTION	WATTS GLOBAL SCOPE 1+2 GHG EMISSIONS INTENSITY (MTCO2e/\$M)	14.42	9.73	-32%													
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GRI 305-5	Reduction of GHG emissions	<table><tr><th>MARKET-BASED</th><th>2021</th><th>2022</th><th>Y-O-Y REDUCTION</th></tr><tr><td>WATTS GLOBAL SCOPE 1+2 TOTAL GHG EMISSIONS (MTCO2e)</td><td>26,073</td><td>19,251</td><td>-26%</td></tr></table> <p>For more information, please see the <a href="#">Energy and Emissions</a> section of the 2022 Sustainability Report and the <a href="#">Environmental Data</a> section of the 2022 Sustainability Report Appendix.</p>	MARKET-BASED	2021	2022	Y-O-Y REDUCTION	WATTS GLOBAL SCOPE 1+2 TOTAL GHG EMISSIONS (MTCO2e)	26,073	19,251	-26%													
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GRI 306: Waste 2020																			
GRI 3-3	Management of material topics	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, re-zoning, and waste-stream elimination, thereby reducing our overall waste outputs and increasing recycling and reuse.																	
		For more information, please see the <a href="#">Waste Reduction</a> section of the 2022 Sustainability Report.																	
GRI 306-1	Waste generation and significant waste-related impacts	<p>In 2022, 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, 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.</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 2022, we had reduced our hazardous-waste intensity by 12%. Our annual intensity reduction in 2022, compared to 2021, was 2%.</p> <p>The Franklin, NH, USA lead-product foundry decommissioning project resulted in an incremental hazardous-waste generation of ~12% (278 MT). This project is now completed, and no further hazardous-waste generation will result.</p> <p>For more information, please see the <a href="#">Waste Reduction</a> section of the 2022 Sustainability Report.</p>																	
GRI 306-2	Management of significant waste-related impacts	<p>In 2022, our hazardous-waste data, calculations methodology, corporate inventory management, and hazardous-waste reporting procedures were reviewed and verified by a third party.</p> <p>Watts has a number of projects underway, including replacement of a commonly used coolant with one that will increase tooling and machine life.</p> <p>For more information, please see the <a href="#">Environmental Data</a> and <a href="#">Verification Statement</a> sections of the 2022 Sustainability Report Appendix.</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 2022, the amount of hazardous waste generated was 2,307,093 kg. For the facilities where data is available, 2,083,461 kg. of non-hazardous waste generation was reported.</p> <p>For more information, please see the <a href="#">Environmental Data</a> and <a href="#">Verification Statement</a> sections of the 2022 Sustainability Report Appendix.</p>																	
GRI 306-4	Waste diverted from disposal	<p>Watts has a strong metal-recycling program at our manufacturing facilities. In 2022, the Franklin, NH, USA lead-product foundry decommissioning was completed. This included the disposal of 278 metric tons of lead-contaminated hazardous waste and the recycling of 237 metric tons of steel. See below for our total recycling and reuse:</p> <table><tr><th>RECYCLING AND REUSE</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Metal Scraps and Chips Recycling (kg)</td><td>5,609,820</td><td>7,325,843</td><td>3,446,329</td></tr><tr><td>Plastic Regrind Reuse (kg)</td><td>105,041</td><td>122,320</td><td>85,695</td></tr><tr><td>Global Electronic Waste Recycling* (kg)</td><td>3,507</td><td>7,888</td><td>8,591</td></tr></table> <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 <a href="#">Waste Reduction</a> section of the 2022 Sustainability Report.</p>		RECYCLING AND REUSE	2020	2021	2022	Metal Scraps and Chips Recycling (kg)	5,609,820	7,325,843	3,446,329	Plastic Regrind Reuse (kg)	105,041	122,320	85,695	Global Electronic Waste Recycling* (kg)	3,507	7,888	8,591
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GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE																								
GRI 306-5	Waste directed to disposal	<p>Hazardous waste across the Americas region was primarily generated by three sites, Franklin, NH, USA, Fort Worth, TX, USA, and our contracted manufacturing Maquiladora partner in Nogales, Mexico. The total hazardous waste across these three sites represented 410 metric tons. All hazardous waste was shipped off-site to licensed treatment or disposal facilities. The Franklin foundry decommissioning project represented 68% of the hazardous waste. Excluding this one-time project, the Franklin site reduced hazardous waste by 54% and the Americas region reduced overall hazardous waste by 29.8%</p> <table> <tr> <th>DISPOSAL TIME</th><th>WEIGHT (MT)</th><th>PERCENT OF TOTAL WASTE</th></tr> <tr> <td>Landfill</td><td>342</td><td>83%</td></tr> <tr> <td>Stabilization-Landfill</td><td>21</td><td>5%</td></tr> <tr> <td>Other-Treatment</td><td>15</td><td>4%</td></tr> <tr> <td>Other-Physical Treatment</td><td>14</td><td>3%</td></tr> <tr> <td>Incineration-Energy Recovery</td><td>9</td><td>2%</td></tr> <tr> <td>Incineration</td><td>9</td><td>2%</td></tr> <tr> <td><b>TOTAL*</b></td><td><b>410</b></td><td><b>100%</b></td></tr> </table> <p>* The one-time Franklin decommissioning project represents 68% of hazardous waste across the Americas region. Excluding the decommissioning project, the Franklin site had a 54% reduction in hazardous waste YOY, and the region had a 29.8% reduction YOY.</p> <p>For more information, please see the <a href="#">Waste Reduction</a> section of the 2022 Sustainability Report.</p>	DISPOSAL TIME	WEIGHT (MT)	PERCENT OF TOTAL WASTE	Landfill	342	83%	Stabilization-Landfill	21	5%	Other-Treatment	15	4%	Other-Physical Treatment	14	3%	Incineration-Energy Recovery	9	2%	Incineration	9	2%	<b>TOTAL*</b>	<b>410</b>	<b>100%</b>
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<b>TOTAL*</b>	<b>410</b>	<b>100%</b>																								
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 <a href="#">ESG Standards</a> and began requiring our suppliers to acknowledge and certify their conformance with our Code of Business Conduct and with these Supplier ESG Standards. We aligned the standards with the ten principles of the U.N. Global Compact, the U.N. Guiding Principles on Business and Human Rights, and the ILO’s 1998 Declaration on Fundamental Principles and Rights at Work. More than 65% of our suppliers —representing 94% of our 2022 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 <a href="#">Responsible Supply Chain</a> section of the 2022 Sustainability Report.</p>																								
GRI 308-1	New suppliers that were screened using environmental criteria	<p>Within our Supplier Quality Audit Program, we conducted 89 sustainability-focused assessments of suppliers in 2022, designed to monitor key social and environmental performance indicators in our supply chain in the areas of health and safety, human and labor rights, social responsibility, and conflict minerals. More than 65% of our suppliers —representing 94% of our 2022 global annual spend — have confirmed their conformance to these Supplier ESG Standards. This represents 14% more suppliers participating than in 2021. 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 2022, we met our goal of reviewing suppliers representing approximately 30% of our global annual spend using the Dun &amp; Bradstreet (D&amp;B) ESG Rating Service. We are also targeting an additional 10% of our global annual spend, reaching approximately 40% of our global annual spend, with the D&amp;B ESG Rating Service next year.</p> <p>For more information see the <a href="#">Responsible Supply Chain</a> section of the 2022 Sustainability Report.</p>																								



