

**FLUIDRA**

**INTEGRATED  
REPORT**

**2019**



# Index

<b>1</b>	<b>Message from the Executive Chairman &amp; Interview with the CEO</b>	<b>5</b>
1.1	Message from the Executive Chairman, Eloi Planes	5
1.2	Interview with the Chief Executive Officer, Bruce Brooks	8
<b>2</b>	<b>Fluidra at a glance. Key Performance Indicators (KPIs)</b>	<b>11</b>
2.1	Financial indicators	11
2.2	Non-financial indicators	13
<b>3</b>	<b>The Pool and Wellness sector</b>	<b>15</b>
<b>4</b>	<b>50 years of success</b>	<b>19</b>
<b>5</b>	<b>Geographical presence</b>	<b>23</b>
<b>6</b>	<b>A company with values</b>	<b>25</b>
6.1	One mission and six corporate values	25
<b>7</b>	<b>A stable, recurring and growing business to create value</b>	<b>27</b>
7.1	The share and its prospects	27
7.2	Growing and recurring EBITDA	29
7.3	Debt evolution and prospects	30
7.4	Investment for stable growth	30
7.5	2019 tax contribution	32
7.6	Highlights of the year	34
7.7	Why invest in Fluidra	35
<b>8</b>	<b>Business model and strategy</b>	<b>37</b>
8.1	Future outlook: 2022 Strategic Plan	37
8.2	Innovation as the springboard for future growth	38



<b>9</b>	<b>Geographical divisions of Fluidra business</b>	<b>45</b>
9.1	North America (NA)	45
9.2	Europe, Southern Hemisphere and Asia (ESA)	48
9.3	Towards a new structure	53
9.4	Products and brands	54
<b>10</b>	<b>Management of risks and opportunities</b>	<b>59</b>
10.1	Risk management	59
10.2	Table of main risks	60
<b>11</b>	<b>Corporate Governance</b>	<b>63</b>
11.1	Governing bodies	63
11.2	Management team	72
11.3	Remuneration policy for directors and senior management	75
11.4	Management of corporate integrity	75
<b>12</b>	<b>Sustainability management (ESG)</b>	<b>79</b>
12.1	Materiality	79
12.2	2020-2026 ESG Master Plan	81
<b>13</b>	<b>2019 Value creation</b>	<b>83</b>
13.1	Environmental action	83
13.2	Human capital and its development	92
13.3	Product development	108
13.4	Social commitment	114
<b>14</b>	<b>About this report</b>	<b>121</b>
14.1	Material changes, companies and general contents of the report	121
14.2	GRI Standards	122
14.3	Additional information and contact	130



# 1. Message from the Executive Chairman & Interview with the CEO

(GRI 102-14)

## 1.1 Message from the Executive Chairman, Eloi Planes



2019 was a great year for Fluidra mainly for two reasons: **the evolution of our business** and because **we have turned 50**. Fluidra was born in 1969 as a small family business with eight employees and one million Pesetas; the equivalent of 6,000 Euros. After 50 years, it has become the world leader in pool and

wellness equipment, with a turnover of more than 1.3 billion Euros, more than 5,300 employees and presence in 46 countries on all continents. An immense achievement and a source of pride for all who are part of this great company, therefore, I would like to begin my letter thanking everyone who has helped to make this feat possible.

The integration with Zodiac has brought with it multiple **value generating possibilities**, involving all areas of the company and helping to increase opportunities for growth, as well as reducing operating costs. This is an aspect that we have particularly focused on throughout 2019 and is already bearing its fruits: as a result of the considerable effort made by the more than 20 teams involved, **we were able to raise the cost synergies objectives from 35 to 40 million Euros and reported new synergies in revenue.**

**2019 has been the first year of the new Fluidra** and, for now, has put us on the right track. Our geographic diversity with a business model adapted to each market, combined with our R&D strength, offers us a unique competitive advantage that has helped us thrive in this key year. Our 2022 Strategic Plan is an ambitious plan and it was important, in this first year, to integrate the two companies as much as possible. **We have implemented almost 90% of the integration plan and achieved excellent cultural integration**; the teams are working together as one, which has allowed us to achieve our first goal: to operate as one company in the shortest possible time.

The 2019 figures have been good. In this same letter last year, I made a commitment to achieve sales **above 1,350 million Euros, EBITDA of more than 240 million Euros** and a **net debt/EBITDA ratio of 2.6x**. And this was the case at year end.

On the closing of this integrated report, the crisis of the **global Coronavirus pandemic (COVID-19) has already broken out**. At Fluidra, we have put in place all protocols to ensure business continuity, like working from home, working in differentiated shifts, necessary to mitigate its impact on the business, as well as the protection of those of us who work at Fluidra, customers, suppliers, investors and all those stakeholders who could be affected. We will fully comply with the orders and recommendations of the authorities and we will do our utmost to get out of this serious and unexpected crisis together.

For the time being, we are not able to foresee the impact of this extraordinary situation on our business.

In terms of our share price last year, **it maintained an excellent evolution with 25% revaluation in the year, growing more than double compared to the IBEX 35.**

## Eloi Planes, Executive Chairman

2019 has been the first year of the new Fluidra and, for now, has put us on the right track. Our geographic diversity with a business model adapted to each market, combined with our R&D strength, offers us a unique competitive advantage that has helped us thrive in this key year. Our 2022 Strategic Plan is an ambitious plan and it was important, in this first year, to integrate the two companies as much as possible. **We have implemented almost 90% of the integration plan and achieved excellent cultural integration**; the teams are working together as one, which has allowed us to achieve our first goal: to operate as one company in the shortest possible time.



**Innovation continues to be a differentiating attribute of Fluidra**, where we have the largest R&D team in the industry. We also have **6 of the 10 most recognised brands in the market** with more than **1,200 patents** worldwide. Our technology allows us to rationalise consumption or build more efficient facilities, but also automate maintenance with remote controls, thereby improving the user experience. This automation allows for smart process control such as filtration, pumping, dosing of disinfectant products, recording water consumption or heating. The **Internet of Things**, the increasing digitalisation of all processes and **big data**, which provide continuous information on metrics and usage habits, help to make pool management progressively easier, more economical, sustainable and accessible.

We are a **responsible and socially committed** company and develop our business model following approaches based on innovation and sustainability. We therefore continue to improve our commitment to society and the environment.

In a global environment, where water is becoming increasingly important, we continue to develop products, projects and services that offer sustainable, efficient and cutting-edge solutions. This commitment to sustainability is reflected in our new **2020-2026 ESG Master Plan, which establishes five general objectives in corporate governance, environmental action, responsible product, human capital and development, and a commitment to the community**, and which our Board of Directors will approve soon.

