

# **FLUIDRA**

ANNUAL REPORT ON THE ACTIVITIES  
OF THE APPOINTMENTS AND  
COMPENSATION COMMITTEE

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**2021**

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## 1.1. PRESENTATION

In keeping with recommendation 6 of the CNMV's Code of Good Governance for Listed Companies and article 29 of the Regulations of the Appointments and Remuneration Committee (the "Committee") of Fluidra, S.A. ("Fluidra" or the "Company") ("Committee Regulations"), enclosed herewith is the Annual

Report on the operations and activities of the Committee for fiscal year 2021 approved by the Committee on March 29, 2022 and ratified by the Company's Board of Directors (the "Board") on March 30, 2022.

## 2. COMPOSITION, COMPETENCES AND FUNCTIONING OF THE APPOINTMENTS AND COMPENSATION COMMITTEE AND MEETINGS IN 2021

The Appointments and Remuneration Committee is regulated in Article 14 of the Board Regulations and in the Committee Regulations, wherein its principles of action and the basic rules governing its organization and operation and its code of conduct are developed in accordance with the corporate governance best practices and the CNMV's Technical Guidance for Appointments and Remuneration Committees.

### 2.1 COMPOSITION

According to article 14 of the Board Regulations and article 12 of the Committee Regulations, the Committee is made up of four non-executive directors, two of whom are independent directors. The members of the Committee have been appointed having regard to their knowledge, skills and experience, as well as to the duties of the Committee.

The Board Regulations stipulate that the Chairman of the Committee must necessarily be an independent director, elected from among the independent directors on the Committee.

At December 31, 2021, the Committee was made up of the following directors designated by the Board:

Name	Title	Category	Committee member since
Esther Berrozpe Galindo	Chairwoman	Independent	06/09/2019
Jorge Valentín Constans Fernandez	Member	Independent	01/12/2015
Piumoc Inversiones, S.L.U., represented by Bernat Garrigós Castro	Secretary	Proprietary	02/07/2018
Mr. M. Steven Langman	Member	Proprietary	14/06/2021



## THE PROFILES OF THE COMMITTEE MEMBERS ARE AS FOLLOWS:

### **Doña Esther Berrozpe Galindo**

As of January 2021, Esther Berrozpe is CEO of Ontex, a leading international personal hygiene group.

With 10,000 employees worldwide and sales of €2.09 billion in 2020, Ontex engineers and makes quality baby care, feminine hygiene, and adult care products which are distributed in more than 110 countries to consumers, retailers and institutional and private healthcare providers around the world.

Headquartered in Aalst, Belgium, Ontex is listed on Euronext Brussels and is part of Bel Mid®.

Esther Berrozpe was president for Europe, the Middle East and Africa and executive vice president of Whirlpool Corporation, a world leader in the large appliances sector, which in 2018 had annual sales of 21 billion dollars, 92,000 employees and 65 production, research and development centers. With a degree in Economics and Business Administration from the University of Deusto in San Sebastián, she led the company's integration and transformation process following the acquisition of Indesit Company by Whirlpool in 2014. Esther Berrozpe has an extensive international track record of more than two decades working in consumer goods companies, where she held positions of responsibility both in Europe and the United States. She has also worked for Paglieri, Sare Lee and Wella Group. She has broad experience in the commercial, industrial and logistics fields and in managing talent and the culture of change, as well as in mergers and acquisitions. Esther Berrozpe was an Independent Director of Pernod Ricard, Ontex Group and Roca Corporación until December 2020.

### **Don Jorge Valentín Constans Fernández**

Jorge Constans has a degree in economics from the University of Barcelona, a General Management Degree (PDT) from IESE and an MBA from ESADE. Over a long career spanning 22 years at Danone, he held several positions in sales, marketing and general management in Spain and went on to be president and general manager of Danone France. He was subsequently made responsible for Europe and later on for the USA. Over the last two years at the company he was president of the dairy products division, with revenues of 12 €B and a presence in over 50 countries. At Louis Vuitton he held the position of president and CEO.

He is currently a member of the board of directors of Puig and Fluidra.

