

Forced Labour Report for Watts Canada

This report (“**Report**”) is made in compliance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) by Watts Water Technologies (Canada), Inc. (“**Watts Canada**”), a subsidiary of Watts Water Technologies, Inc. (“**Watts**”).

This is Watts Canada’s first statement, which has been prepared for the calendar year ended December 31, 2023.

The Board of Watts Canada, as the principal governing body, approved the statement on April 16, 2024.

Who We Are: Watts Vision, Mission, and Values

Watts Regulator Co. was founded by Joseph E. Watts in 1874 in Lawrence, Massachusetts, United States. Watts Regulator Co. started as a small machine shop supplying parts to the New England textile mills of the 19th century. Since then, Watts has grown into a global manufacturer and become one of the world’s leading providers of water technologies and solutions that are designed to promote safety, energy efficiency, and water conservation for commercial and residential buildings.

At Watts, we adhere to the highest ethical standards in the conduct of our business, operating in accordance with our Values to achieve our Vision and Mission.

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

Our Mission: To improve the 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.

Our Values: I ACT with...

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

Accountability: Focusing on results; doing what we say we are going to do

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

Transparency: Demonstrating candor and openly sharing information

Watts had over 5,100 employees on 5 continents in more than 23 countries in 2023. Watts’ corporate headquarters is in North Andover, Massachusetts, United States.

What We Do

Watts is a global leader of quality water solutions for residential, industrial, municipal, and commercial settings. Our family of brands offers one of the most varied product lines in the world, with world-class, water-related solutions focused on:

- Flow Control and Protection
- HVAC and Gas
- Drainage and Water Re-Use
- Water Quality

Our strategy focuses on three dimensions: **Connect**, **Control** and **Conserve**. We have introduced and plan to continue offering new products that will **connect** our customers with smart systems, **control** systems for optimal performance, and **conserve** critical resources by increasing operability, efficiency and safety.

Watts maintains 35 principal manufacturing, warehouse and distribution centers worldwide. Watts Canada has a distribution center located in Burlington, Ontario and a distribution center in Calgary, Alberta and is required to report under the Act since it distributes goods in Canada.

Our Supply Chains

Watts is leading supplier of products and solutions that manage and conserve the flow of fluids and energy into, through and out of buildings in the commercial, industrial and residential markets in the Americas, Europe and Asia-Pacific, Middle East and Africa. Our principal product and solutions categories include:

- Residential & commercial flow control and protection—includes products and solutions typically sold into plumbing and hot water applications such as backflow preventers, water pressure regulators, temperature and pressure relief valves, thermostatic mixing valves, leak detection and protection products, commercial washroom solutions and emergency safety products and equipment. Many of our flow control and protection products are now smart and connected enabled, warning of leaks, floods and freeze with alerts to Building Management System (“BMS”) 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 damage.
- HVAC & gas—includes 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, and flexible stainless steel connectors for natural and liquid propane gas in commercial food service and residential applications. Most of our HVAC products and solutions feature advanced controls enabling customers to easily connect to the BMS for better monitoring, control and operation. HVAC is an acronym for heating, ventilation and air conditioning.
- Drainage & water re-use—includes drainage products and engineered rain water harvesting solutions for commercial, industrial, marine and residential applications, including connected roof drain systems.
- Water quality—includes point-of-use and point-of-entry water filtration, monitoring, conditioning and scale prevention systems for commercial, marine and residential applications.

These goods are purchased from local and international sources located in the United States, Belgium, Brazil, China, Germany, Denmark, France, India, Indonesia, Italy, South Korea, New Zealand, Thailand and Taiwan. Watts Canada distributes these goods mainly through wholesale, original equipment manufacturers, specialty and do-it-yourself retail points.

We Are Aware of Risks of Forced Labour or Child Labour in Global Supply Chains

Watts Canada is aware that forced labour and child labour is an inherent risk in our operations and supply chain. Watts Canada has suppliers throughout the globe and some of these suppliers are located in countries with a higher prevalence of forced labour than others. Using the Global Slavery Index 2023, Watts Canada can assess the regions that pose the highest risk of forced labour in its supply chain.

