		Corporate Policy and Practice	
		SUBJECT: U.S. Paid Time Off	APPROVAL:
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1.0 PURPOSE

Watts Water Technologies, Inc. and its subsidiaries, divisions, and business units (the “Company”) believes employees should have time away from work for rest and relaxation and to balance their lives. Watts has established this policy to meet those needs.

2.0 SCOPE

This policy applies to non-union employees in the United States, including full-time, part-time, direct paid temporary or project employees, and interns.

As set forth below, full-time employees and part-time employees who work more than 20 hours per workweek will be eligible for PTO and Flex PTO. Part-time employees who work less than 20 hours per workweek, temporary, or project employees paid directly by Watts, and interns will only be eligible for Flex PTO, as set forth below.

Effective January 1, 2019, this policy replaces all existing vacation, sick time, and personal day benefits that may have been provided under prior policies.

Note: Certain acquisitions may experience a delay in implementation.

3.0 GENERAL PROVISIONS


3.1 Compliance with All Laws

The Company will provide time-off and leaves of absence in compliance with all applicable laws and regulations. The laws governing time-off and leaves of absence are continuously changing and can vary by location. If this policy conflicts with any local, state or Federal laws and regulations that apply to the employee’s work location, the current law that provides the most generous benefit or protection to the employee will be applied.

Watts is an Equal Employment Opportunity/Affirmative Action employer. This policy will be implemented in accordance with this commitment.

3.2 Policy Interpretation

The Company reserves its right to interpret, change, modify, or approve exceptions to this policy. Any questions employees have about the application or interpretation of this policy should be directed to their local Human Resources department.

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3.3 Addenda

Certain sites and/or locations are subject to specific site-specific addenda to this Policy that will be published to those employees who work in those specific sites.

4.0 PAID TIME-OFF (“PTO”) / FLEXIBLE PTO (“FLEX PTO”)

4.1 PTO/Flex PTO

The Company provides employees with generous Paid Time Off (“PTO”) that may be used for any absence from work, including vacation, personal or family illness, doctor appointments, religious observance, school, volunteerism, and other activities of the employee’s choice.

PTO accrues as set forth in this policy. A portion of all employees’ PTO accrual will be designated as Flexible PTO (“Flex PTO”). As explained below, Flex PTO may be used for any absence from work and will be used to comply with any paid sick and safe time (“SST”) laws that apply to employees in certain locations.

For our locations that have applicable SST laws, see SST posters at your location.


4.2 Using PTO

PTO accrues on a per pay period basis over the calendar year. Watts believes that taking time-off is important and therefore expects employees to use PTO in the calendar year in which it accrues, subject to any restrictions under local or state law or exceptions allowed under this policy. If a non-exempt employee is unable to use PTO in the year it accrues, up to 40 hours of unused PTO may be carried over to the next calendar year.

In order to allow employees to use PTO in the calendar year in which it accrues, subject to business needs and their manager’s approval, employees may borrow against their annual PTO accrual before it is accrued. PTO that is borrowed to be used before it is accrued will be subject to repayment terms, subject to any restrictions under local or state law.

Exempt employees may only take PTO in ½ or full shift increments. Non-exempt employees may take PTO in one (1) hour increments, unless required under local or state laws.

Employees may be required to use available PTO when taking time off from work, with the exception of a company-required absence due to low workload, power outage, or weather related condition that requires the company to shut down, subject to any restrictions under local or state law.

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4.3 Accrual of PTO/Flex PTO

Length of service determines the rate at which employees will accrue PTO.

Full-time employees. Employees who are scheduled to work a full-time schedule will accrue PTO upon hire according to the schedule below (accrual includes 40 hours of Flex PTO).

Non-Exempt

Years of Service 0 – 4 = 120 hours

Years of Service 5 – 9 = 160 hours

Years of Service 10 – 13 = 200 hours

Years of Service 14 + = 208 hours

Exempt

Years of Service 0 – 4 = 160

Years of Service 5 – 13 = 200 hours

Years of Service 14 + = 208 hours

Employees become eligible for the new higher accrual rate on the first day of the calendar year in which the employee's anniversary date falls.


Part-time employees. Employees who are scheduled to work 30 – 39 hours per workweek will accrue PTO at 75% of the full-time accrual rate. Employees who are scheduled to work 20 – 29 hours per workweek will accrue PTO at 50% of the full-time accrual rate. Employees who are scheduled to work less than 20 hours per workweek are not eligible for PTO, but may be eligible for Flex PTO, as described below.