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
<b>GRI 401: Employment 2016</b>		
<b>GRI 3-3</b>	Management of material topics	<p>We implemented a number of measures to further distinguish Watts as an employer of choice and took several actions, including conducting a compensation market analysis, piloting flexible working arrangements, enhancing our focus on DEI, implementing recognition programs, and sharing tools to support employee development.</p> <p>For more information, please see the <a href="#">Talent Retention and Development</a> section in the 2022 Sustainability Report.</p>
<b>GRI 401-1</b>	New employee hires and employee turnover	In 2022, we added 856 new hires to our global workforce and our voluntary turnover rate was 13.52%.
<b>GRI 401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>We provide our full-time employees with a comprehensive benefits package through a mix of plans designed to support their individual and/or family’s health and wellness needs. We offer a standard benefits package in the United States to our eligible employees. In other countries where we operate, government-sponsored programs provide for the health, disability, retirement, parental leave, and unemployment benefits for our employees as a matter of legislative or national practice in support of their social system. In addition to these government-sponsored programs, we provide supplemental coverage or benefits in certain countries where we have large employee populations, which may include:</p> <ul style="list-style-type: none"> <li>• Medical care</li> <li>• Pharmacy program</li> <li>• Dental care</li> <li>• Vision care</li> <li>• Life insurance</li> <li>• Supplemental life insurance</li> <li>• Short-term and long-term disability coverage</li> <li>• Dependent-care spending accounts</li> <li>• Pre-tax healthcare spending and savings accounts</li> <li>• Voluntary accident and critical illness coverage</li> <li>• Employee wellness program</li> <li>• Business travel and accident insurance</li> <li>• Relocation programs</li> <li>• Employee discounts</li> <li>• Fitness and tuition reimbursement</li> <li>• Performance bonus</li> </ul> <p>We comply with applicable local laws regarding benefits and pay for part-time, temporary, and full-time employees.</p>
<b>GRI 401-3</b>	Parental leave	<p>While Watts does not have an official parental leave company policy, there are several states in the U.S. 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 2022 in those locations, 159 females and 417 males were eligible for family leave.</p> <p>In 2022, three females and 15 males took parental leave; one of the males began leave in November 2021 and returned in January 2022. All 18 employees who took leave in 2022 returned to work after their leave, a 100% return to work rate. One year after the leave, three females and 11 males are still employed at Watts, reflecting a 100% retention rate after one year for females, and 73% retention rate after one year for males who took leave during 2022.</p>
<b>GRI 403: Occupational Health &amp; Safety 2018</b>		
<b>GRI 3-3</b>	Management of material topics	<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.</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>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 <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 Sustainability Report.</p>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
<b>GRI 403-1</b>	Occupational health and safety management system	<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. In early 2022, our global OHS system achieved ISO 45001 certification, the international standard for occupational health and safety, and a testament to our strong commitment to protect employees and visitors from work-related accidents and diseases. Our contracted manufacturing Maquiladora partner in Nogales, Mexico, also received this certification for the first time. Our ISO 45001 certified sites represent 22% of our global population.</p> <p>Individual operating sites prioritize these risk assessments and provide a monthly update of progress toward top risks during the monthly operating review. Operating sites also have a target risk-reduction goal established annually to continue to reduce overall workplace hazards and mitigate risks. 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 EHS software, Gensuite.</p> <p>For more information, please see the <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 Sustainability Report.</p>
<b>GRI 403-2</b>	Hazard identification, risk assessment, and incident investigation	<p>We aspire to be a zero-incident workplace, and in 2022, 14 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, corrective, and preventive actions. Workers, supervisors, and EHS professionals are involved in these investigations.</p> <p>Injury reductions in 2022 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, and finding-closure rate. Twenty-one operating 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 <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 Sustainability Report.</p>
<b>GRI 403-3</b>	Occupational health services	<p>Watts provides occupational health services in various methods. We have an occupational health professional on staff in our largest site who provides direct occupational health services 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 and our largest site in France, we also have occupational medical professionals on staff as required by country regulations. All employees have access to outside medical services, and where we have input influence over the clinics, we seek occupation-specific clinics.</p> <p>Work-related medical records are either maintained by Human Resources or the Environmental, Health, 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, have been reintroduced in 2022.</p> <p>For more information, please see the <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 Sustainability Report.</p>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
<b>GRI 403-4</b>	Worker participation, consultation, and communication on occupational health and safety	<p>Worker participation and consultation is incorporated into our OHS system. Workers participate in developing risk assessments (job hazard analysis), training programs, safety committees, and Lean/continuous improvement programs. Workers are also expected to participate in our early reporting programs including near-miss and safety observations reporting and, where allowed, offered token recognitions to both reporting and providing solutions. These recognitions vary around the world and often include awarding points to workers so that they may order company logo gifts such as tee shirts, hats, and electronic items (e.g., headphones).</p> <p>Worker participation and consultation is specifically stated in our standard procedure for incident investigation and risk assessment, encouraging direct input into solutions including redesign of workstations, alternative tools, improved PPE, and additional training. The modifications emphasize the hierarchy of control to drive at corrective and preventive actions that provide long-term benefits in occupational health and safety. 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>For more information, please see the <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 Sustainability Report.</p>
<b>GRI 403-5</b>	Worker training on occupational health and safety	<p>Our OHS system requires training for all employees in accordance with country-specific regulations as well as specific job duties. Each site assesses both compliance obligations as well as other specific training topics that are applicable to workers' job duties. Each site prepares a training plan and executes the plan over the year. Training is delivered in the local language and, where additional language assistance is needed, training is delivered to accommodate. Training plans include the frequency of training and vary by site. For example, more complex training may be broken down into shorter segments to enhance its effectiveness.</p> <p>Select trainings require testing (e.g., forklift) while others are validated by demonstration (e.g., lockout/tagout) or exercises (e.g., emergency response drill). Training is delivered through competent trainers that may require specialized training (e.g., forklift) or competency through education or experience (e.g., internal safety professional or third party).</p> <p>Training is delivered during company working hours. If workers need to be sent off-site for specialized training, the workers are compensated.</p> <p>For more information, please see the <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 Sustainability Report.</p>
<b>GRI 403-6</b>	Promotion of worker health	<p>Watts provides our employees with a comprehensive benefits package through the mix of plans designed to support their individual and/or family's health and wellness needs. We offer a standard package in the United States to our eligible employees. In other countries where we operate, government-sponsored programs provide for the health, disability, retirement, parental leave, and unemployment benefits for our employees as a matter of legislation or national practices in support of their social system. In addition to these government sponsored programs, we provide supplementation coverage of benefits in certain countries where we have large employee populations, which may include:</p> <ul style="list-style-type: none"> <li>• Medical care</li> <li>• Pharmacy program</li> <li>• Dental care</li> <li>• Vision care</li> <li>• Life insurance</li> <li>• Supplemental life insurance</li> <li>• Short-term and long-term disability coverage</li> <li>• Dependent-care spending accounts</li> <li>• Pre-tax healthcare spending and savings accounts</li> <li>• Voluntary accident and critical illness coverage</li> <li>• Retirement savings (401K) plans with generous employer-matching funds</li> <li>• Employee wellness programs</li> <li>• Paid time off</li> <li>• Business travel and accident insurance</li> <li>• Relocation programs</li> <li>• Employee discounts</li> <li>• Fitness and tuition reimbursement</li> <li>• Performance bonus</li> </ul> <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., 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.</p> <p>We aspire to be a zero-incident workplace, and 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. Our OHS system requires training for all employees in accordance with country-specific regulations as well as specific job duties. Each site assesses both compliance obligations as well as other specific training topics that are applicable to workers’ job duties.</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 all around the world. We manufacture quality products that are safe, reliable, and code compliant. We maintain stringent quality control and testing procedures at our manufacturing facilities in accordance with superior quality standards, and strict performance criteria outlined in local, national, and international codes and standards. Our manufacturing facilities undergo routine audits for process and quality control procedures, ensuring that both our processes and products have consistent quality control throughout the product life cycle. We conduct product testing – and periodic re-testing for re-certification — in accordance with standard compliance methodologies.</p> <p>The <a href="#">full list of independent testing and certification organizations</a> can be found in the Appendix of the 2022 Sustainability Report. For more information, please see the <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 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, are subject to the OHS system. For example, temporary workers participate in the new-hire orientation along with new Watts employees. Watts doesn’t distinguish between workers when implementing the OHS system and if temporary workers become employees, they become integrated into the annual training obligations.</p> <p>Our enterprise-wide OHS management system promotes operational excellence and enables Watts to build exceptional products in facilities that operate safely, ethically, and responsibly. Its key elements include worker participation and consultation, risk assessments, training, written procedures, internal and external auditing, and a framework for measuring program maturity and identifying opportunities for continuous improvement. In early 2022, our global OHS system achieved ISO 45001 certification, the international standard for occupational health and safety, and a testament to our strong commitment to protect employees and visitors from work-related accidents and diseases. Our contracted manufacturing Maquiladora partner in Nogales, Mexico, also received this certification for the first time. Our ISO 45001 certified sites represent 22% of our global population.</p> <p>For more information, please see the <a href="#">Occupational Health and Safety</a> (OHS) section of the 2022 Sustainability Report.</p>																																																																								
GRI 403-9	Work-related injuries	<table><tr><th colspan="4">FATALITIES</th><th colspan="4">HIGH-CONSEQUENCE (LOST TIMES ONLY)</th><th colspan="4">RECORDABLE ONLY (NO LOST TIME)</th></tr><tr><th>Year</th><th>Number</th><th>Rate</th><th>Hours</th><th>Year</th><th>Number</th><th>Rate</th><th>Hours</th><th>Year</th><th>Number</th><th>Rate</th><th>Hours</th></tr><tr><td>2022</td><td>0</td><td>0.00</td><td>9,656,944</td><td>2022</td><td>25</td><td>0.52</td><td>9,656,944</td><td>2022</td><td>28</td><td>0.58</td><td>9,656,944</td></tr><tr><td>2021</td><td>0</td><td>0.00</td><td>9,652,990</td><td>2021</td><td>25</td><td>0.52</td><td>9,652,990</td><td>2021</td><td>34</td><td>0.70</td><td>9,652,990</td></tr><tr><td>2020</td><td>0</td><td>0.00</td><td>8,865,719</td><td>2020</td><td>29</td><td>0.65</td><td>8,865,719</td><td>2020</td><td>36</td><td>0.81</td><td>8,865,719</td></tr><tr><td>2019</td><td>0</td><td>0.00</td><td>9,539,222</td><td>2019</td><td>48</td><td>1.01</td><td>9,539,222</td><td>2019</td><td>45</td><td>0.94</td><td>9,539,222</td></tr></table> <p>Rates are based on 200,000 hours worked and include both employees and temporary workers combined (no distinction for the global organization).</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. Primary type of injury is lacerations, which account for 20% of total recordable incidents. Lost time injuries are driven by lacerations.</p> <p>Efforts to mitigate injuries consider the hierarchy of controls and include:</p> <div><div><ul style="list-style-type: none"><li>• Increase automation or new tooling</li><li>• Existing workstation redesign</li><li>• New workstation design</li><li>• Job rotations</li></ul></div><div><ul style="list-style-type: none"><li>• Routine stretching programs</li><li>• Physical assessments (e.g., worker practices, positioning, PPE)</li><li>• Workstation assessments – e.g., minor modifications to operating practices (e.g. position worker closer to workstation to reduce reach; modify tools; modification of PPE)</li></ul></div></div>	FATALITIES				HIGH-CONSEQUENCE (LOST TIMES ONLY)				RECORDABLE ONLY (NO LOST TIME)				Year	Number	Rate	Hours	Year	Number	Rate	Hours	Year	Number	Rate	Hours	2022	0	0.00	9,656,944	2022	25	0.52	9,656,944	2022	28	0.58	9,656,944	2021	0	0.00	9,652,990	2021	25	0.52	9,652,990	2021	34	0.70	9,652,990	2020	0	0.00	8,865,719	2020	29	0.65	8,865,719	2020	36	0.81	8,865,719	2019	0	0.00	9,539,222	2019	48	1.01	9,539,222	2019	45	0.94	9,539,222
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GRI 403-10	Work-related ill health	<table><thead><tr><th colspan="4">FATALITIES</th></tr><tr><th>Year</th><th>Number</th><th>Rate</th><th>Hours</th></tr></thead><tbody><tr><td>2022</td><td>0</td><td>0.00</td><td>9,656,944</td></tr><tr><td>2021</td><td>0</td><td>0.00</td><td>9,652,990</td></tr><tr><td>2020</td><td>0</td><td>0.00</td><td>8,865,719</td></tr><tr><td>2019</td><td>0</td><td>0.00</td><td>9,539,222</td></tr></tbody></table> <table><thead><tr><th colspan="4">HIGH-CONSEQUENCE (LOST TIMES ONLY)</th></tr><tr><th>Year</th><th>Number</th><th>Rate</th><th>Hours</th></tr></thead><tbody><tr><td>2022</td><td>25</td><td>0.52</td><td>9,656,944</td></tr><tr><td>2021</td><td>25</td><td>0.52</td><td>9,652,990</td></tr><tr><td>2020</td><td>29</td><td>0.65</td><td>8,865,719</td></tr><tr><td>2019</td><td>48</td><td>1.01</td><td>9,539,222</td></tr></tbody></table> <table><thead><tr><th colspan="4">RECORDABLE ONLY (NO LOST TIME)</th></tr><tr><th>Year</th><th>Number</th><th>Rate</th><th>Hours</th></tr></thead><tbody><tr><td>2022</td><td>28</td><td>0.58</td><td>9,656,944</td></tr><tr><td>2021</td><td>34</td><td>0.70</td><td>9,652,990</td></tr><tr><td>2020</td><td>36</td><td>0.81</td><td>8,865,719</td></tr><tr><td>2019</td><td>45</td><td>0.94</td><td>9,539,222</td></tr></tbody></table> <p>Rates are based on 200,000 hours worked and include both employees and temporary workers combined (no distinction for the global organization).</p> <p>Hazards are identified through multiple means including occupational noise-exposure assessments, workstation risk assessments, employee near-miss and safety observations reporting, and workplace first aids. Primary type of work-related ill health is hearing loss which accounts for 100% of total recordable incidents (one case). No lost time cases were driven by illness.</p> <p>Efforts to mitigate work-related ill health consider the hierarchy of controls and include:</p> <ul style="list-style-type: none"><li>• Increase automation or introduce new tooling (e.g., remove worker from noise exposure)</li><li>• Existing workstation redesign</li><li>• New workstation design</li><li>• Job rotations</li><li>• Physical assessments (e.g., worker practices, positioning, PPE)</li><li>• Workstation assessments – e.g., minor modifications to operating practices (e.g., position worker closer to workstation to reduce reach; modify tools; modification of PPE)</li></ul>	FATALITIES				Year	Number	Rate	Hours	2022	0	0.00	9,656,944	2021	0	0.00	9,652,990	2020	0	0.00	8,865,719	2019	0	0.00	9,539,222	HIGH-CONSEQUENCE (LOST TIMES ONLY)				Year	Number	Rate	Hours	2022	25	0.52	9,656,944	2021	25	0.52	9,652,990	2020	29	0.65	8,865,719	2019	48	1.01	9,539,222	RECORDABLE ONLY (NO LOST TIME)				Year	Number	Rate	Hours	2022	28	0.58	9,656,944	2021	34	0.70	9,652,990	2020	36	0.81	8,865,719	2019	45	0.94	9,539,222
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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 2022, learning and development initiatives included the launch of global leadership and inclusivity training, new supervisor training, and training on feedback and career development, as well as increased broad-scale coaching opportunities. 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.</p> <p><b>Career Development Programs</b></p> <ul style="list-style-type: none"><li>• On-demand Virtual Learning – Due to the shift to remote work during the pandemic, we saw a significant spike in on-demand eLearning offerings, which employees accessed via our enterprise Learning Management System (LMS) and LinkedIn Learning.</li><li>• 360° Assessments – These evaluations provide executive leaders with feedback and tools to help them continually develop in their careers and improve their effectiveness.</li><li>• Coaching - Coaching opportunities offered to employees in partnership with BetterUp as well as other select coaching companies allow for employees to work with an external expert on leadership development attributes.</li></ul> <p>For more information regarding the management approach, career development programs, performance reviews, and KPIs, see the <a href="#">Diversity, Equity, and Inclusion</a> and <a href="#">Talent Retention and Development</a> sections of the 2022 Sustainability Report.</p>																																																																								
GRI 404-1	Average hours of training per year per employee	<p>In 2022, Watts employees in the Americas, Europe, and APMEA completed over 22,400 hours of online and in-person training combined – averaging a little under five hours of training completed per employee in these regions.</p> <table><thead><tr><th>2022 TRAINING HOURS BY GENDER</th><th>2022 TOTAL NUMBER OF EMPLOYEE TRAINING HOURS</th><th>2022 AVERAGE HOURS OF TRAINING COMPLETED PER EMPLOYEE</th></tr></thead><tbody><tr><td colspan="3">Americas, Europe &amp; APMEA</td></tr><tr><td>Male</td><td>14,015</td><td>5.04</td></tr><tr><td>Female</td><td>8,291</td><td>5.19</td></tr><tr><td>Unspecified</td><td>107</td><td>0.58</td></tr><tr><td>TOTAL</td><td>22,413</td><td>4.92</td></tr></tbody></table> <p>The 2022 data includes employees from Europe, APMEA, and Americas regions. Our Europe team has increased tracking of their employee training, making the data available for disclosure in 2022.</p>	2022 TRAINING HOURS BY GENDER	2022 TOTAL NUMBER OF EMPLOYEE TRAINING HOURS	2022 AVERAGE HOURS OF TRAINING COMPLETED PER EMPLOYEE	Americas, Europe & APMEA			Male	14,015	5.04	Female	8,291	5.19	Unspecified	107	0.58	TOTAL	22,413	4.92																																																						
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GRI 404-2	Programs for upgrading employee skills and transition-assistance programs	<p><b>Employment Security</b></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"><li>• Severance pay, which considers employee years of service</li><li>• Job placement service</li><li>• Other forms of transition assistance (e.g., training, retraining, counseling, etc.)</li></ul> <p>For information on programs upgrading employee skills, see the <a href="#">Talent Retention and Development</a> section of the 2022 Sustainability Report</p>																				
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	<p>In 2022, almost 100% of our eligible employees received a review, due to increased outreach and communications to internal stakeholders about process completion, and additional training offered to both employees and managers (globally) about the performance review process.</p> <table><tr><th colspan="4">PERCENTAGE OF EMPLOYEES WITH A COMPLETED 2022 PERFORMANCE MANAGEMENT BY REGION</th></tr><tr><td>Region</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Americas</td><td>97%</td><td>98.82%</td><td>99.78%</td></tr><tr><td>Europe</td><td>97%</td><td>97.01%</td><td>100%</td></tr><tr><td>APMEA</td><td>99%</td><td>100%</td><td>100%</td></tr></table> <p>For more information, see the <a href="#">Performance Management</a> section of the 2022 Sustainability Report.</p>	PERCENTAGE OF EMPLOYEES WITH A COMPLETED 2022 PERFORMANCE MANAGEMENT BY REGION				Region	2020	2021	2022	Americas	97%	98.82%	99.78%	Europe	97%	97.01%	100%	APMEA	99%	100%	100%
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APMEA	99%	100%	100%																			
GRI 405: Diversity and Equal Opportunity 2016																						
GRI 3-3	Management of material topics	<p>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.</p> <p>Throughout 2022, we continued to execute against an 18-month plan designed to enhance our DEI strategy and lay the foundations for effective program management. Our chief human resources officer presented progress to our board of directors in November 2022, and in the summer of 2023 will present the board with a comprehensive, longer-term strategic plan for approval.</p> <p>As a reflection of our commitment to embed DEI throughout our business, in 2022 we revised our strategic pillars and incorporated “inclusion” as a new cultural behavior. These changes cascaded to our performance-management process, which assesses all Watts employees on their demonstration of cultural behaviors and sets our expectation of accountability and inclusion at all levels. In 2022, managers received training on how to assess performance and set goals related to inclusion.</p>																				