I would like to reiterate our commitment to the **Ten Principles of the United Nations Global Compact** and the **United Nations Sustainable Development Goals (SDGs)**, which is a sign of the conviction with which we understand

the importance of sustainability and CSR in business and which we refer to with ESG. Principles based on respect for human, labour and environmental rights, and also on the fight against corruption. Equally important is our involvement with Sustainable Development Goals, especially those related to sustainable water management. Our entire ESG Master Plan is articulated through these 17 Sustainable Development Goals.

2019 was the fourth year of activity of **Fundació Fluidra**, which we created in 2016 with the vocation to put at the service of society and, especially, of those people who need it most, the knowledge that Fluidra has acquired on water throughout its history. The Foundation is conceived in Fluidra as a natural step in its commitment to society, to better focus its corporate social responsibility initiatives and achieve greater impacts. Its activities are articulated around two axes: water and music. In this way, the actions carried out by the Foundation are aligned with two basic commitments: social commitment, with projects aimed at accessibility, awareness and education on the use of water; and cultural commitment, dedicated especially to promoting music as an educator and dignifying element of people.

In conclusion, I would like to summarize what you will be able to see in this report, which consists of a clear will to **create sustained value that benefits all stakeholders**, whether shareholders, investors, employees, pool professionals, suppliers or users. As Executive Chairman of this company listed on the Spanish Stock Exchange, now multinational reference in our industry, I thank you all for these first 50 years and your trust in Fluidra.

*Eloi Planes, Executive Chairman*









## 1.2 Interview with the Chief Executive Officer, Bruce Brooks

Bruce Brooks is the CEO at Fluidra and also an executive member of the Board of Directors.

### 2019 WAS THE FIRST YEAR TOGETHER, AFTER THE MERGER. HOW WOULD YOU APPRAISE IT?



2019 was a very important and quite successful year for Fluidra and for all of us who are part of it. It has been a difficult year just as we had foreseen, taking on deep changes and executing an ambitious integration process after the merger with Zodiac, which is currently 90% complete. I am both grateful and proud of the

work performed by the entire organization on becoming One Fluidra.

**Fluidra turnover as at the end of 2019 was 1,368 million Euros; a 4% increase compared to 2018.** This growth is the result of our strength through our global footprint, with a very good performance in Europe and the United States recovering after a weak start in the first quarter.

The group's **EBITDA grew 10% in 2019, up to 244 million Euros, increasing 2.6 times more than sales**, which evidences the strength of our operational leverage. The margin improvement is the result of good gross margin management, prudent investments in operating expenses, as well as cost synergies found during the integration process.

**Residential Pool** continues to be the division generating the greatest turnover, evidencing Fluidra's resilience due to the recurrent business with the installed pool base. The turnover derived from this activity was 953 million Euros, 3.7% more than in 2018. Furthermore, the **Commercial Pool** turnover totalled 99 million Euros, improving 4.2% compared to 2018.

The unexpected worldwide crisis situation due to **Coronavirus** makes it very difficult to foresee the impact it may have on our business. No doubt this horrible pandemic will cause short term disruption to our business. Although we expect some reduction in our Commercial Pool businesses until travel and tourism gradually recover, we are bullish mid to long term on our residential segment. After the last financial crisis, there was a positive stay at home or cocooning impact on our sector. Thanks to properly chlorinated pools that do not transmit any viruses, we hope that the impact this time will be less. We continue to believe that **Fluidra is an excellent investment opportunity for our shareholders**. Investing in Fluidra is to invest in the leader of a structurally attractive industry, and evidences a clearly upward trend in the mid to long term.

### WHERE IS FLUIDRA GOING IN THE SHORT AND MEDIUM TERM?

Because of the uncertainty of the current situation, let us leave the news on Coronavirus out of this discussion. We have a great platform to build on. Fluidra operates in 46 countries featuring the **most substantial geographical platform** in our industry, **the broadest range** of products; **a brand portfolio including some of the most renowned trademarks** of our industry worldwide; as well as **know-how in innovation, manufacturing and distribution**. These global strengths are maximised, promoted and optimised through a business model that adapts to regional specifics, for each customer and each pool.

As in any business, our performance is exposed to risk. However, we see the future of Fluidra with reasonable and justified optimism. We are the leaders of an industrial sector with two main drivers: the main one is the installed pool base, which managed to grow even in a scenario of economic instability; the other is the new pool market. This combination has allowed our industry to grow at approximately twice the GDP rate in historical terms.

I just want to highlight that we established four objectives within the scope of our 2022 Strategic Plan:

- First to **accelerate growth in North America** extending the Commercial and Residential Pool product portfolio, greater focus on the installed pool segment and ongoing growth in number of connected pools (IoT).
- The second is to **leverage our platform in Europe and the Southern Hemisphere**. The existing market scenario is favourable for Fluidra, in addition to the extended customer portfolio in the Residential Pool market. We will focus on building a closer relationship with our pool pros via brands, maximizing channel management and the continued expansion of our Fluidra Pro Centers (formerly known as Cash and Carry branches).
- The third is to **increase penetration of commercial pools in emerging markets**, our main drivers being: the combination of market trends, Fluidra's platform in these regions, the variety of commercial products and solutions and specific engineering and prescription knowledge.
- And fourth, to **improve margin through operational excellence and cost synergies** from the integration, which we now estimate will reach 40 million Euros by 2022. In addition, our global best processes of Lean and Value Improvement have allowed us to become more efficient and reduce product costs. The team has increased our target in this space by an additional 5 million Euros during the plan.



## CAN YOU SPEAK MORE TO YOUR PROGRESS ON SYNERGIES AND DEBT?

The efforts made in 2019 with the integration enabled us to accelerate the capture of cost synergies in the year as well as increase the total amount considered in the Plan. **These synergies will rise to 40 million Euros; 5 million more than initially expected.** In addition, we now see a clear path to revenue synergies which were not part of our original plan. **We now anticipate gross synergies to be obtained from sales total 59 million Euros for 2022 and more than 40 million Euros net of dis-synergies.**

Since we closed the deal with Zodiac, **the company has notably deleveraged and maintains strong cash generating capabilities.** In this respect, our guidance was to achieve, as at the close of 2019, a **net debt/EBITDA ratio of 2.6x, which we did.** These levels are below the shareholders agreement objective. This allows us to resume inorganic activities to bolster our growth in certain markets and product ranges. As an example, **we acquired Fabtronics in February**, an Australian designer and manufacturer of electronic components. This acquisition reinforces the position of Fluidra on a global level, helps us

increase our R&D capabilities and allows us to accelerate innovation to satisfy local market requirements.