4.4 Flex PTO/ Sick and Safe Time Usage

Employees who are eligible to accrue PTO will be advanced 40 hours of their annual PTO accrual at the beginning of the calendar year, which will be designated as Flex PTO. Flex PTO can be used for any absence, including Qualifying Absences under any applicable SST law. Flex PTO is intended to fully comply with all applicable SST laws. Once Flex PTO is exhausted, no additional protected time will be provided for Qualifying Absences under any applicable SST law.

Unless employees are in a SST jurisdiction, Flex PTO that is used before it is accrued may be subject to repayment terms, subject to any restrictions under local or state law.

All employees who work in an SST location, but who do not accrue PTO, will accrue 1 hour for every 30 hours worked, not to exceed 40 hours, to be used as Flex PTO.

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New hires will be advanced the pro rata amount of the 40 hours of Flex PTO based on the amount of the time remaining in the year.

4.5 Flex PTO for Qualifying Absences

Flex PTO is available for any absence, including Qualifying Absences in SST locations. Such Qualifying Absences include:

- Care for the employee's physical or mental illness, injury or medical condition that requires home care, professional medical diagnosis or care, or preventative medical care;
- Care for the employee's Covered Relation who has a physical or mental illness, injury, or medical condition that requires home care, professional medical diagnosis or care, or preventative medical care;
- Employee's routine medical appointments or a routine medical appointment for the employee's Covered Relation;
- To address the employee's psychological or legal effects of domestic violence, sexual assault or stalking;
- Any other Qualifying Absence under applicable SST law.

A Covered Relation is a spouse, child or parent, or other family member or associated person, as defined under applicable SST law.

4.6 Notice of Absences-PTO/Flex PTO


Time away from work and the use of PTO is subject to supervisory approval, department staffing needs and established departmental procedures, as allowed under applicable law.

Time away from work should be scheduled as far in advance as possible. Generally, employees should provide their manager 24 hours' notice for one hour to a full shift absence and a minimum of 7 calendar days for more than one full shift absence.

Unless an absence is designated as Flex PTO, failure to provide proper notice may result in corrective/disciplinary action pursuant to the applicable attendance policy. Employees may be subject to corrective/disciplinary action if unexcused absences adversely affect operations.

4.7 Recording Use of PTO/Flex PTO

Employees are responsible for reporting the use of PTO, including Flex PTO, accurately and honestly. Failure to do so and any misuse of PTO may result in corrective/disciplinary action up to and including termination of employment. Managers also have responsibility for ensuring employees accurately report use of PTO, including Flex PTO.

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4.8 No Retaliation

Use of Flex PTO for Qualifying Absences under an SST law is protected. No adverse action or retaliation will be taken against an employee for using protected SST time.

5.0 EMPLOYMENT STATUS CHANGES

5.1 Leaves of Absence

PTO accrued prior to the start of an approved unpaid leave of absence and Flex PTO, including unpaid Family and Medical Leave Act (FMLA) leave, must be used during the leave period.

Employees may use accrued PTO hours to supplement income or satisfy a waiting period during Short-Term Disability (STD) and Workers' Compensation disability leaves of absence. However, in no event may the PTO supplement enable an employee to exceed 100% of their base salary rate.

Exempt employees may use PTO in hourly increments to supplement unpaid portions of leaves of absence.

Employees will receive their per pay period PTO accrual if they are paid regular compensation, or use PTO hours, for any portion of the pay period. Employees will not accrue PTO for any pay period in which they receive no pay or have no used PTO hours.

5.2 Termination

Upon termination, employees will be paid all PTO hours accrued but unused in the current year, and in accordance with state law requirements. Flex PTO will not be paid upon termination, unless required under applicable state or local law.¹


As permitted by state law, the value of borrowed PTO may be deducted from the final paycheck or repaid to the company directly by the employee.

PTO and Flex PTO may not be used during the notice period to extend termination date.

5.3 Benefit Status Change

If an employee transfers to a non-PTO eligible status, the value of any PTO that is accrued but unused for the current year will be paid in full, at the employee's compensation rate in effect immediately prior to the status change.

¹ Under current law, pay-out of unused Flex PTO will be made for employees employed in California, Colorado and Massachusetts.

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5.4 Rehires

If an employee is rehired within one calendar year of his/her previous termination date, the PTO accrual level will be bridged and a new accrual date calculated.

If an employee is rehired after one calendar year has passed since his/her termination date from Watts, the former employee's prior year of service will not be reinstated for purposes of PTO accruals.