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		<p>As an equal opportunity employer, we will recruit, hire, compensate, train, promote, and terminate individuals in accordance with all applicable laws and regulations, and without regard to a person’s race, color, religion, age, gender, national origin, citizenship status, marital status, sexual orientation, disability, veteran status, or other protected status. We do not tolerate acts of discrimination, harassment, or bullying at Watts. As embedded in our values, all Watts employees shall treat each other with respect, dignity, and common courtesy, and avoid any behavior that compromises trust, quality of the work environment, or the integrity of decision making.</p> <p>For more information, please see the <a href="#">Diversity, Equity, and Inclusion</a> section of the 2022 Sustainability Report and pp. 20-23 of the <a href="#">2023 Proxy Statement</a>.</p>
<b>GRI 405-1</b>	Diversity of governance bodies and employees	<p><a href="#">Corporate Governance</a>, 2022 Sustainability Report</p> <p><a href="#">Diversity Profile</a>, 2022 Sustainability Report Appendix</p>
<b>GRI 405-2</b>	Ratio of basic salary and remuneration of women to men	<p>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 will conduct a complete benchmark of all our roles to ensure we are market competitive in our hiring and retention practices. As part of this project, we will conduct a review of our internal pay equity and will make appropriate adjustments.</p> <p>For more information, please see the <a href="#">Diversity, Equity, and Inclusion</a> section of the 2022 Sustainability Report.</p>
<b>GRI 413: Local Communities 2016</b>		
<b>GRI 3-3</b>	Management of material topics	<p>Giving back to the community is important to all of us at Watts. As a responsible corporate citizen, we aim to bring positive change to the communities where we live and work, as well as the industry in which we do business. We believe in building strong, resilient communities, and are committed to promoting social good at the corporate level, as well as regionally and locally through our strategic partnerships, charitable giving, and fundraising and volunteer activities.</p> <p>For more information see the <a href="#">Community Impact</a> and <a href="#">Global Engagements</a> sections of the 2022 Sustainability Report.</p>
<b>GRI 413-1</b>	Operations with local community engagement, impact assessments, and development programs	<p><a href="#">Community Impact</a> and <a href="#">Global Engagements</a>, 2022 Sustainability Report</p>
<b>GRI 414: Supplier Social Assessment 2016</b>		
<b>GRI 3-3</b>	Management of material topics	<p>Expectations of suppliers across various areas of ethics and integrity, as well as social and environmental responsibility, are covered in our <a href="#">Human Rights Policy</a>, our <a href="#">Supplier Quality Manual</a>, and the Watts <a href="#">Code of Business Conduct</a>. Our standard terms and conditions require supplier compliance with the Supplier Quality Manual and the Watts Code of Business Conduct, including agreement to our <a href="#">Anti-corruption Policy</a>. In addition, in 2022 we published our <a href="#">Supplier ESG Standards</a>, which are informed by the ten principles of the United Nations Global Compact initiative, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO)’s 1998 Declaration on Fundamental Principles and Rights at Work. Approximately 65% of our suppliers, representing over 94% 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>For more information see the <a href="#">Responsible Supply Chain</a> section of the 2022 Sustainability Report.</p>
<b>GRI 414-1</b>	New suppliers that were screened using social criteria	<p>Within our Supplier Quality Audit Program, we conducted 89 sustainability-focused assessments of suppliers in 2022 designed to monitor key social and environmental performance indicators in our supply chain in the areas of health and safety, human and labor rights, social responsibility, and conflict minerals. More than 65% of our suppliers —representing 94% of our 2022 global annual spend — have confirmed their conformance to our Supplier ESG Standards. 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>