Furthermore, **Fluidra successfully completed the process of repricing its debt in January 2020.** We made an **early payment of 150 million Euros** from the guaranteed loan with a total value of 894 million Euros as at 30 September 2019 and improved its conditions, changing to Euribor plus 200 basis points for the tranche in Euros and Libor plus 200 basis points for the tranche in US dollars, which represents a 75 and 25 reduction in basis points, respectively. Furthermore, we closed the revolving credit facility with a reduction of 50 basis points.

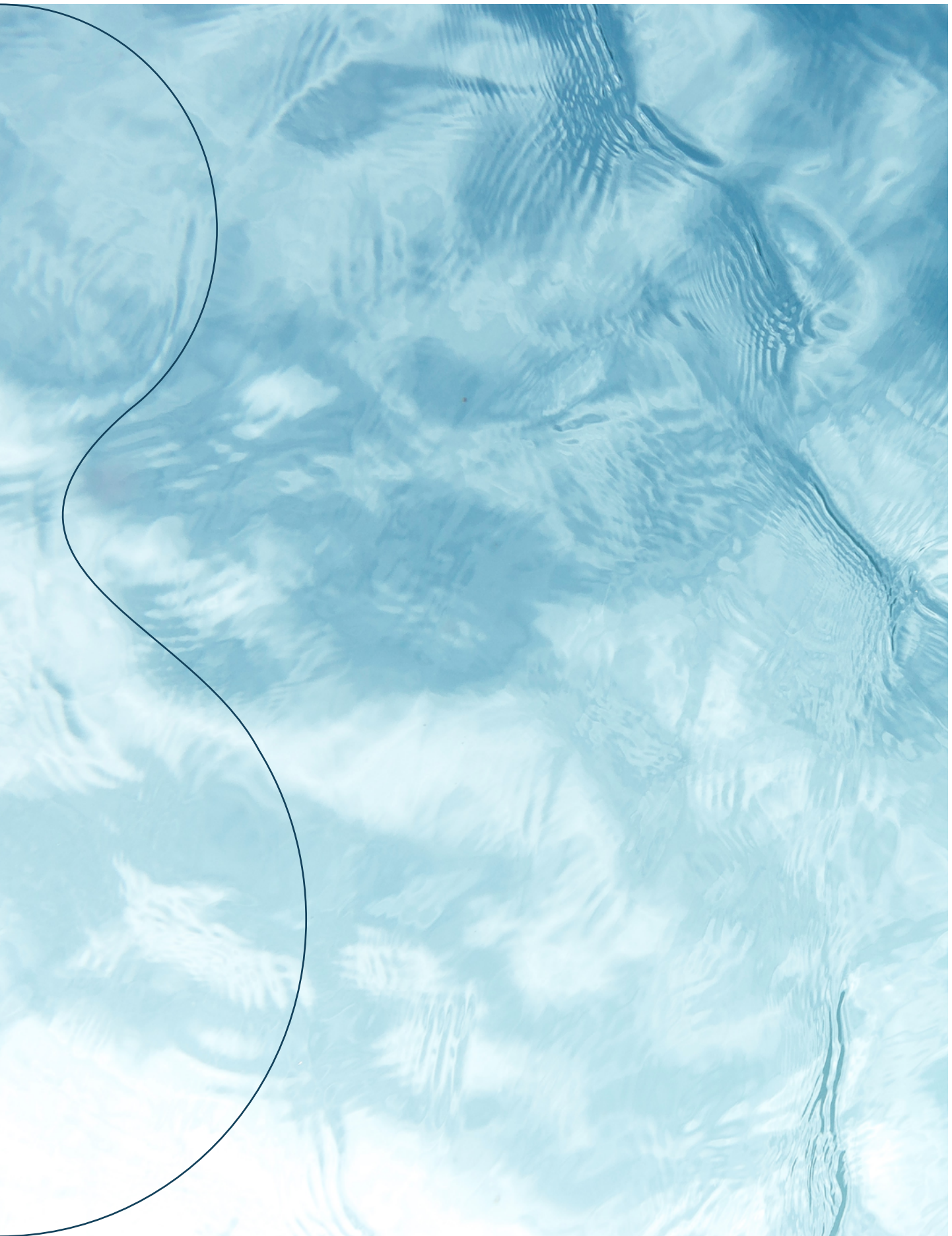
This was possible thanks to the strong cash generation achieved in the year. Both movements will result in **significant savings in annual interests, around 7 million Euros.**

Thank you all for your confidence.

*Bruce Brooks, Chief Executive Officer*







## 2. Fluidra at a glance. Key indicators

### 2.1 Financial indicators\*

#### 2.1.1 2019 RESULTS

Period	2018 M€	2019 M€	Evolution %
Sales	1,316.2	1,367.6	3.9
EBITDA	221.3	244.2	10.3
EBITA	181.2	201.0	10.9
Cash EPS	0.50	0.57	12.1
Net Working Capital	322.6	276.3	(14.4)
Net Debt	719.7	635.0	(11.8)
Net Debt/EBITDA	3.3x	2.6x	(20.0)
Full year run rate synergies achieved	-	29.0	

#### 2.1.2 SALES BY GEOGRAPHY

Period	2018		2019		Evolution 19/18	Const. Fx
	€M	Sales%	€M	Sales%	%	%
Southern Europe <sup>(1)</sup>	431.3	32.8	442.8	32.4	2.7	2.7
Rest of Europe	215.2	16.4	230.0	16.8	6.9	6.6
North America <sup>(2)</sup>	403.1	30.6	425.9	31.1	5.7	0.3
Rest of world	266.6	20.3	268.8	19.7	0.8	1.6
<b>Total</b>	<b>1,316.2</b>	<b>100</b>	<b>1,367.6</b>	<b>100</b>	<b>3.9</b>	<b>2.3</b>

<sup>1</sup>sales by geography in PF 2018 and 2019 include a small reclassification.

<sup>2</sup>includes impact of IFRS 15.