### **Piumoc Inversions, S.L.U., represented by Bernat Garrigós Castro**

The person who represents the board member, Piumoc Inversions, S.L.U., is Mr. Bernat Garrigós Castro, whose details are as follows: Born in Barcelona in 1967. Degree in biology from Universidad de Barcelona in 1991, subsequently, in 1994, he studied for a Master's Degree in Environmental Management at Duke University and enrolled on a Management Development Program at IESE Business School. He has directed Aniol, S.L. since 2004. He is currently involved in various projects involving new technologies. His professional career within the Fluidra Group has been at several companies. Between 1995 and 1998 he was product manager at Astral Grup and subsequently, until 2002, he held the position of head of production at Servaqua, SA. Bernat Garrigós is the CEO of Aniol, S.L. and Piumoc Inversiones, S.L.U. He is also the President of the Alive Foundation and a member of the board of directors of Contralsa, S.R.L.

### **Don M. Steven Langman**

Mr. Langman co-founded Rhône in 1996 and has been responsible for the day-to-day management of the company since its inception. Rhône is an alternative asset management company specializing in private equity. He is a Member and Managing Director of Rhône. Before founding Rhône, Mr. Langman was a Managing Director at Lazard Frères, where he specialized in mergers and acquisitions. Before joining Lazard Frères, Mr. Langman worked in the mergers and acquisitions department of Goldman Sachs. He has over thirty years of experience in finance, analysis and investments in public and private companies. In addition to Fluidra, S.A., Mr. Langman currently serves on the Boards of Directors of companies in which Rhône holds investments, including Baker & Baker Group Ltd, Hudson's Bay Company, Lummus Technology L.L.C., Vista Global Holdings and Wellbore Integrity Solutions LLC. He graduated with honors from the University of North Carolina at Chapel Hill and holds a master's degree from the London School of Economics.

## 2.2 COMPETENCIAS Y FUNCIONES

Notwithstanding any other functions assigned to it under the law or the By-laws or by the Board of Directors, the functions of the Appointments and Remuneration Committee include:

### Basic functions

Evaluate the balance of skills, knowledge and experience on the Board, defining, on that basis, the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties;

- To submit to the Board the proposed appointments of independent directors for their designation by co-option or for submission to a vote at the Shareholders' Meeting, as well as proposals for the re-appointment or removal of such directors by the Shareholders' Meeting.
- To report on the proposed appointments of other directors for their designation by co-option or for submission to a vote at the Shareholders' Meeting, as well as on proposals for their re-appointment or removal by the Shareholders' Meeting.
- To examine or organize, in appropriate form, the process for succession of the Chairman and Managing Director, making recommendations to the Board of Directors so the handover proceeds in a planned and orderly manner. For these purposes, the Appointments and Compensation Committee drafts a succession plan that is regularly reviewed so as to adapt it to any new needs and circumstances of the Company;
- Prepare and review the criteria to be followed in configuring the management team of the Company and its subsidiaries and in selecting candidates;
- To report on, and submit to the Board proposals for appointments and dismissals of senior executives and other executives as proposed by the executive chairman or the managing director, as well as the basic conditions of their contracts.
- To report to the Board of Directors on the matters relating to gender diversity and the qualifications of directors pursuant to article 6.5 of the Board of Directors Regulations;
- To establish a target for the representation of the underrepresented gender on the Board and prepare guidelines on how to achieve this target;
- To propose to the Board of Directors: (i) the compensation policy for directors and senior executives and (ii) the

individual compensation of executive directors and senior executives and the other terms of their contracts; and

- To ensure compliance with the compensation policy established by the Company and the transparency of compensation.

The Appointments and Remuneration Committee is also responsible for the following

### Additional functions

- Periodically review the structure of the Board of Directors and its committees and advise the Board of Directors on the most appropriate configuration in terms of size and balance between the different types of directors;
- Propose to the Board of Directors a selection policy designed to favor the adequate composition of the Board and one that is specific and verifiable so as to ensure that proposals for the appointment of directors are based on a prior analysis of the skills required by the Board of Directors and that favor diversity of knowledge, experience, age and gender.

Moreover, the Appointments and Remuneration Committee verifies compliance with this policy on an annual basis and reports its findings in the Annual Corporate Governance Report;

- Ensure that when vacancies are filled or when new directors are appointed, the selection procedures do not suffer from implicit bias which could be discriminatory;
- Propose the appointment or removal of members of the Audit Committee, the Appointments and Remuneration Committee and the Executive Committee, verifying that the composition of each committee meets the conditions of professional experience, competence and diversity. When proposing directors for re-election, the Appointments and Remuneration Committee takes into account the same factors as for the first appointment. The Committee also assesses the director's performance during his/her time in office and the ability to continue performing satisfactorily;
- Propose or communicate the resignation or removal of directors when: (a) they are ineligible or prohibited from remaining in their posts according to the law, the By-laws or these Regulations; (b) a shareholder represented by the director sells its shares or reduces its shareholding; (c) the director is affected by any other situation, whether or not related to their performance in the Company, which could seriously damage the Company's image or reputation;

- Ensure that the Board of Directors adequately publicizes the circumstances and reasons for the resignation before the director's term of office comes to an end, either by resignation or by resolution of the General Shareholders' Meeting.