GRI STANDARDS	DISCLOSURE TITLE	WATTS RESPONSE
		<p>In 2022, we met our goal of reviewing suppliers representing approximately 30% of our global annual spend using the Dun &amp; Bradstreet (D&amp;B) ESG Rating Service. We are also targeting an additional 10% of our global annual spend, reaching approximately 40% of our global annual spend, with the D&amp;B ESG Rating Service next year.</p> <p>For more information see the <a href="#">Responsible Supply Chain</a> section of the 2022 Sustainability Report.</p>
<b>GRI 416: Customer Health and Safety 2016</b>		
<b>GRI 3-3</b>	Management of material topics	<p>For nearly 150 years, Watts has developed products, components, and systems that have improved comfort, safety, and quality of life around the world. Our equitable, efficient, and environmentally sustainable product designs, acquisition strategy, and widespread advocacy for the safe and efficient conveyance of water center upon keeping people, equipment, and water safe while protecting the planet.</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.</p>
<b>GRI 416-1</b>	Assessment of the health and safety impacts of product and service categories	<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 all around the world. We develop our products and enhance our existing products under a supervised stage-gate process that includes design for safety, testing at multiple stages before launch, and steering committee oversight to ensure we have safe, reliable products go to market. We also invest heavily in training our customers on safe use and installation of products. We manufacture quality products that are safe, reliable, and code compliant. We maintain stringent quality assurance and testing procedures at our manufacturing facilities in accordance with superior quality standards, and strict performance criteria outlined in local, national, and international codes and standards. We have a global quality framework to identify and address product safety incidents promptly. Our manufacturing facilities undergo routine audits for process and quality-control procedures, ensuring that both our processes and products have consistent quality throughout the product life cycle. We conduct product testing and periodic re-testing for re-certification — in accordance with standard compliance methodologies.</p> <p>For more information, please see the <a href="#">Safety &amp; Regulation</a> and <a href="#">Best-in-Class Training</a> sections of the 2022 Sustainability Report.</p>
<b>GRI 417: Marketing and Labeling 2016</b>		
<b>GRI 3-3</b>	Management of material topics	<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 purchase decisions. Watts only uses substantiated claims in its advertising, marketing, and sales materials. We take care to include product use instructions and warnings that are clear and easy for the end-user to understand. Our packaging includes clear information about the product, including size, description, model number, and if it is “lead-free.” Many product labels also include QR codes, which allow customers to quickly access information and resources from their mobile devices. Labels for products traditionally sold in the retail market in North America include translations in both Spanish and French, creating more equal access for our diverse audience of customers.</p> <p>We engage in responsible sales and marketing practices that are fair, transparent, and help to promote economic efficiency and sustainable growth. At Watts, we believe in promoting our services honestly and educating our customers about the appropriate use of our products. We expect our employees to be clear, accurate, and truthful when representing the quality, features, and/or potential hazards of our products.</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 U.S. and “competition” laws in countries in which we operate our business. At Watts, we operate within the boundaries of fair competition and antitrust laws, and we are committed to delivering value to our customers and suppliers by rejecting conduct that undermines fair, stable, and open markets.</p>
<b>GRI 417-3</b>	Incidents of non-compliance concerning marketing communications	<p>There were no incidents of non-compliance concerning marketing communications in 2022.</p>