#### 2.1.3 SALES BY BUSINESS UNIT

Period	2018		2019		Evolution
	€M	Sales%	€M	Sales%	%
Pool and Wellness	1,270.6	96.5	1,319.8	96.5	3.9
• Residential Pool	919.2	69.8	953.1	69.7	3.7
• Commercial Pool	95.1	7.2	99.1	7.2	4.2
• Water Treatment	179.3	13.6	191.9	14.0	7.0
• Fluid Handling	77.0	5.8	75.8	5.5	(1.6)
Irrigation, Industrial and others	45.6	3.5	47.8	3.5	4.7
<b>Total</b>	<b>1,316.2</b>	<b>100</b>	<b>1,367.6</b>	<b>100</b>	<b>3.9</b>

\* Proforma figures



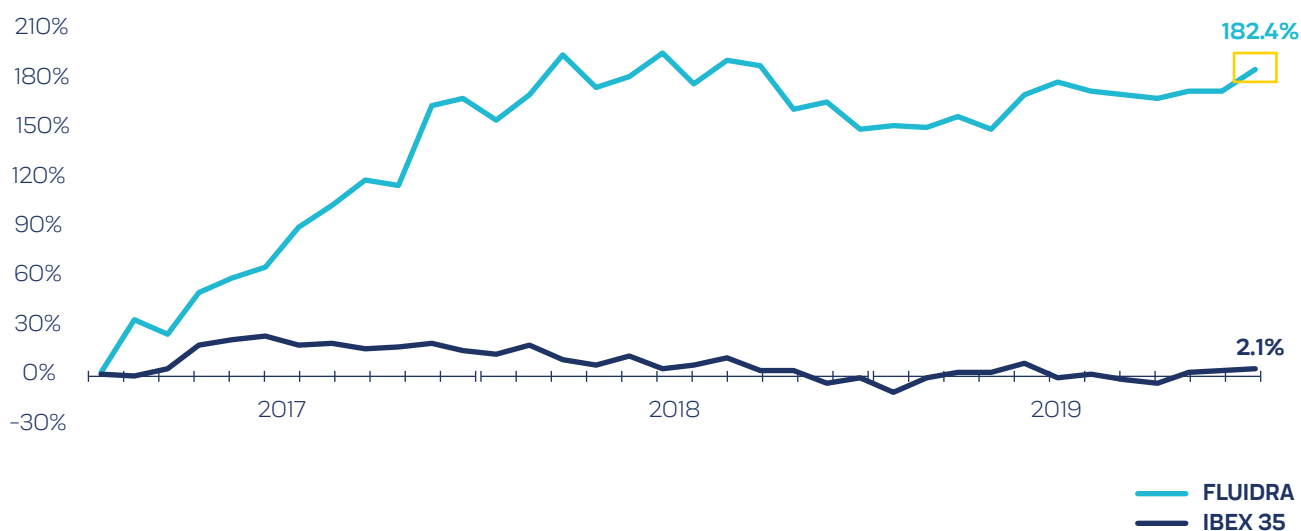
## 2.1.4 PROFIT & LOSS

(Excludes one-time costs)

12 month proforma figures	2018		2019		Evolution
	€M	Sales%	€M	Sales %	%
<b>Sales</b>	<b>1,316.2</b>	<b>100</b>	<b>1,367.6</b>	<b>100</b>	<b>3.9</b>
Gross margin	681.0	51.7	708.1	51.8	4.0
Opex before Dep. and Amort.	461.3	35.0	469.9	34.4	1.9
Provisions for Bad Debt	3.4	0.3	4.1	0.3	22.0
<b>EBITDA<sup>(1)</sup></b>	<b>221.3</b>	<b>16.8</b>	<b>244.2</b>	<b>17.9</b>	<b>10.3</b>
Depreciation	40.1	3.0	43.2	3.2	7.9
EBITA	181.2	13.8	201.0	14.7	10.9
Amortization	43.5	3.3	63.9	4.7	47.0
Net Financial Result	48.1	3.7	50.5	3.7	4.9
Tax expenses	24.8	1.9	24.5	1.8	(1.0)
<b>Net Profit</b>	<b>64.9</b>	<b>4.9</b>	<b>62.0</b>	<b>4.5</b>	<b>(4.3)</b>

<sup>(1)</sup>EBITDA includes €5.0 m of run-rate synergies in 2018 and €10.1 m in 2019

## 2.1.5 STOCK MARKET INFORMATION. SHARE PRICE



As at 31 December	2018	2019
% share price evolution	(17)	25
Number of shares (x1000)	195,629	195,629
Closing share price (€)	9.79	12.20
Capitalisation at 31/12 (€M)	1,915	2,387
Dividend per share (€)	0	0
EV/EBITDA	11.9	12.4

## 2.2 Non-financial indicators

### 2.2.1 ENVIRONMENTAL INDICATORS

	2018	2019
Emitted CO <sub>2</sub> (t / CO <sub>2</sub> )	30,793	33,616
Greenhouse Gases (Scope I) (t/CO <sub>2</sub> )	9,899	9,884
Greenhouse Gases (Scope II) (t/CO <sub>2</sub> )	4,878	4,657
Greenhouse Gases (Scope III) (t/CO <sub>2</sub> )	18,093	19,076
Waste generated (t)	16,068	19,378
Water consumed (m <sup>3</sup> )	101,628	106,678
Investment and environmental cost (€)	1,422,719	1,326,986
Renewable energy consumed (GJ)	112,957	114,413
Total energy (GJ)	421,247	319,674
Total consumption metallic materials (t)	4,361	4,489
Total consumption chemical materials (t)	19,554	21,415
Total consumption plastic materials (t)	18,287	19,633
Total packaging (t)	9,292	11,574
Total consumption recycled materials (t)	13,799	12,762
Amount environmental fines (€)	0	0

### 2.2.2 SOCIAL INDICATORS

	2018	2019
Number of employees as at 31 December	5,330	5,357
% permanent employees	95%	95%
% women	33%	33%
Structural rotation rate	11%	12%
Training hours per employee	10	17
Queries to the confidential channel about Human Rights	6	0
Average days payment outstanding	64.09	64.31
Total purchases (€M)	789	825
% local purchases	65%	64%

### 2.2.3 GOVERNANCE INDICATORS

	2018	2019
Number of directors	12	12
Number of independent directors	4	4
Number of proprietary directors	6	6
Number of executive directors	2	2
% women on the board	0	8
Number of board committees	3	3
Number of board committee meetings	13	19
Number of board meetings	4	10



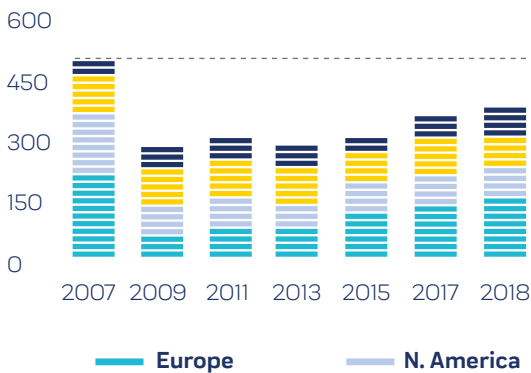


### 3. The Pool and Wellness sector

**The Pool and Wellness sector is structurally attractive and remains solid, dynamic and resilient.** Globally, this industry, whose value is estimated at about 7.1 billion Euros in 2019, reflects a great potential for growth that has historically remained above GDP growth.

