

# WATTS WATER TECHNOLOGIES, INC.

## Compensation Committee Charter

### I. General Statement of Purpose

The Compensation Committee of the Board of Directors (the “Compensation Committee”) of Watts Water Technologies, Inc. (the “Company”), on behalf of the Board of Directors (the “Board”), discharges the Board’s responsibilities relating to compensation of the Company’s directors and executives and is responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement relating to its annual meeting of stockholders or annual report on Form 10-K, in accordance with applicable rules and regulations. The primary objective of the Compensation Committee is to develop and implement compensation policies and plans that are appropriate for the Company in light of all relevant circumstances and which provide incentives that further the Company’s long-term strategic plan and are consistent with the culture of the Company and the overall goal of enhancing enduring stockholder value.

### II. Compensation Committee Composition

The number of individuals serving on the Compensation Committee shall be fixed by the Board from time to time but shall consist of no fewer than two members, each of whom shall satisfy the independence standards established pursuant to Section 303A of the New York Stock Exchange Listed Company Manual.

The members of the Compensation Committee shall be appointed by the Board and may be replaced or removed by the Board at any time with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from this committee. Vacancies occurring, for whatever reason, may be filled by the Board. Unless the Board elects a member of the Compensation Committee to serve as Chairman of the Compensation Committee, the Compensation Committee shall elect a Chairman by majority vote.

### III. Meetings

The Compensation Committee shall meet as often as it deems necessary in order to perform its responsibilities in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. A majority of the members of the Compensation Committee shall constitute a quorum for purposes of holding a meeting and the Compensation Committee may act by a vote of a majority of members present at such meeting. In lieu of a meeting, the Compensation Committee may act by unanimous written consent.

#### **IV. Compensation Committee Activities**

The Compensation Committee's purpose and responsibilities shall be to:

##### **A. Review of Charter**

- Review and reassess the adequacy of this Charter periodically and submit any proposed changes to the Board for approval.

##### **B. Annual Report on Executive Compensation**

- Produce an annual report on executive compensation for inclusion in the Company's proxy statement relating to its annual meeting of stockholders or annual report on Form 10-K, in accordance with the applicable rules and regulations of the Securities and Exchange Commission, any securities exchange or automated quotation system on which the Company's securities are traded, and any other rules and regulations applicable to the Company.

##### **C. Annual Performance Evaluation of the Compensation Committee**

- Perform an annual performance evaluation of the Compensation Committee and report to the Board on the results of such evaluation.

##### **D. Recommendations Regarding Incentive-Compensation Plans and Equity-Based Plans**

- Review and make recommendations to the Board with regard to all executive incentive-based compensation plans and all equity-based plans.

##### **E. Matters Related to Compensation of the Company's Chief Executive Officer**

- Review and approve the corporate goals and objectives that may be relevant to the compensation of the Company's Chief Executive Officer ("CEO"). The Compensation Committee shall discuss such corporate goals and objectives with the Board.
- Evaluate the CEO's performance in light of the goals and objectives that were set for the CEO and make recommendations to the independent members of the Board with respect to the CEO's compensation based on such evaluation. In connection with determining the long-term incentive component of the CEO's compensation, the Compensation Committee should consider the Company's performance and relative stockholder return, the value of similar

incentive awards to CEOs at comparable companies and the awards given to the Company's CEO in past years. The Compensation Committee shall discuss the CEO's compensation with the Board.

**F. Matters Related to Compensation of the Officers Other Than the Chief Executive Officer**

- The Compensation Committee shall periodically review and approve, or (with respect to compensation of executive officers other than the CEO) make recommendations to the Board with respect to, executive officer compensation, including salary, bonus and incentive compensation levels; deferred compensation; executive perquisites; equity compensation (including awards to induce employment); severance arrangements; change-in-control benefits and other forms of executive officer compensation.

**V. Additional Compensation Committee Authority**

The Compensation Committee is authorized, on behalf of the Board, to do any of the following, as the Compensation Committee deems necessary or appropriate in its discretion:

**A. Matters Related to Compensation of the Company's Directors and Members of Senior Management**

- Periodically review and, if appropriate, make recommendations to the Board with respect to the compensation of all directors, officers and members of senior management of the Company (other than the CEO), including with respect to any incentive-compensation plans and equity-based plans.

**B. Matters Relating to Retention and Termination of Compensation Consulting Firm or Other Outside Advisors**

- Exercise sole authority to retain and terminate any consulting firm that is to be used by the Company or the Compensation Committee to assist in the evaluation of director, CEO or senior executive compensation. The Compensation Committee shall also have sole authority to approve the consultant's fees and other retention terms.

### **C. Incentive Plan Administration**

- The Compensation Committee shall exercise all rights, authority and functions of the Board under all of the Company's stock option, stock incentive, employee and/or management stock purchase and other equity-based plans, including without limitation, the authority to interpret the terms thereof, to grant options thereunder and to make stock awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by a plan or resolution of the Board, the Compensation Committee shall not be authorized to amend any such plan. To the extent permitted by applicable law and the provisions of a given equity-based plan, and consistent with the requirements of applicable law and such equity-based plan, the Compensation Committee may delegate to one or more executive officers of the Company the power to grant options or other stock awards pursuant to such equity-based plan to employees of the Company or any subsidiary of the Company who are not directors or executive officers of the Company.

### **VI. General**

- The Compensation Committee may establish and delegate authority to one or more subcommittees consisting of one or more of its members, when the Compensation Committee deems it appropriate to do so in order to carry out its responsibilities.
- The Compensation Committee shall make regular reports to the Board concerning areas of the Compensation Committee's responsibility.
- In carrying out its responsibilities, the Compensation Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Compensation Committee may consult. The Compensation Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Compensation Committee or meet with any members of or advisors to the Compensation Committee. The Compensation Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities and shall have sole authority to approve any such advisor's fees and other retention terms.

- The Compensation Committee may perform such other functions as may be requested by the Board from time to time.

Adopted by the Board of Directors at a meeting held on February 10, 2004

Amended by the Board of Directors at a meeting held on November 2, 2004