**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 2022 Sustainability Report.



# SASB Index

SASB TOPIC	DISCLOSURE CODE	SASB METRIC	
Energy Management	RT-EE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Total energy consumed: 438,620 GJ Percentage grid electricity: 221,455 GJ (50%) Percentage renewable: 95,625 GJ (22%) of our total energy is attributed to wind renewable energy credits (RECS)
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated, percentage recycled	Amount of hazardous waste generated: 2,307,093 kg. Percentage recycled: Data as requested is not available at this time. Watts has a strong metal-recycling program at our manufacturing facilities. In 2022, we recycled 3,446 t of metal scraps and chips and 8.6 t of electronic waste, and reused 85.70 t of plastic regrinds, globally.
	RT-EE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	Watts did not sustain any reportable spills in 2022.
Product Safety	RT-EE-250a.1	Number of recalls issued, total units recalled	Watts issued no product recalls in 2022.
	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 2022.
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	Watts does not report this information as requested by the standard. We actively pursue Energy Star certification on those products that qualify. For example, in 2022, 12% of our heat and hot water systems revenue was from AHRI Energy Star Rated products.
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Although we do not report total revenue from energy-related and energy efficiency-related products, Watts has a 150-year history of developing and designing products, components, and systems that solve the world’s greatest water-safety challenges, conserve water, and improve energy efficiency. In 2022, 25% of our revenue was from products that help our customers improve the efficiency and sustainability of their buildings with finite control of the thermostat, reducing fluctuations in heating, and making water flow more efficient. For more information, see the <a href="#">Handprint</a> section of our 2022 Sustainability Report.



SASB TOPIC	DISCLOSURE CODE	SASB METRIC	
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	<p>Watts is committed to ensuring compliance with reporting and disclosure obligations regarding conflict minerals in our products to the U.S. Securities and Exchange Commission (SEC) as required under the Dodd-Frank Act. We comply with all applicable trade laws and regulations and expect the same from our suppliers.</p> <p>For more information on how we manage raw materials, please see the <a href="#">Responsible Supply Chain</a>, <a href="#">Community Impact</a>, and <a href="#">Global Engagements</a> sections of our 2022 Sustainability Report, as well as <a href="#">GRI 301: Materials</a>, <a href="#">GRI 413: Local Communities</a>, and our <a href="#">Conflict Minerals Policy</a>.</p>
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	We are committed to acting with integrity in every facet of our operations and strive to meet – and often exceed – applicable laws, regulations, and standards. For information on our global compliance program and compliance procedures, including training, third-party due diligence, risk assessments, gifts and entertainment, business courtesy, and anti-corruption and anti-competitive behavior policies, see the <a href="#">Ethics, Integrity, and Transparency</a> section, <a href="#">GRI 205: Anti-corruption</a> and <a href="#">GRI 206: Anti-competitive behavior</a> of our 2022 Sustainability Report.
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	No incidents of corruption were confirmed at Watts in 2022, nor were any legal actions regarding corruption brought against the company.
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	No incidents associated with anti-competitive behavior were confirmed at Watts in 2022, nor were any legal actions regarding anti-competitive behavior brought against the company.
Activity Metric	RT-EE-000.A	Number of units produced by product category	Information on our revenue and products, customers, and markets is available on the <a href="#">Corporate Profile</a> section of this report. For additional information about our company, please see our <a href="#">2022 Form 10-K</a> .
	RT-EE-000.B	Number of employees	In 2022, Watts employed a total of 4,596 people.



# SDG Index

Beyond the examples provided in the section on how Watts is [contributing to the UN Sustainable Development Goals](#), you can find more information on how our work contributes to the SDGs in the following sections of our 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"><li>Target 5.1</li><li>Target 5.5</li><li>Target 5.c</li></ul>	<ul style="list-style-type: none"><li><a href="#">Diversity, Equity, and Inclusion</a></li><li><a href="#">Diversity Profile</a></li></ul>		
SDG 6: Clean Water and Sanitation – Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"><li>Target 6.1</li><li>Target 6.3</li><li>Target 6.4</li><li>Target 6.b</li></ul>	<ul style="list-style-type: none"><li><a href="#">Footprint</a></li><li><a href="#">Environment, Health, and Safety Management</a></li><li><a href="#">Water Stewardship</a></li><li><a href="#">Waste Reduction</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Handprint</a></li><li><a href="#">Safety &amp; Regulation</a></li><li><a href="#">Conserving Water</a></li><li><a href="#">Global Engagements</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Responsible Supply Chain</a></li><li><a href="#">Keeping Generations of People and Water Safe</a></li></ul>
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"><li>Target 8.2</li><li>Target 8.8</li></ul>	<ul style="list-style-type: none"><li><a href="#">Occupational Health and Safety</a></li><li><a href="#">Diversity, Equity, and Inclusion</a></li><li><a href="#">Talent Retention and Development</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Ethics, Integrity, and Transparency</a></li><li><a href="#">Responsible Supply Chain</a></li></ul>	
SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<ul style="list-style-type: none"><li>Target 9.1</li><li>Target 9.4</li></ul>	<ul style="list-style-type: none"><li><a href="#">Energy and Emissions</a></li><li><a href="#">Handprint</a></li><li><a href="#">Safety &amp; Regulation</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Conserving Water</a></li><li><a href="#">Improving Energy Efficiency</a></li><li><a href="#">Sustainable Innovation</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Privacy and Cybersecurity</a></li><li><a href="#">Keeping Generations of People and Water Safe</a></li></ul>
SDG 12: Sustainable Consumption and Production – Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"><li>Target 12.2</li><li>Target 12.5</li><li>Target 12.6</li></ul>	<ul style="list-style-type: none"><li><a href="#">Our ESG Strategy</a></li><li><a href="#">Footprint</a></li><li><a href="#">Environment, Health, and Safety Management</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Water Stewardship</a></li><li><a href="#">Energy and Emissions</a></li><li><a href="#">Waste Reduction</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Sustainable Innovation</a></li><li><a href="#">About this Report</a></li><li><a href="#">Environmental Data</a></li></ul>
SDG 13: Climate Action – Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"><li>Target 13.1</li><li>Target 13.2</li></ul>	<ul style="list-style-type: none"><li><a href="#">Footprint</a></li><li><a href="#">Water Stewardship</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Energy and Emissions</a></li><li><a href="#">Conserving Water</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Improving Energy Efficiency</a></li></ul>
SDG 14: Life Below Water – Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	<ul style="list-style-type: none"><li>Target 14.1</li><li>Target 14.2</li></ul>	<ul style="list-style-type: none"><li><a href="#">Contributing to the UN Sustainable Development Goals</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Water Stewardship</a></li><li><a href="#">Waste Reduction</a></li></ul>	