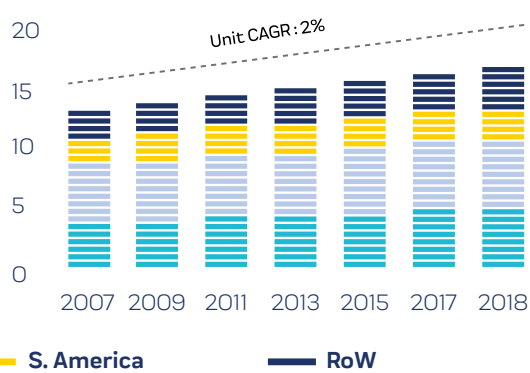
#### NEW BUILD GROWING BUT STILL WELL BELOW PRE-CRISIS LEVELS

New pools, thousands



#### RESILIENT EVOLUTION OF POOL BASE

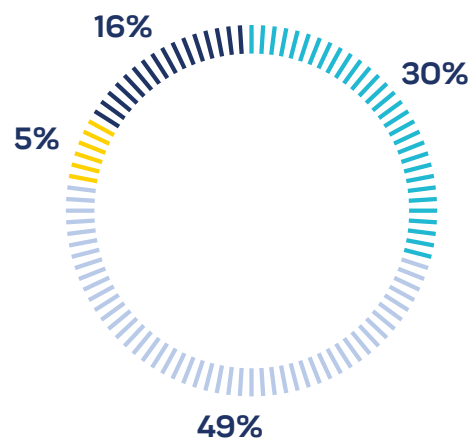
Existing pool base, millions



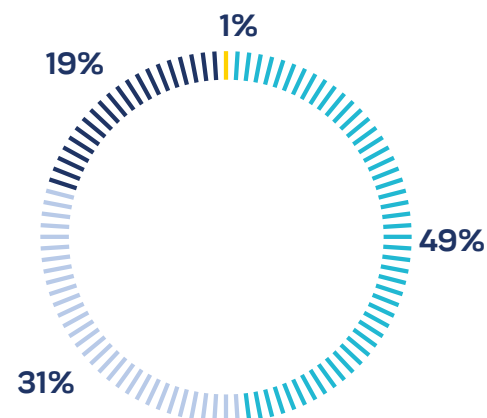
The Pool and Wellness sector has two major engines: the **installed pool base, the so-called Aftermarket**, (73% of the turnover of the industry) and the **new construction** (27% of the industry). The sector has changed in recent decades from pool construction to pool maintenance. Now its business pillar is the maintenance and upgrade of these facilities, which generates two thirds of the total business.

**With more than 16 million pools installed in the world, this figure has grown in the last decade at a rate of 2% per year, a rate that ensures the growth of the recurring business.** Of these 16 million pools, approximately one third is in the **United States, the world's first market, followed by France and Spain.** If we analyse it by turnover, with 49% of the pool equipment market, North America is by far the most important region for the sector, followed by Europe, with 30%. The rest of the world together accounts for 21%.

#### NORTH AMERICA AND EUROPE REPRESENT 79%



#### GLOBAL & BALANCED PRESENCE (Sales by geographical area PF 2019)

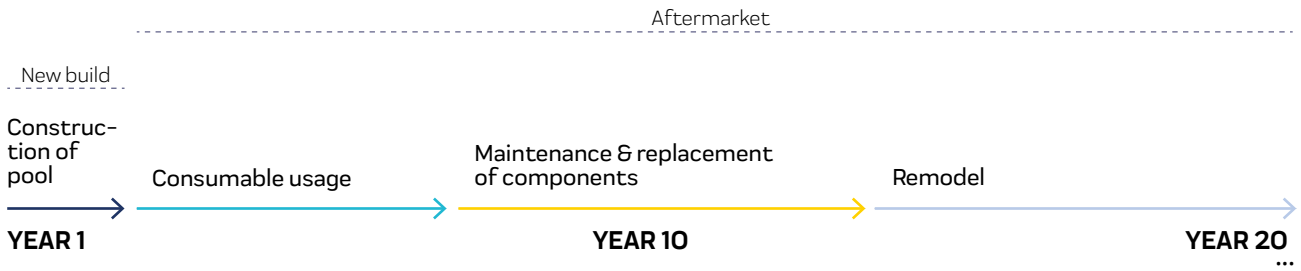


Global Pool Market about **7.1 billion Euros**

Europe N. America S. America RoW

### LIFE OF POOL & RENEWAL CYCLE

(Varies depending on use and construction type)



The pool life cycle and renovation varies depending on the use, climate and type of construction.

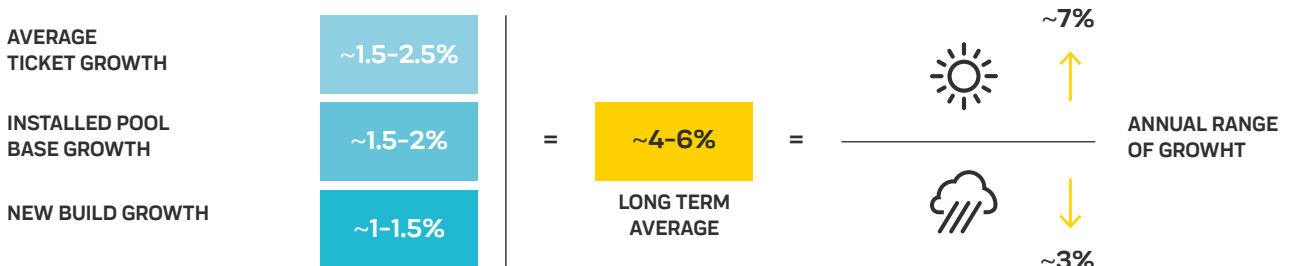
- The first year or year and a half of life of the pool, corresponds to the new construction market. That is, all the necessary components for the construction of the pool, its start-up and maintenance.
- From that moment on, the pool basically consumes disinfection and water care chemicals, and many owners initiate investment in products that facilitate the maintenance of the facility, such as automatic cleaners, automation of water treatment, etc.
- Between the years 8 and 13 of their life cycle, depending on the use and maintenance that has been carried out, the pools enter a stage of maintenance and replacement of some of the components.
- Around the 20th year of the life cycle of the pool, the time comes for a more in-depth review. An opportunity that many owners take to remodel the pool, both with more efficient components, and new technologies.

