

## HEALTH AND SAFETY POLICIES

At Watsco, we continuously strive to improve all aspects of our work practices. We actively support a culture of safety and wellness for the benefit of our employees and their families along with our customers. Providing a safe and healthy work environment is a business priority and is core to our values. Health and safety are an essential part of a broader workforce strategy that reduces the risk of harm to employees and helps them remain healthy, engaged and productive. We classify our safety and wellness monitoring into the categories outlined below.

To build and sustain a culture related to these principles, our commitment to safety and wellness is incorporated into the incentive structure of our key operational leaders.

- For wellness, we measure employee engagement in completing annual physicals and health assessments so that our philosophical values are put into action.
- For safety, we measure and seek continuous improvement in incidents related to workers compensation, vehicle accidents and injuries to third-parties

Measurable outcomes matched with meaningful incentives have led to improved performance over the last several years.

## Health and Wellness

We believe that healthy workers are the best workers. Our approach to improving overall employee health is centered on a comprehensive Wellness Program that provides the necessary resources to encourage employees to lead healthier lifestyles.

### Employee Wellness Program

Some of the benefits offered to employees include:

- A medical plan that pays 100% of the cost of preventive care such as annual physicals, mammograms at age 40, colonoscopy at age 45, prostate screening at age 50, heart screening at age 65, bone density screening at age 65, vaccines, and generic preventive drugs.
- Basic Life and AD&D insurance at no cost to employees.
- Short and Long-term Disability insurance.
- Dental and Vision insurance.
- The Watsco Wellness Incentive, a cash incentive, which is deposited into an employee's Health Savings Account upon completion of a free annual physical and

a personal health risk assessment. An additional incentive is provided to the employee's spouse if the spouse also completes both steps.

- Unlimited access to a Personal Health Advocate to assist employees in navigating the health care system. This includes answering any questions about benefits and coverage, help finding doctors and medical facilities, scheduling tests and appointments, and resolving billing and claim issues.
- Teladoc, a digital solution that provides 24/7/365 access to U.S. board-certified doctors by web, phone or mobile app. Employees can easily get resolution to a wide range of health issues including cold, flu, upper respiratory infections, cough, pink eye, allergies and more.
- Employee Assistance Program services are provided to employees and their family members at no cost through Health Advocate, a confidential program that is available 24 hours a day, 7 days a week to help handle stress, depression, addiction, childcare, elder care, legal questions, grief and loss, family relationships, parenting, and more.
- Employees are given the choice to participate in an employer-paid Tobacco Cessation Program through the American Cancer Society. Available resources offered as part of the "Quit for Life Program" include online tools, support, personal coaching and services to quit tobacco use.

## Workplace Safety

Our employees are our greatest asset and therefore, protecting their well-being is a priority. Our overall goal is to be an injury-free workplace and we use training, monitoring and goal setting to move towards this objective.

Our guiding principles to achieve this goal are for our leadership and local managers to:

- Provide the safest workplace environment possible and look for ways to continuously improve upon the safety of our locations. Constant vigilance is key to maintaining a safe work environment.
- Actively engage and demonstrate their commitment to an injury-free workplace. We understand that for an idea to be successfully adopted and implemented, management must fully support the initiatives and provide examples that enable employee growth.
- Empower employees to become accountable for their own actions. Our employees have the right and duty to stop unsafe situations without retaliation.
- Take the steps necessary to prevent injuries through investigations, training for safe work practices, and information sharing throughout our network.

Every new field employee must take a variety of job safety training courses through our Human Capital Management System before starting the job. These initial training courses are supplemented by annual trainings that are required for all field employees.

Additionally, bi-weekly meetings are held at the branch level in which the Director of Health & Safety from the respective business unit discusses a variety of safety topics ranging from heat exhaustion prevention to proper tool use and storage.

These meetings are followed by monthly safety committee meetings that are led by interdisciplinary teams, which include HR, Regional Managers, Divisions Presidents, Health & Safety Directors, VP of Operations, and Branch Managers, to explore best practices and technology that will elevate our safety culture and create awareness at all organizational levels. Also, current safety programs are analyzed, incidents are evaluated to determine causes, and preventative actions are discussed for implementation.

Finally, company-wide quarterly safety meetings are held with the operational leaders and Watsco's President. These meetings cover:

- Accident frequency, trends and causes.
- Best practices for incident reduction and awareness.
- Safety programs.
- Needs and next steps for ongoing growth of Watsco's safety culture.