# CEO Water Mandate

As a signatory of the mandate, Watts has committed to continuous improvement in the following six core areas of water stewardship practice:

PRINCIPLES	OUR IMPACT: HOW WE ARE CONTRIBUTING		GRI
1. Direct Operations	<ul style="list-style-type: none"><li><a href="#">Our ESG Strategy</a></li><li><a href="#">Footprint</a></li><li><a href="#">Environment, Health, and Safety Management</a></li><li><a href="#">Water Stewardship</a></li><li><a href="#">Energy and Emissions</a></li><li><a href="#">Waste Reduction</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Keeping Generations of People and Water Safe</a></li><li><a href="#">Environmental Data</a></li><li><a href="#">Environmental, Health, Safety, &amp; Sustainability Policy</a></li><li><a href="#">2022 Form 10-K</a>, pp. 9-10</li><li><a href="#">2023 Proxy Statement</a>, pp. 11-23</li></ul>	<a href="#">GRI 2-23 &amp; 2-24</a> <a href="#">GRI 303: Water and Effluents</a>
2. Supply Chain and Watershed Management	<ul style="list-style-type: none"><li><a href="#">Contributing to the UN Sustainable Development Goals</a></li><li><a href="#">Stakeholder Engagement</a></li><li><a href="#">Footprint</a></li></ul>	<ul style="list-style-type: none"><li><a href="#">Water Stewardship</a></li><li><a href="#">Sustainability Assessments, Responsible Supply Chain</a></li><li><a href="#">Membership of Organizations</a></li></ul>	<a href="#">GRI 308: Supplier Environmental Assessment</a>
3. Collective Action	<ul style="list-style-type: none"><li><a href="#">Stakeholder Engagement</a></li><li><a href="#">Membership of Organizations</a></li><li><a href="#">Global Engagements</a></li><li><a href="#">Keeping Generations of People and Water Safe</a></li></ul>		<a href="#">GRI 2-28 &amp; 2-29</a>
4. Public Policy	<ul style="list-style-type: none"><li><a href="#">Public Policy &amp; Advocacy</a></li><li><a href="#">Membership of Organizations</a></li><li><a href="#">Keeping Generations of People and Water Safe</a></li></ul>		<a href="#">GRI 2-28</a>
5. Community Engagement	<ul style="list-style-type: none"><li><a href="#">Stakeholder Engagement</a></li><li><a href="#">Community Impact</a></li><li><a href="#">Keeping Generations of People and Water Safe</a></li></ul>		<a href="#">GRI 413: Local Communities</a>
6. Transparency	<ul style="list-style-type: none"><li><a href="#">Ethics, Integrity, and Transparency</a></li><li><a href="#">Stakeholder Engagement</a></li><li><a href="#">About this Report</a></li><li><a href="#">Environmental, Health, Safety, &amp; Sustainability Policy</a></li></ul>		<a href="#">GRI 2-3</a>