### TRENDS IN THE POOL MARKET WORLDWIDE

To estimate the long-term growth trend of the market, three factors must be taken into account:

- The expected growth of the installed pool base (1.5% - 2.0%).
- The growth of new construction pools (1.0% -1.5%).
- The growth of the average purchase ticket thanks to the innovation and improvement of current products (1.5% - 2.5%).

All this means that the long-term market growth range stands between 4% and 6% per annum.



In many parts of the world, **this is a mature sector where innovation focuses on sustainability and efficiency** (with a reduction in water, energy and chemical consumption) **and on connected pools (IoT)**, which are useful and effective tools that manage to reduce costs and simplify their maintenance both for pool professionals and for end users, in addition to increasing the enjoyment of the pool experience. The industry needs to allocate resources to R&D and optimize the use of resources by rationalizing water and energy consumption and, at the same time, ensuring maximum efficiency of the structure. The industry is facing the digital challenge. The connectivity provided by the Internet of Things (IoT) or artificial intelligence is the future. One of the objectives set at Fluidra is to reach the figure of one million connected pools by 2025. By the end of 2019 Fluidra had more than 200,000 connected pools.









## Fluidra

Founded in 1969 in Catalonia (Spain), under the name of Astral, by the Planes, Serra, Corbera and Garrigós families, Fluidra has extensive experience developing innovative services and products in the Residential Pool and Commercial Pool markets on a global scale. Fluidra is today a global leader in the Pool and Wellness sector. A multinational group listed on the stock exchange, with a presence in 46 countries and employing more than 5,300 people worldwide and with sales close to 1.4 billion Euros. *(GRI 102-7)* The company's determined commitment to international expansion and strategic acquisitions has marked its trajectory since its inception.

## 4. 50 years of success

### 70s

Astral **began its expansion in the Spanish and international territory**, with the opening of the first commercial subsidiaries in France (1976) and in Italy (1977) and with export to Denmark and Australia.

### 80s

**Consolidation in Spain** with the creation of its manufacturing platform (Cepex, Sacopa, CTX, Poltank). Astral Export was created, which will become the cornerstone and basis for the creation of the international network of sales branches.

### 90s

**International expansion continues** (Denmark, United States, Dubai, Germany, Czech Republic, Turkey and Australia). Re-structuring into holdings (AstralPool, AuricPool, Cepex, Neokem and SNTE Holding). During this decade the company's international profile was also further elevated when it won the contract to supply both the Olympic Games in Barcelona (92) and Atlanta (96).

### 2000

The new millennium **accelerated events**. Unistral Recambios was opened, Aquambiente was acquired in Portugal and branches were opened in Russia, Morocco and India.

### 2001

**The growth period** continued with the creation of AstralPool Spain, merging all commercial companies, and the acquisition of Talleres del Agua.

### 2002

The logistics operator, Trace Logistics, was opened in Girona (Spain). The then-called Aquaria group encompassed the AstralPool and AuricPool holdings. International organic expansion continued with the opening of branches in Hungary, Switzerland and Chile. Due to the growth and attractiveness of the company, Banco Sabadell acquired 20% of the share capital, entering the Board of Directors.

### 2003

**Sponsor of the BCNO3 World Swimming Championships**, held in Barcelona, Spain. **For the first time an Olympic-size "removable" pool was installed in the Palau Sant Jordi**. In addition to the organic growth, the acquisitions of Certikin and GRE took place.

### 2004

**Focus on the Asian market and consolidation in Europe**. Creation of two branches in China, one in India and one in Greece and entering the shareholder structure of SSA in Austria. Togama was acquired in Spain as well as ECA in France.

### 2005

**Committed to sport**. The company was appointed as the official sponsor of the International Swimming Federation (FINA), strengthening its position in the commercial swimming pool sector and as a leading supplier of elite aquatic competitions. The company acquired the Dongchuan production center in China.

### 2007

31 October 2007 was a key date in the history of the company when **Fluidra became listed on the Spanish Stock Exchange**.

### 2008-2013

The global economic crisis was a period of **consolidation and internal restructuring** for the company. This allowed us to create a more efficient and agile organisation. Internationally, Fluidra went from strength to strength, expanding into new territories and defying trends across the sector.

- In 2009, AstralPool Spain underwent a major change: it merged with Cepex and MasterRiego to become Fluidra Spain. This will be the model to follow successively in all countries.

- In 2008 Fluidra opened subsidiaries in Belgium and Cyprus. Branches were then opened in Thailand and South Africa in 2009, followed by Egypt, Malaysia and the Middle East in 2010. Fluidra's growth in the international market continued with the opening in 2011 of its first offices in Serbia and Brazil, as well as a new branch in South Africa. Indonesia, Jordan, Romania and Montenegro opened in 2012.



**2014**

**Creation of Fluidra Accelera.** The Fluidra start-up accelerator was born, an innovative tool that assists investments in sustainable and unprecedented solutions within the recreational, sports and therapeutic use of water.

**2015**

**New offices and acquisitions.** Acquisition of Waterlinx in South Africa, Price Chemicals in Australia and Somhidros in Spain. Opening of own branches in Vietnam and Croatia. Presentation of the 2015-2018 Strategic Plan.

**2016**

**Fluidra created Fundació Fluidra.** A natural step forward which cemented the company's commitment to social responsibility and culture, Fundació Fluidra's work focuses on two key areas: water and music. On the other hand, the Dutch company SIBO and Sunbay in France were acquired, while selling Calplas (manufacture of water treatment equipment).

**2017**

**Fluidra acquired Riio Labs,** an innovative emerging company specializing in connectivity for the pool World. This move enabled Fluidra to become one of the pioneers in the field of **pool connectivity and Internet of Things** within the sector. That same year, the company increased its portfolio in the wellness market by purchasing the Italian Piscine Laghetto, experts in pools and high-end spas. It announced the major transformational transaction on 3 November: the merger with Zodiac.

**2018**

**Fluidra and Zodiac merged.** Zodiac, a leader in the manufacture of residential pool equipment and connected solutions, based in San Diego (United States), and Fluidra closed their merger agreement on 2 July thus creating a global leader in the pool sector. With the merger of two of the most solid firms in the sector and highly complementary in terms of geographic markets, brand portfolio and product offer, Fluidra takes a qualitative leap forward that represents a milestone, both for the company and for the entire sector.

Fluidra entered into an agreement with the Austrian firm BWT Aktiengesellschaft for the sale of its subsidiary Aquatron, a requirement that forms part of the European Commission's approval for the merger operation.

