ENVIRONMENT, HEALTH, AND SAFETY POLICIES

At Watsco, we are committed to building a foundation where our employees, partners and the environment can thrive. To this end, we promote a culture of safety and wellness that benefits our employees, their families, our customers, and the communities where we operate.

Health and Wellness

Healthy employees are the foundation of our organization. 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

Benefits offered to employees include:

- A medical plan covering 100% of preventive care costs, including annual physicals, age-appropriate screenings (mammogram, colonoscopy, prostate, heart, and bone density screenings), vaccines, and generic prescription 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 deposited into an employee's Health Savings Account upon completion of a free annual physical and related physician results form. An additional incentive is available for a participant spouse.
- Unlimited access to a Personal Health Advocate to help navigate the health care system, find providers, schedule appointments, and resolve billing and claim issues.
- Teladoc, a digital solution that provides 24/7 access to U.S. board-certified doctors by web, phone or mobile app for common health issues.
- Employee Assistance Program services for employees and family members at no cost through Health Advocate, a confidential program that is available 24/7 covering stress, depression, addiction, childcare, elder care, legal questions, grief and loss, family relationships, parenting, and more.
- An employer-paid Tobacco Cessation Program through the American Cancer Society's "Quit for Life" program, offering coaching, online tools, and support.

Workplace Safety

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

Leadership and local managers are expected to:

- Provide the safest workplace environment and continuously look for ways to improve it.

- Actively demonstrate our commitment to an injury-free workplace and support employee safety initiatives.
- Empower employees to be accountable for their own safety and stop unsafe situations without fear of retaliation.
- Prevent injuries through investigations, safe work practice training, and network-wide information sharing.

All new branch employees must complete required job safety training through our Human Capital Management system before starting work, supplemented by annual training.

Bi-weekly branch-level safety meetings are led by each business unit's Director of Health & Safety, covering topics from heat exhaustion prevention to proper tool use and storage. These are followed by monthly safety committee meetings - led by cross-functional teams including HR, Regional Managers, Divisions Presidents, Health & Safety Directors, VPs of Operations, and Branch Managers - to review best practices, analyze incidents, and drive preventive action.

Quarterly company-wide safety meetings with operational leaders and Watsco's President cover accident trends, best practices for incident reduction and awareness, safety programs, and next steps for strengthening Watsco's safety culture.

Safety Audits

General safety audits are performed twice a year by Operations and Regional Managers. Managers also perform audits during every branch visit using mobile audit tools to:

- Identify and address potential hazards more frequently.
- Provide real-time feedback to Safety, Fleet and Training Management personnel to resolve issues immediately.

Fleet Safety

Watsco operates a fleet of more than 850 vehicles, including delivery and pick-up trucks, vans, and tractors. Vehicle accidents are costly, and more importantly, can injure drivers or community members. We expect all drivers to operate vehicles safely and defensively to prevent injuries and property damage.

Our fleet safety programs include driver evaluation, operating policies, safety inspections and audits, and safety awareness training. Most leased vehicles are equipped with telematics technology to monitor safe driving fuel efficiency. Third-party providers are also evaluated for compliance with applicable laws and safe practices.

We continuously work to reduce the environmental impact of our fleet through regular upgrades to improve fuel efficiency, reduce greenhouse gas emissions, and maintain vehicles at peak operating efficiency.

Environmental Health

Protecting the environment and using resources responsibly while maintaining full regulatory compliance is a core priority for Watsco. All employees are encouraged to report environmentally harmful acts without fear of repercussion.

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 hydrofluorocarbon ("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, as well as the health and safety requirements including the Occupational, Safety and Health Act.

Our industry and business are also subject to U.S. 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 U.S. 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. Standards have been updated in recent years, and we work closely with our OEM partners to ensure our product offerings meet or exceed current requirements.

We believe that our business plays an important and significant role in the drive to lower CO_2e emissions. According to the DOE, heating and air conditioning accounts for roughly half of household energy consumption in the U.S. As such, replacing older, less efficient HVAC systems with higher efficiency systems is one of the most meaningful steps homeowners can take to reduce their electricity costs and carbon footprints.

The overwhelming majority of new HVAC systems that we sell replace systems that likely operate below current minimum efficiency standards in the U.S. and may use more harmful refrigerants that have been phased out. As consumers replace HVAC systems with new, higher-efficiency systems, homeowners will consume less energy, save costs, and reduce their carbon footprints.

The sale of high-efficiency systems has long been a focus of ours, and we have invested in tools and technology intended to capture an increasingly richer sales mix over time. In addition, regulatory mandates will likely periodically increase the required minimum SEER rating, thus providing a catalyst for increased sales of higher efficiency systems. The Company expects these regulations to reduce the carbon footprint of end-users. We actively collaborate with OEM partners and key stakeholders to lead energy efficiency efforts in our market.

We develop environmental stewardship programs to continuously monitor, analyze and optimize energy and fuel use across our operations, reduce emissions, and improve overall efficiency. We also collaborate with supply chain partners to identify opportunities, reduce waste, and manage environmental risks.