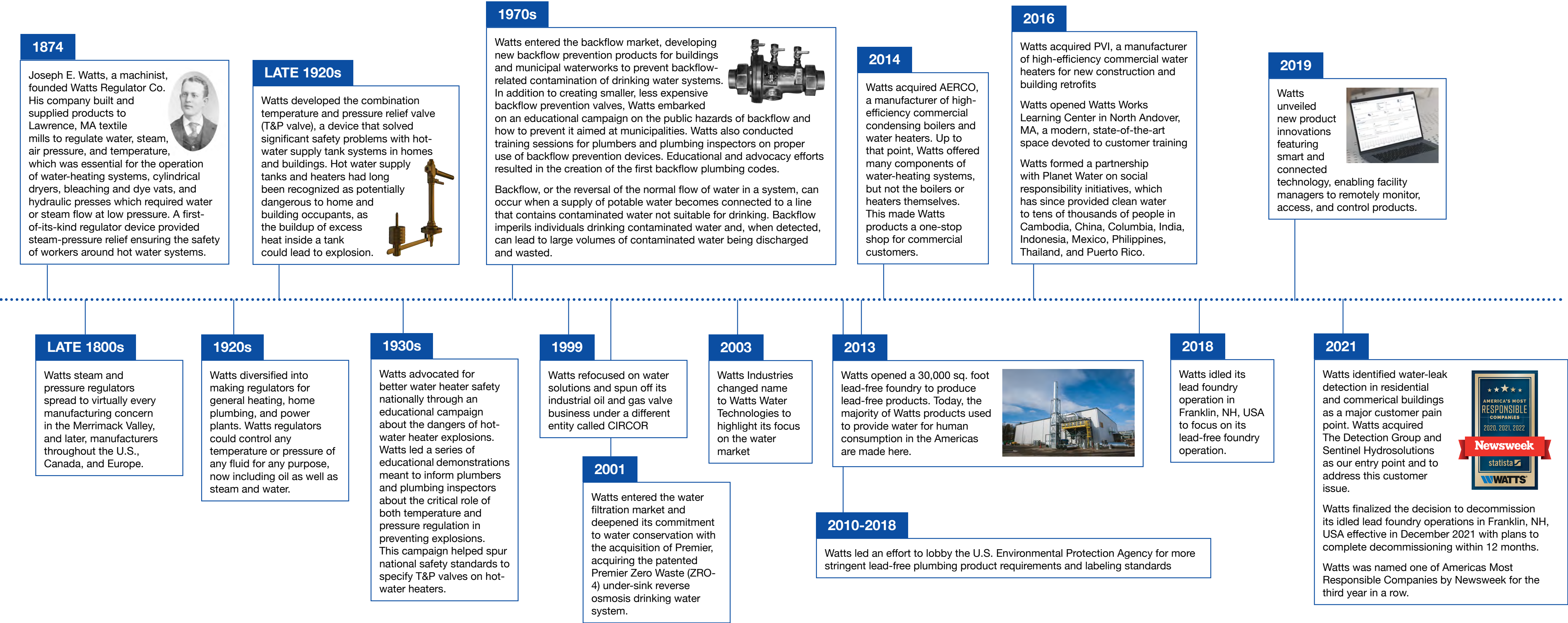


# Keeping Generations of People and Water Safe

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



## A RICH HISTORY OF SUSTAINABILITY





# 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.

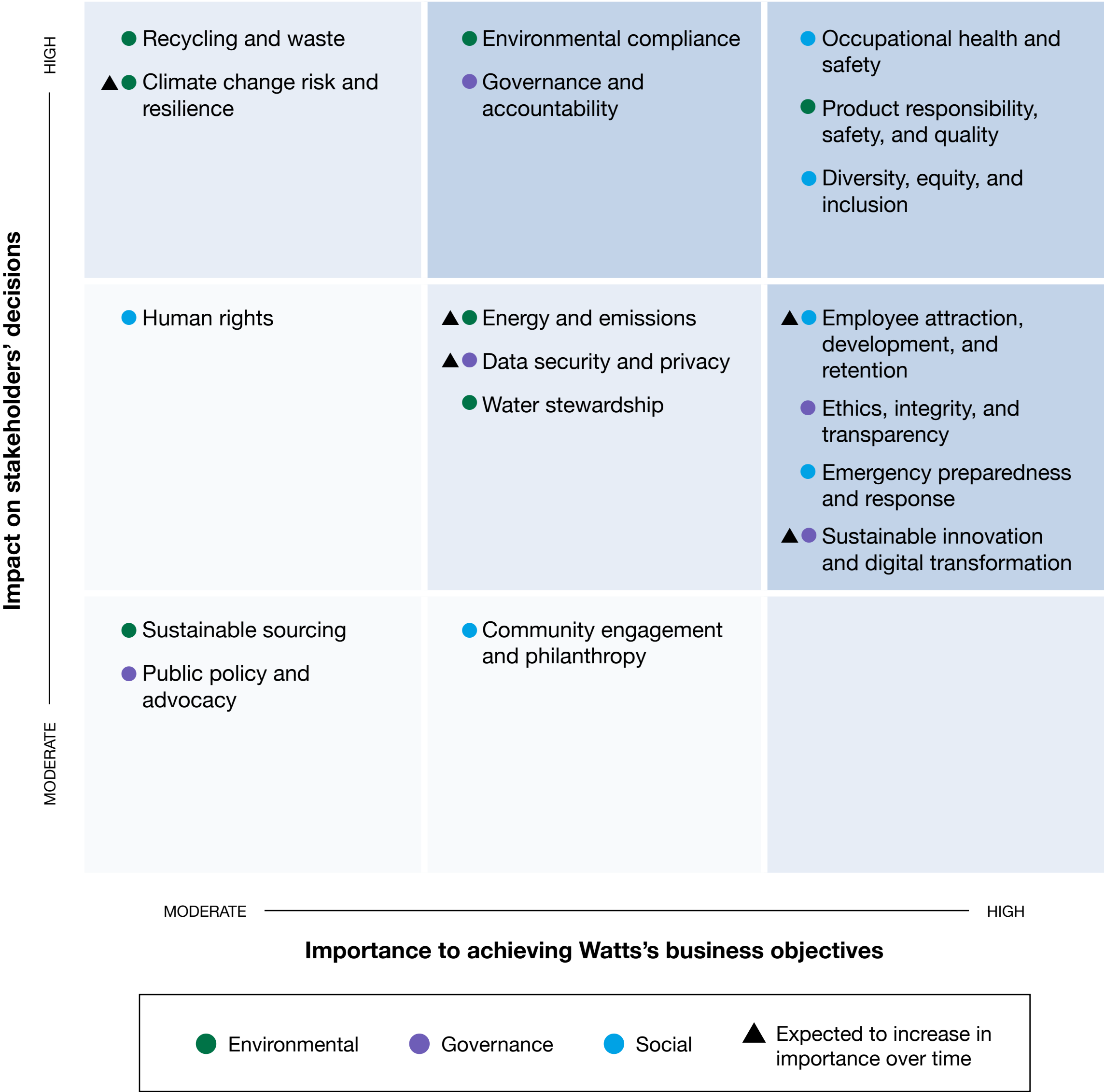
## ASSESSMENT PROCESS

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

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

## FINDINGS

Our 2021 Sustainability Report reflects the ESG topics of the greatest material importance included in the resulting materiality matrix:





# Material Topic Definitions

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



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



# 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	No	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	No	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 (National Association for Plumbing)	Europe	Yes	No	No	N/A
Anima (Italian Mechanical Association for Industry)	Europe	Yes	No	No	N/A
ASA (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
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
BPAA (Backflow Prevention Association Australia)	APMEA	Yes	Yes	Yes	\$11,000 (Business Strategic Partner)
Canadian Institute of Plumbing & Heating	Americas	Yes	No	No	N/A
Canadian Standards Association	Americas	No	Yes	No	N/A



**MEMBERSHIP OF ORGANIZATIONS**

	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES	FUNDING AMOUNT
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
DIN (German Standard Comitte)	Europe	Yes	Yes	No	N/A
Distretto Trentino Tecnologico (Area Trento District for Technology)	Europe	Yes	No	No	N/A
DSIV Deutscher Schüttgut-Industrie-Verband	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
Master Plumbers Association	APMEA	Yes	No	No	N/A
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
Syndicat ACR (ancien MTA concept)	Europe	Yes	No	No	N/A
The Australian Industry Group	APMEA	Yes	No	No	N/A



MEMBERSHIP OF ORGANIZATIONS	REGION	MEMBER	COMMITTEE PARTICIPATION	FUNDING BEYOND MEMBERSHIP DUES	FUNDING AMOUNT
The Water Council (TWC) (Global)	Americas	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
Uniclima	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
VDMA - Machinery and Plant Engineering Association	Europe	Yes	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



# Environmental Data

WATER	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)									
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

ENERGY CONSUMPTION	2014	2015	2016	2017	2018	2019	2020	2021	2022
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
From RECs									26,562,408
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
PROPANE (Liter)	132,452	204,171	203,614	196,826	160,095	123,110	133,562	169,793	198,464
DIESEL (Liter)	81,745	74,710	50,281	63,548	52,160	30,303	18,554	32,408	19,733
DIESEL & GASOLINE - FLEET (Liter)									126,609
ACETYLENE (M3)	2,946	4,300	2,889	402	311	113	13	36	15
PROPYLENE (Liter)	89	0	7,735	10,847	9,780	15,357	11,844	23,619	17,783
TOTAL ENERGY (MWH)	141,600	146,600	145,000	142,500	130,200	127,647	123,593	129,856	121,873
ENERGY ECO-EFFICIENCY (MWH/\$1M)	93.55	99.88	103.69	97.82	83.20	79.75	81.93	71.78	61.56



**TOTAL HAZARDOUS WASTE WEIGHT  
BY REGION (KG)**

	2014 (KG)	2015 (KG)	2016 (KG)	2017 (KG)	2018 (KG)	2019 (KG)	2020 (KG)	2021 (KG)	2022 (KG)
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
<b>TOTAL (KG)</b>	<b>1,930,741</b>	<b>1,802,255</b>	<b>1,461,041</b>	<b>1,731,642</b>	<b>2,062,881</b>	<b>2,102,099</b>	<b>2,354,870</b>	<b>2,151.435</b>	<b>2,307,093</b>
<b>HAZARDOUS WASTE ECO-EFFICIENCY (KG/\$M)</b>	<b>1,276</b>	<b>1,228</b>	<b>1,045</b>	<b>1,189</b>	<b>1,318</b>	<b>1,307</b>	<b>1,561</b>	<b>1,189</b>	<b>1,165</b>

**TOTAL WASTE (KG)**

	2014 (KG)	2015 (KG)	2016 (KG)	2017 (KG)	2018 (KG)	2019 (KG)	2020 (KG)	2021 (KG)	2022 (KG)
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
Metal Scraps and Chips Recycling							5,609,820	7,325,843	3,446,329
Plastic Regrind Reuse							105,041	122,320	85,695
Global Electronic Waste Recycling							3,507	7,888	8,591

**EPA TOXIC RELEASE INVENTORY  
REPORTING - US SITES ONLY (KG)**

	2018 (KG)	2019 (KG)	2020 (KG)	2021 (KG)	REDUCTION*
Total Toxics Reported	1,468,281	1,195,157	1,114,393	1,147,297	<b>22%</b>
Total Toxics Recycled	1,441,142	1,144,009	1,079,051	1,062,732	

*\*Watts reporting showed a reduction of toxic metals and other materials under EPA's TRI reporting of 21.9% compared to 2018.*



# 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	305.125
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 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 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