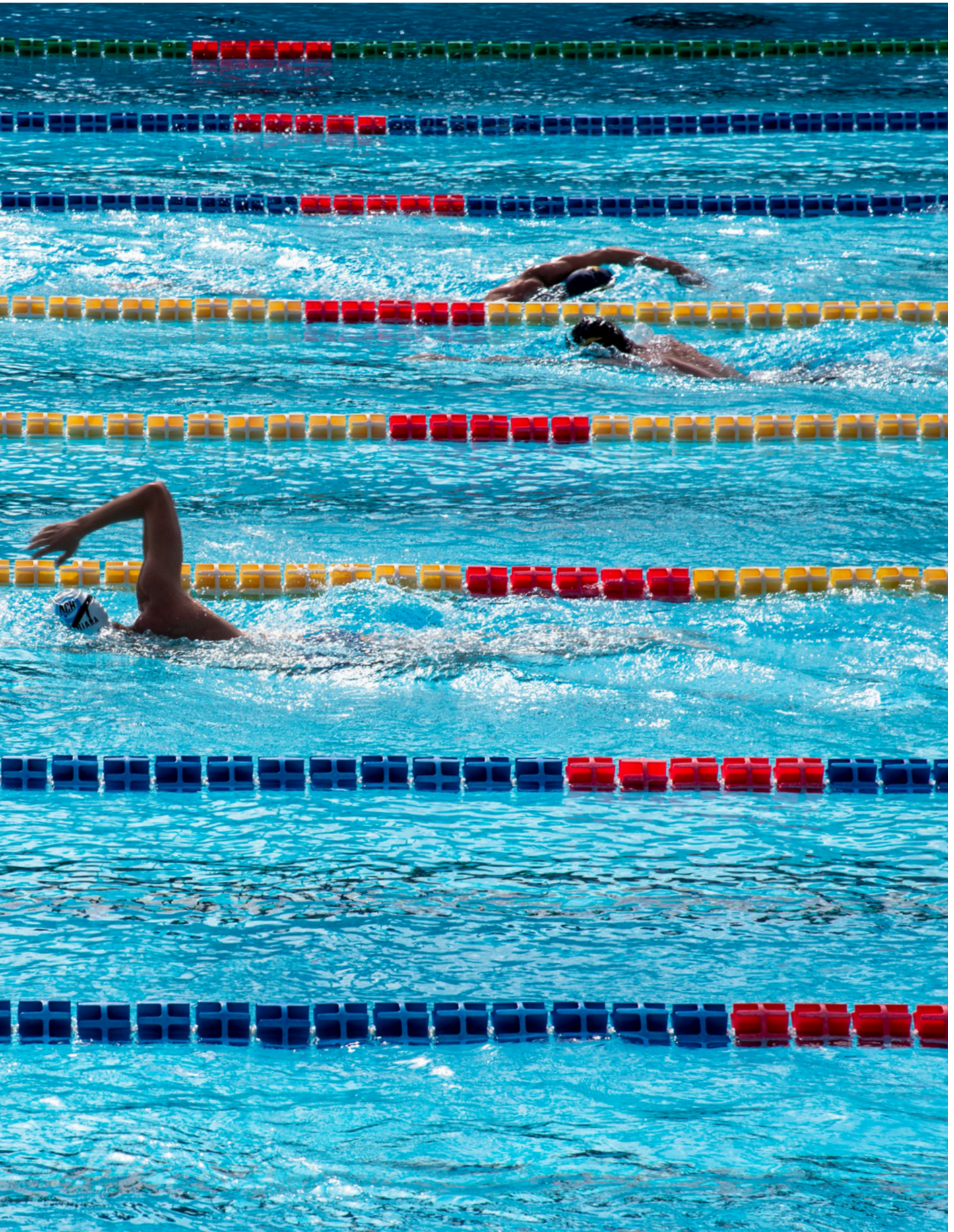
Fluidra presented the "2022 Strategic Plan - Your perfect pool experience".

**2019**

**Year of integration and commemoration of the 50th anniversary.** The integration planning process started in late 2017, shortly after the announcement of the merger operation. Over 4,000 integration actions were identified and are progressively implemented by 2020. By the end of 2019, almost 90% of the integration plan had been implemented.