- Promote and coordinate the annual process of evaluating the performance of the Board of Directors, the Chairman of the Board of Directors, its Committees, its members and the executive directors;

- Submit the results of the evaluation to the Board of Directors together with a proposed action plan or recommendations to correct any deficiencies detected or to improve the operation of the Board of Directors or its committees;

As part of the evaluation, the Appointments and Remuneration Committee monitors directors' attendance at meetings;

- Evaluate the skills, expertise and experience required to be a Board member and to that end: (a) prepare a matrix of the skills required of the Board of Directors to assist the Appointments and Remuneration Committee in analyzing the skills, expertise and experience of the Board members and defining the functions and aptitudes of the candidates who should fill any vacancies that may arise; (b) evaluate the time and dedication required for them to effectively perform their duties; and (c) promote refresher training for directors, as needed;

- Verify the independence of any external consultant that may periodically advise the Board of Directors evaluating the performance of the Board of Directors and its committees.

- To propose to the Board of Directors:

- The system and amount of annual remuneration for executive directors and senior executives;
- The individual remuneration and other basic terms and conditions of the contracts with executive directors and senior managers;
- The remuneration policies of directors and members of senior management, reviewing them periodically and, where appropriate, proposing changes and updates to the Board of Directors, verifying their alignment with the particular circumstances of the Company.

- To prepare and submit to the Board of Directors for approval the Annual Report on Remuneration of Directors;

- Periodically review the terms of the agreements of executive directors and senior executives and verify that they are consistent with the applicable remuneration policies;

- Oversee the fulfilment of the remuneration policies of directors and senior executives;

- To assess the level of achievement in respect of the criteria and objectives set for the previous year for the purposes of determining the motion on individual remuneration, including the variable components thereof of the executive directors and senior executives;

- Make sure that the selection and remuneration policies are consistent with the Company's short, medium and long-term situation and strategy and with market conditions, and assess whether they contribute to the creation of long-term value and to the adequate management and control of risks, informing the Board of Directors of the results;

- To verify that the information published by the Company on its corporate website regarding remuneration is sufficient and appropriate and follows applicable good corporate governance recommendations with a transparent process for drafting the proposal of the remuneration policies.

- Report on proposals for the appointment and removal of senior officers and gather information on the evaluation process.

In this regard, prepare a succession plan for the Company's senior executives to ensure an orderly and carefully planned succession;

- Periodically design and organize onboarding programs for Board Members as deemed appropriate;

- Issue reports and take actions falling within its scope of authority or requested by the Board of Directors or the Chairman;

- Supervise compliance with the Corporate Strategic Plan and the Company's Environmental, Social and Corporate Governance policies and advise on the preparation and adaptation of the strategic plan and/or policies to ensure that they fulfil their mission of promoting the social interest and also consider the legitimate interests of the remaining stakeholders;

- Ensure that the corporate culture is aligned with the purpose and values of the corporate governance standards; and

- Review the non-financial information for the Company

and, where applicable, for the Group relative to matters falling under the jurisdiction of the Appointments and Remuneration Committee.

## 2.3 FUNCTIONING

Although the Committee meets ordinarily on a quarterly basis, it will also meet when called by the Chairman, provided that the Board or the Board Chairman request the issue of a report or the adoption of proposals and, in any event, when it is appropriate for the proper pursuit of its functions.

The Committee shall be deemed to be validly assembled when at least the majority of committee members are present in person or by proxy.

Resolutions shall be adopted by a majority of the members in attendance, in person or by proxy. In the event of a tie, the chairman shall not have the casting vote.

In addition, pursuant to the power granted by the Board Regulations, to best perform its functions, the Committee may seek advice from external experts when it considers it necessary for the correct fulfilment of its duties.

The Committee reports on and is accountable for its activities in the first plenary meeting of the Board following its own meeting. The Committee also draws up minutes of its meetings, sending a copy to all the Committee members and making the minutes available, where applicable, to all of the Board members.

## 3. ACTIVITIES IN 2021

### 3.1 MEETINGS

The Committee met eight times in 2021 (all by videoconference).

A variety of matters falling within the scope of the Committee's responsibilities according to the By-laws and the Board Regulations were addressed at the meetings.