Table 1. Estimated Prevalence of Modern Slavery in Countries that are Part of Watts Canada’s Supply Chain based on Global Slavery Index 2023¹

Rank	Country	Estimated prevalence (per 1,000 of population)
1	India	8.0
2	Indonesia	6.7
3	Thailand	5.7
4	Brazil	5.0
5	China	4.0
6	South Korea	3.5
7	United States	3.3
8	Italy	3.3
9	France	2.1
10	Canada	1.8
11	Taiwan	1.7
12	New Zealand	1.6
13	Belgium	1.0
14	Denmark	0.6
15	Germany	0.6

Additional risks are introduced because of Watts Canada’s limited visibility into the suppliers of its own suppliers (i.e. “Tier 2” suppliers).

Watts Canada is committed to complying with all laws prohibiting the use of forced or involuntary labour, including without limitation through physical punishment, abuse, or involuntary servitude. Watts Canada is absolutely opposed to all forms of slavery and human trafficking. We will not purchase material or services from a supplier using forced or involuntary labour. Watts is also committed to complying with all laws governing the use of child labour (including, without limitation, the engagement of children in hazardous work).

Watts Canada is committed to ensuring that forced labour and child labour are not used in its supply chains and is committed to sourcing materials from reputable suppliers who comply with labour laws and regulations. As part of our standard terms and conditions of purchase, we require our suppliers to comply with all applicable laws and not to engage in or support the use of child labour or forced or involuntary labour.

How We Work to Ensure Our Supply Chains Are Free of Forced Labour and Child Labour

Watts Canada abides by the Watts’ policies and procedures that underscore its commitment to assess and manage the risk of forced labour and child labour in its supply chains. Watts adopts a modern slavery statement in accordance with the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act 2015. As part of that [statement](#), Watts confirms that it requires its suppliers to comply with its various policies and procedures, including that they not engage in or support the use of child labour or forced or involuntary labour. The statement further reflects Watts’ policies and procedures and due diligence processes described below.

1. Our Policies

Watts maintains policies that describe our approach to the identification of forced labour and child labour risks and the steps taken to prevent forced labour and child labour in our operations:

- [Watts Code of Business Conduct](#): The Code of Business Conduct outlines Watts’ commitment to operating consistently with its Values. Watts employees are expected to know and follow this

¹ [Global Slavery Index 2023](#). In this report “modern slavery” is an umbrella term that captures forced labour, human trafficking, and slavery and slavery-like practices (including forced marriage, debt bondage, and child soldiers).

Code of Business Conduct, which includes an absolute opposition to slavery and human trafficking. The Code of Business Conduct also provides that Watts seeks suppliers that share a commitment to its Values through sustainable business practices.

Through its terms and conditions of purchase, which require Watts' suppliers and subcontractors to comply with our Code of Business Conduct and its Global Anti-Human Trafficking Policy, suppliers and subcontractors and their agents shall not engage in any trafficking-related activities and shall take action to remedy and report any such trafficking-related activities.

- [Watts Human Rights Policy](#): This policy highlights Watts' commitment to promoting human rights within its labour force, which includes working to eliminate all forms of forced and compulsory labour, including prison and bonded labour, and prohibiting human trafficking and child labour in support of its operations.
- [Watts Anti-Human Trafficking Policy](#): This policy reflects our commitment to complying with all anti-slavery and anti-child labour legislation as specified by local law, the Act, and the International Labour Organization Standards. Watts has a zero-tolerance policy for human trafficking or forced labour in its own operations, or in the operations of those entities with which it does business. Under this policy, Watts, its employees, and agents, as well as suppliers shall not:
 - A. Engage in the trafficking in persons, defined as using force, fraud, or coercion for the purpose of obtaining labour. This includes, but is not limited to, labour relating to the sex trade;
 - B. Use forced labour in the performance of any contract;
 - C. Destroy, conceal, confiscate, or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or drivers' licenses, regardless of issuing authority;
 - D. Use misleading or fraudulent practices during the recruitment of employees or offering of employment, such as failing to disclose, in a format and language accessible to the worker, basic information or making material misrepresentations during the recruitment of employees regarding the key terms and conditions of employment, including wages and fringe benefits, the location of work, the living conditions, housing and associated costs (if employer or agent provided or arranged), any significant cost to be charged to the employee, and, if applicable, the hazardous nature of the work;
 - E. Procure commercial sex acts, meaning any sex acts on account of which anything of value is given to or received by any person, during the performance period of the contract;
 - F. Use recruiters that do not comply with local labour laws of the country in which the recruiting takes place;
 - G. Charge employees recruitment fees;
 - H. Fail to provide return transportation or pay for the cost of return transportation upon the end of employment for an employee who is not a national of the country in which

the work is taking place and who was brought into that country for the purpose of working on a U.S. Government contract or subcontract (some limited exceptions apply);