ANNUAL COMPLIANCE PROCEDURES

	NPDES (Storm Water)	POTW (Public Owned Treatment Works)/ CATEGORICAL	TRI (Toxic Release Inventory)/ EPCRA (Emergency Planning and Community Right To Know Act)	Tier II/EPCRA	State Air Permits - includes VOC (Volatile Organic Compounds) and more	RCRA (Resource Conservation and Recovery Act)
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						



ENVIRONMENT, HEALTH, AND SAFETY AUDITS

No.	Plant	Country	Region	Audit Scope <sup>1</sup>	Audit Type	Annual <sup>2</sup>
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	Vildbjerg	Denmark	Europe	General Safety	Internal	
25	Vildbjerg	Denmark	Europe	ISO14001 - Surveillance	External	Yes
26	Vildbjerg	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 <sup>1</sup>	Audit Type	Annual <sup>2</sup>
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	

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

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

Total Audits in 2022	46
No. of Internal	13
No. of External	33
ISO14001	13
ISO45001	6
Safety	25
Environmental	15
Multimedia	6
Annual Audits	24



# Diversity Profile

## GLOBAL

GENDER	ENTIRE COMPANY	INDIVIDUAL CONTRIBUTOR	MANAGEMENT	EXECUTIVE
Female	36.82%	38.93%	22.85%	21.21%
Male	63.14%	61.02%	77.15%	78.79%
Other	0.04%	0.5%	0%	0%

## U.S.

### GENDER

GENDER	ENTIRE COMPANY	INDIVIDUAL CONTRIBUTOR	MANAGEMENT
Female	28.36%	29.52%	22.94%
Male	71.59%	70.42%	77.06%
Other	0.05%	0.06%	0%

### U.S. ONLY - MILITARY VETS BY CLASSIFICATION

	ENTIRE COMPANY	INDIVIDUAL CONTRIBUTOR	MANAGEMENT
Retired	1.77%	1.77%	1.77%
Newly Separated	0.94%	0.95%	0.88%
Inactive Reserve	0.78%	0.63%	1.47%
Special Disabled	0.36%	0.44%	0%
Vietnam Era	0.16%	0.19%	0%
Active Reserve	0.1%	0%	0.59%
No Military Service	5.25%	5.18%	5.59%
Not Indicated	90.64%	90.84%	89.71%

### ALL U.S. EMPLOYEES ETHNICITY BREAKDOWN

ETHNICITY	ENTIRE COMPANY	INDIVIDUAL CONTRIBUTOR	MANAGEMENT
American Indian/Alaskan Native	1.66%	1.96%	0.29%
Asian	4.63%	4.15%	6.76%
Black/African American	9.83%	11.00%	6.47%
Hispanic/Latino	16.29%	17.38%	11.18%
Native Hawaiian or Other Pacific Islander	0.21%	0.13%	0.59%
Two or more races	1.14%	1.26%	0.59%
White	63.22%	61.06%	73.24%
Other	3.01%	3.24%	3.24%



Headcount by Country

COUNTRY	COUNT OF EMPLOYEE ID
Australia	25
Belgium	47
Bulgaria	231
Canada	162
China	180
Denmark	314
Finland	5
France	666
Germany	227
Italy	234
Korea, Republic of	1
Mexico	15
Netherlands	15
New Zealand	46
Norway	8
Poland	15
Russian Federation	1
Spain	15
Sweden	22
Tunisia	381
United Arab Emirates	21
United Kingdom	43
United States of America	1,922
Grand Total	4,596

Contract Type by Gender

	COUNT OF EMPLOYEE ID
Full time	4,503
Male	2,876
Female	1,625
(blank)	2
Part time	93
Male	26
Female	67
Grand Total	4,596

Contract Type by Region

	COUNT OF EMPLOYEE ID
Regular	4,536
Americas	2,083
Europe	2,194
APMEA	259
Temporary	60
Americas	23
Europe	37
APMEA	0
Grand Total	4,596

Region by Contract Type and Gender

	COUNT OF EMPLOYEE ID
Americas	2,106
Regular	2,083
Male	1,499
Female	583
Unspecified	1
Temporary	23
Male	17
Female	6
APMEA	259
Regular	259
Male	148
Female	111
Temporary	0
Female	0
Europe	2,231
Regular	2,194
Male	1,220
Female	973
Unspecified	1
Temporary	37
Male	18
Female	19
(blank)	0

Percent of Headcount by Region

REGION	COUNT OF EMPLOYEE ID
Americas	45.8%
Europe	48.6%
APMEA	5.6%
Grand Total	100.00%



## Watts Water Technologies Inc.

815 Chestnut Street, North Andover, MA 01845, USA

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

**Footprint Period:** 2022 (01 January - 31 December inclusive)

### Scope of Verification

The verification covers the period 01 January to 31 December 2022 inclusive associated with Watts Water Technologies Inc. global operations. Where assumptions have been made then these have been documented for transparency. The verification was conducted to a limited level of assurance and concludes that the inventory is materially correct.

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

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

### Verifiers Opinion

Based on the evidence provided and the samples selected for verification, it is the opinion of Lucideon that the Watts Water Technologies Inc. inventory covering the period 01 January 2022 to 31 December 2022 is materially correct, is a fair representation of the inventory data and was compiled in conformance with the verification criteria described above. The data and information supporting the inventory were historical in nature. The following qualifications apply:

- The verification boundary is defined in the table below. All other source streams are outside the verification boundary.
- Sites where utilities are included in the rent are only included in the inventory if available. Applies to Ningbo DC, Shanghai, Calgary, Amsterdam, Eerbeek & Wingene.
- "Business Travel - Air" emissions are those captured through a third-party travel booking company. Some bookings (assessed to be negligible) may occur outside this system and are not captured by the third-party travel booking company



Verification Statement  
GHG Emissions, Water & Hazardous Waste Inventory



Final verified inventory:

SCOPE	Subscope	Activity Data	tCO2e (LocationBased)	tCO2e (Market Based)
1	Acetylene	15.42 m3	0.06	0.06
1	Diesel	19,733 litres	53.66	53.66
1	Fuel Oil	10,036 litres	27.36	27.36
1	Propane	198,464 litres	301.32	301.32
1	Propane Mobile	3,703 litres	5.62	5.62
1	Propylene	17,783 litres	29.08	29.08
1	Natural Gas	5,511,643 m3	10,607.62	10,607.62
1	Fleet*	126,609 litres	305.13	305.13
	Scope 1 Totals		11,329.84	11,329.84
2	Electric Power	61,486,848 kWh	16,281.68	15,599.84
2	RECs**	26,562,408 kWh	-	7,373.61
2	Fleet* (Electric Vehicles)	5269 kWh	1.60	1.60
	Scope 2 Totals		16,283.28	8,227.83
3	Business Travel - Air	17,581,093 km	3,152.11	3,152.11
	Scope 3 Totals		3,152.11	3,152.11
All	Total		30,765.22	22,709.77

Other	Water Consumption (litres)	105,000,652
Other	Hazardous Waste (kg)***	2,307,093
Other	On-site Renewables (PV) (kWh)****	552,859

\* covers the sites with a complete fleet inventory for 2022: The data for Sorgues covers both Hautvillers and Sorgues which form Watts Industries France. The data for Biassono covers both Biassono and Gardolo which form Watts Italia. This inventory contains EV Scope 2 data for Eerbeek only.

\*\* covers sites where contractual instruments were used in 2022: Franklin, Export, Franklin - DC , Blauvelt, D20, North Andover & Ft Worth.

\*\*\* covers site where hazardous waste was produced. Vildbjerg, Franklin, Biassono, Landau, Ft. Worth, Hautvillers, Mery, Nogales, Rosieres, Virey, Ningbo, Gardolo, Plovdiv, Sorgues, Moirans, Woodland, St Pauls. Other sites do not produce hazardous waste.

\*\*\*\* Ningbo & Plovdiv sites (PV solar consumed on site)

Andrew Shepherd  
Lead Verifier  
27 April 2023

John Ingham  
Independent Reviewer  
1<sup>st</sup> May 2023