In addition to the Committee members, executive directors, the HR Global Director, the ESG Director, the non-director Secretary of the Board of Directors and external advisors have sporadically participated in Committee meetings to present issues falling under their purview.

### 3.2 PRINCIPAL ACTIVITIES

The Committee's principal activities in fiscal year 2021 were as follows:

#### (a) Composition of the Board of Directors

The Committee issued a favorable report on the following re-elections and appointments of directors.

- Where appointments are concerned, the Committee previously oversaw the selection process of the new director following the procedure established in the selection policy:
- Re-election of Mr. Eloy Planes Corts as Chairman of the Board, as Chief Executive Officer and Chairman of the Executive Committee.
- Re-election of Mr. Óscar Serra Duffo as Vice-Chairman of the Board and as a member of the Executive Committee.
- Re-election of Mr. Bernardo Corbera Serra as a member of the Audit Committee.
- Appointment of Mr. José Manuel Vargas Gómez as a member of the Executive Committee, and Mr. M. Steven Langman as a member of the Appointments and Remuneration Committee following the resignation of Mr. Sébastien Mazella di Bosco.
- Appointment by co-option of Ms. Barbara Borra as an independent director following the resignation of Mr. Ariel Martin Atlas. This appointment must be ratified at the Company's 2022 General Shareholders' Meeting.

#### (b) ESG

Reviewed the KPIs and short-term objectives of the ESG Strategic Plan ("Fluidra Blueprint"), reporting favorably to the Board for approval.

Reviewed the global Human Resources strategy, together with the Diversity, Equity and Inclusion Policy, and informed the Board of the results of the climate survey.

Reviewed the new developments in corporate governance, especially the inclusion of malus and clawback clauses in the annual variable remuneration.

- It analyzed the level of compliance with the CNMV's good

governance recommendations (the Good Governance Code and the Technical Guide on appointments and compensation committees) and drew up a plan of action.

- It analyzed the information to be included in the Annual Corporate Governance Report in those matters within its remit, and reported favorably to the Board on its approval.
- It analyzed the information to be included in the Annual Report on Directors' Compensation and reported favorably to the Board on its approval.
- It analyzed the information to be included in the Annual Report on the non-financial information statement in those matters within its remit and reported favorably to the Board on its approval.
- Analyzed the report on the modification of the 2022-2024 Remuneration Policy and issued a favorable opinion to the Board of Directors.

Analyzed the changes of Fluidra's Board of Directors Regulations and the approval of the Appointments and Remuneration Committee's new Regulations and issued a favorable opinion to the Board.

Analyzed the creation of an ESG Committee dedicated exclusively to the Company's ESG issues and objectives and issued a favorable opinion to the Board.

### (c) Evaluation of the Board

It carried out the evaluation of the Board this year with the support of an external consultant.

Analyzed the structure, composition and operation of the Board as well as the individual performance of each Board member.

It analyzed the degree of compliance with the action plan to improve governance and the capacity for improvement following the Board's evaluation in 2020.

It approved and presented to the Board the Evaluation Report on the composition and functioning of the Board and its Committees.

Following on the last Board evaluation, analyzed the implementation of a training plan for the Board on ESG and digital transformation/IoT.

### (d) Compensation of the members of the managing body and management team

- It evaluated the professional performance, in 2020, of the executive directors and senior management team, and reported favorably to the Board regarding the annual amount of variable compensation, for 2020, to be received by the executive directors, the senior management team and the internal audit and compliance director, in light of the level of attainment of the strategic targets to which such compensation was linked.
- It analyzed and reported favorably to the Board regarding the amount of compensation corresponding to the board of directors and senior management team for 2021.
- It analyzed and reported favorably to the Board on the individual annual targets for the executive directors and the senior management team for 2021.
- It analyzed and reported favorably to the Board on the changes in the assignment of units under the 2018-2022 LTI that affect certain beneficiaries with an employment relationship, due to new hires or changes in their duties.
- Analyzed the main aspects of the new long-term incentive plan following the end of the 2018-2022 LTI metrics measurement period and issued a favorable opinion.
- Analyzed and reported favorably on the approval of the Directors' Remuneration Policy at the 2021 General Shareholders' Meeting, applicable in 2022.

### (e) Talent management

It reviewed the methodology and steps taken in relation to the Succession Plan for the senior management team, and in particular the CEO and members of the MAC.

## 4. CONCLUSIONS

In 2021, the Committee has dutifully performed the functions assigned to it in the Company's by-laws and the Board Regulations.