- I. Where housing is provided, provide or arrange housing that fails to meet the host country housing and safety standards; or
 - J. If required by law or contract, fail to provide an employment contract, recruitment agreement, or other required work document in writing in a language the employee understands.
- [Watts Supplier Quality Manual](#): The Manual outlines that Watts' suppliers are expected to comply with applicable local child labour laws and employ only workers who meet the applicable minimum legal age requirement for their location. In the absence of local law, suppliers shall not employ children under the age of 16. The Manual also outlines that all suppliers should ensure their practices do not permit or encourage the use of forced, or compulsory labour, including, without limitation, as a means of political coercion, education or retaliation for holding or expressing political or ideological views; as a means of labour discipline; as a punishment for having participated in strikes; and as a means of racial, social, national or religious discrimination. The Supplier Quality Manual also provides that Watts' suppliers are responsible for managing their sub-tier suppliers and their supply chains to ensure that raw materials and components used in the manufacture of Watts products, parts or provision of services comply with Watts principles.

2. **Our Due Diligence Processes**

Watts Canada expects its suppliers and subcontractors to comply with applicable laws and our policy prohibiting the use of child labour or forced or involuntary labour. Our contractors and suppliers are expected to confirm through agreement to Watts' terms and conditions that neither the subcontractor nor its agents are engaged in any trafficking-related activities and the subcontractor has taken action to remedy and report any such trafficking-related activities. Suppliers and subcontractors must also certify conformance with Watts' Supplier ESG Standards, which include a commitment to respect human rights and to strive to eliminate forced labour (including modern slavery and human trafficking) and child labour.

Watts Canada does not currently conduct audits of suppliers to evaluate their compliance with company standards for human trafficking and forced labour in supply chains. However, Watts Canada requires new suppliers to complete the "One Watts Supplier Self Audit" which includes a self-assessment of the suppliers' commitment to complying with laws pertaining to forced labour and child labour. Beyond this, we do not currently engage in verification of product supply chains to evaluate and address the risks of human trafficking and slavery in Watts Canada's supply chains.

3. **Employee Training on Forced Labour and Child Labour**

Watts publishes relevant policies prominently on its website, which apply equally to Watts Canada. From time to time make, we make our employees aware of such policies. Further, Watts provides Code of Business Conduct training to its employees annually. In 2023, Watts' global Code of Business Conduct training was given to 99% of Watts' global workforce and included training on forced labour.

4. **How We Monitor Ourselves and Our Suppliers**

Under Watts' Global Anti-Human Trafficking Policy, we maintain internal accountability standards and procedures to address employees, contractors or suppliers who fail to meet company standards regarding slavery and human trafficking.

Credible information regarding a potential violation of the Global Anti-Human Trafficking Policy and the Human Rights Policy, whether discovered by Watts, its employees and agents, or suppliers, and their employees and agents, should be promptly reported to the Watts Human Resources Department or Legal Department. Concerns can also be reported confidentially through the Watts Hotline by calling 877-792-8878 or by using the Hotline's website www.wattswater.ethicspoint.com.

Watts prohibits retaliation against anyone who reports a concern in good faith.

As indicated in the Watts Supplier Manual, we expect our suppliers to engage with us to implement corrective action plans if we identify a reasonable risk that a supplier is violating the commitments set forth in our Supplier Quality Manual. These non-conformances may be identified from supplier self-assessment audits, on-site supplier audits performed by Watts' employees or a third-party designee of Watts', defects from received goods identified in Watts' facilities, or any other observational techniques utilized in day-to-day management of production.

How We Have Addressed Reported Risks or Use of Forced Labour or Child Labour in our Supply Chains

As of December 31, 2023, Watts Canada has not faced situations of forced labour or child labour and has therefore not had to remedy and rectify such situations.

Watts will take appropriate action to remedy any suspected violations of its Anti Human-Trafficking Policy. Depending on the nature and severity of the violation, these remedial actions may include correcting the violation, putting preventative measures in place to prevent repeat violations, contract suspension, and/or contract termination.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Kenneth R. Lepage
Vice President and Secretary
April 16, 2024



I have the authority to bind Watts Canada.