## Safety Audits

General safety audits are performed twice a year by Operations and Regional Managers. Additionally, on an ongoing basis, managers perform safety audits every time they visit a branch using mobile audit tools, which allow them to:

- Identify and address potential safety issues more frequently to strengthen our safety culture and reduce hazards in the workplace.
- Provide real time feedback to Safety, Fleet and Training Management personnel to help address and resolve issues immediately.

## Fleet Safety

Watsco operates a fleet of more than 750 ground transportation vehicles, including delivery and pick-up trucks, vans, and tractors. Vehicle accidents are costly, but more importantly, they may result in injury to our drivers or others within the communities we operate in. We encourage our drivers to operate all vehicles in a safe manner and to drive defensively to prevent injuries and property damage.

We have safety and training programs, including driver evaluation, operating policies, safety inspections/audits, and safety awareness training. In addition, the majority of our leased vehicles have been equipped with telematics technology to ensure safe driving practices and efficient fuel utilization. We also closely monitor and evaluate third-party providers to determine compliance with laws, regulations and safe practices.

We are continuously improving efforts to mitigate the environmental effects related to fleet activities. The fleet is reviewed and upgraded on a regular basis to improve fuel efficiency and reduce the emission of greenhouse gases and air pollutants. We are also focused on preventative maintenance of the fleet to ensure that the vehicles are operating as efficiently as possible.

## Environmental Health

Protecting the environment and our employees and using resources responsibly, while maintaining compliance with all applicable laws and regulations, is a foremost concern. All employees are encouraged to report any environmentally harmful acts that they become aware of with no threat of negative repercussions on their part.

Our business is subject to federal, state and local laws and regulations relating to the storage, handling, transportation, and release of hazardous materials into the environment. These laws and regulations include the Clean Air Act, relating to minimum energy efficiency standards of HVAC systems, and the production, servicing, and disposal of more environmentally friendly refrigerants used in such systems, including those established by the Kigali Amendment to the Montreal Protocol concerning the phase-down of the production of HFC-based refrigerants for use in new equipment. We are also subject to regulations concerning the transport of hazardous materials, including regulations adopted pursuant to the Motor Carrier Safety Act of 1990. Our operations are also subject to health and safety requirements including the Occupational, Safety and Health Act.

Our industry and business are also subject to United States Department of Energy ("DOE") standards related to the minimum required efficiency levels of residential central air conditioning systems and heat pumps. For purposes of establishing these energy conservation standards, the DOE divides the United States into three regions (the North, the Southeast, and the Southwest) according to the number of hours that an air conditioner operates to cool a home during the hotter months. The seasonal energy efficiency rating, or SEER, is the metric used to measure HVAC energy efficiency. The higher the SEER, the more efficient the HVAC equipment. The current minimum SEER allowed for HVAC equipment is 13 SEER in the North and 14 SEER for the Southeast and

Southwest regions. Beginning in 2023, the minimum efficiency level for residential HVAC systems under 45,000 BTUs will be 14 SEER in the North and 15 SEER in the Southeast and Southwest. For systems over 45,000 BTUs, the minimum efficiency level will be 14 SEER in the North and 14.5 SEER in the Southeast and Southwest. Heat pump efficiency levels will be set at 15 SEER for all three regions.

During 2014, the DOE established new rules for the manufacturing of motors used in residential furnaces with the purpose of increasing the energy efficiency of these motors, and, consequently, the furnaces in which they operate. The mandate dictated that residential furnace fans manufactured in the United States on or after the effective date of July 3, 2019, must have a Fan Energy Rating ("FER") value reduction of 12% or 46% in watts/cfm, depending on the type of furnace. To meet these new standards, most manufacturers have replaced the permanent split capacitor blower motors in residential furnaces with electronic controlled motors.

We believe there is long-term opportunity to be a significant participant and contributor in efforts to address climate change. HVAC/R products provide comfort to homes and businesses regardless of the outdoor climate. Older systems often operate below current government-mandated energy efficiency and environmental standards, resulting in higher energy use and costs to homeowners. Sales of higher-efficiency replacement systems have long been a fundamental opportunity in Watsco/s marketplace. We plan to actively collaborate with its OEM partners and key stakeholders to lead these ongoing efforts in its marketplace.