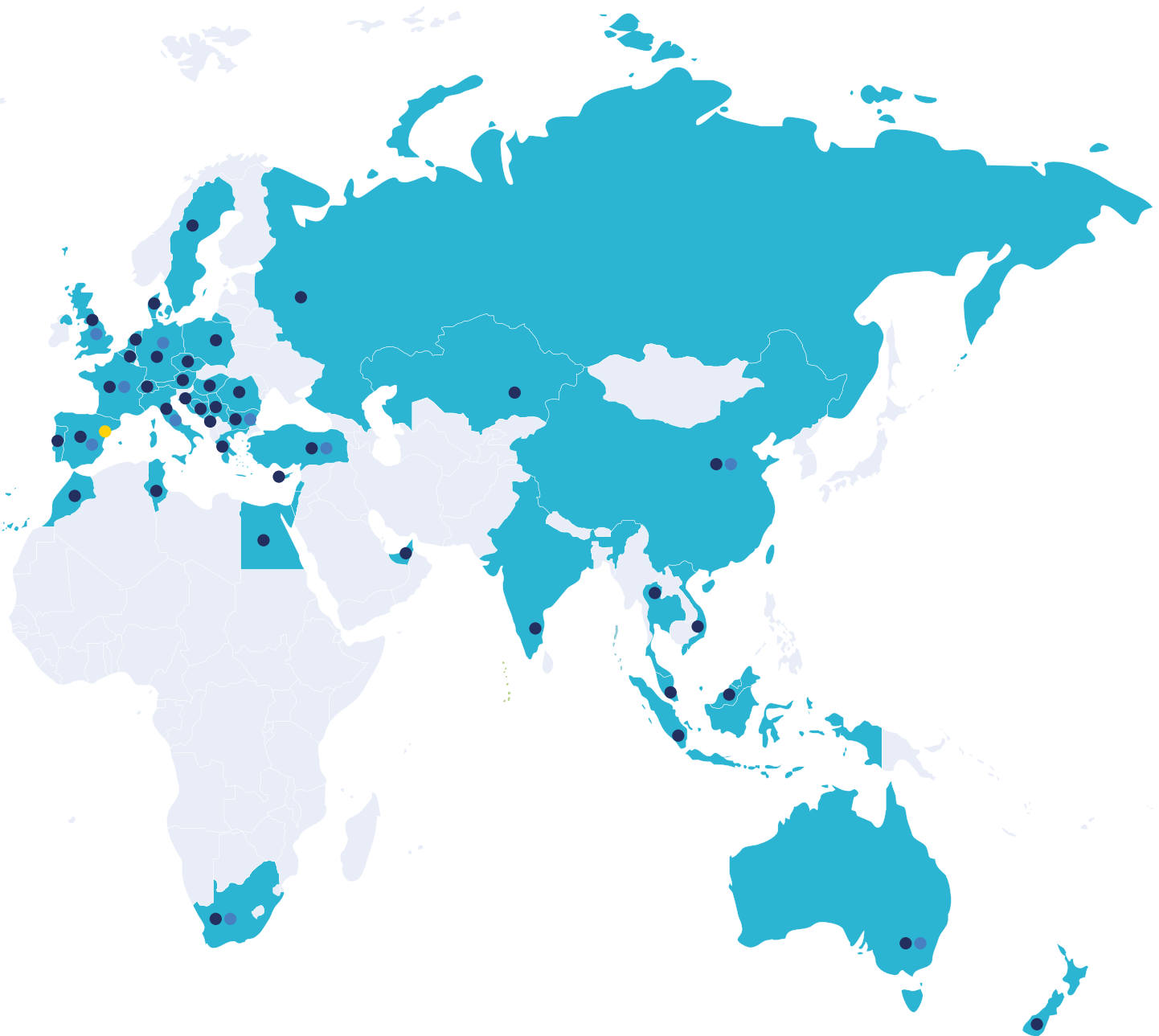
## 46 countries

- Geographical presence
- Own sales subsidiary
- Manufacturing centers
- Headquarters

## 5. Geographical presence

*(GRI 102-6)*

Today, Fluidra is present in 46 countries, with over 140 sales branches and 34 production centres worldwide. Its headquarters is in Sabadell (Barcelona, Spain). *(GRI 102-4)*









## Our Mission

To create the Perfect  
Pool and Wellness  
Experience

# 6. A company with values

Following the merger with Zodiac in 2018 and the subsequent creation of the new Fluidra, the company's mission and corporate values were redefined. (GRI 103-1, 103-2, 103-3)

## 6.1 One mission and six corporate values

Our Mission focuses on each one of the most relevant stakeholders for the company. (GRI 102-40, 102-42, 102-44)

### CUSTOMER

Fluidra helps grow their business by providing innovative quality product and services.

### PLANET AND SOCIETY

Fluidra commits to use sustainable products and practices to protect future generations.

### SUPPLIER

Fluidra develops strong partnerships through innovation, quality, service level and cost.

### SHAREHOLDER AND INVESTOR

Fluidra generates sustainable value within an ethical business and financial environment.

### EMPLOYEE

Fluidra provides a great place to work where the employees can realize their full potential and be recognized.

### END USER

Fluidra creates the perfect pool and wellness experience to enhance comfort, enjoyment and peace of mind.

Fluidra's six values:



Fluidra's mission and values guide the day-to-day activities of its employees and help create an upstanding, strong and solid corporate culture.





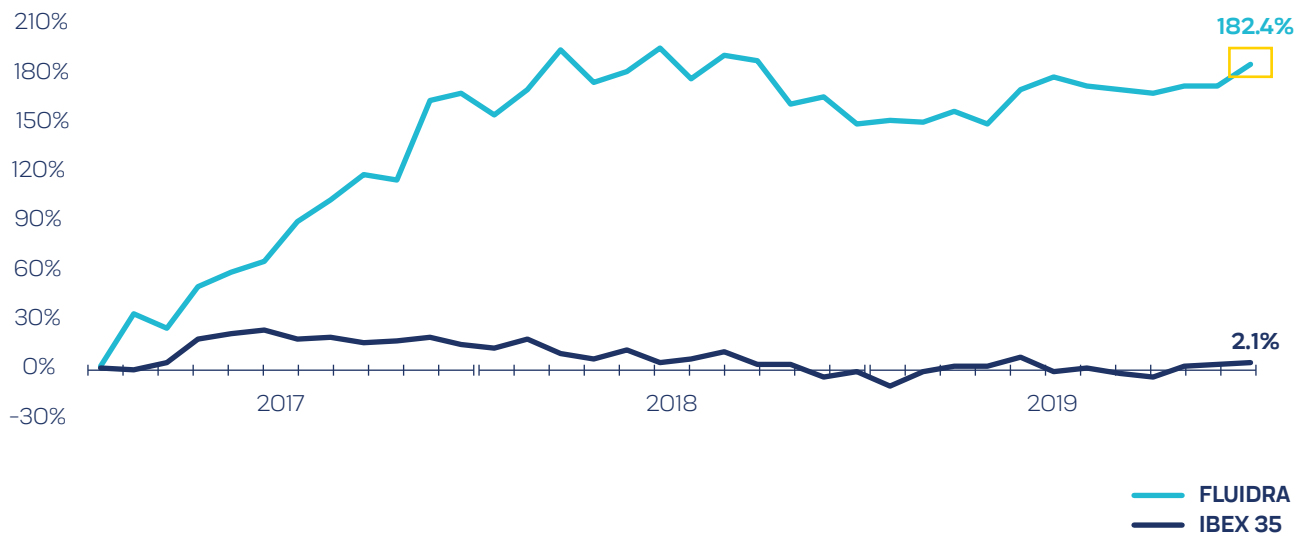
# 7. A stable, recurring and growing business to create value

## 7.1 The share and its prospects

Fluidra is listed on the Spanish Stock Exchange with a **market capitalization exceeding 2.3 billion Euros** at the end of 2019.

2019 will be remembered as the first full year of the new Fluidra, a year with integration as one of the main focuses, along with capturing synergies and the growth of the combined business.

**Excellent evolution of the share price, which at year-end was 12.20 Euros, which represents an annual revaluation of 25%.** The year was very volatile, with the share price reaching a high of 12.74 Euros in June (compared to the close of 2018, which stood at 9.79 Euros) and a low of 8.90 Euros in January.



**The volume of securities traded during 2019 was 9% lower than the volume traded in 2018.** Actual volume fell by 18% compared to the previous year. The average volume in 2019 amounted to 149,000 shares per day. Declines in shares and volume emerge from the difficult comparable in 2018, where the milestone of the merger led to many changes in the composition of capital.

On the political front, **the 2019 macro focus was on the trade disputes between the United States and China and the Brexit negotiations between Brussels and the United Kingdom.** In the United States, despite strong economic activity, the risk of further slowing global growth and trade tensions led the United States central bank to cut its benchmark federal funds rate three times in 2019. The Federal Reserve thus cut its target interest rate by 75 basis points combined in July, September and October. Furthermore, in Spain, the fourth general elections in four years were held in November in four years, with PSOE and Unidas Podemos forming a coalition government already in 2020.

**2019 has been the best year for the Spanish stock market since 2013, with an increase for the IBEX 35 of 11.82%, and also the best in more than five years for the main world indices.** Against all odds, the stock markets managed to overcome a year that began marked by the harsh correction of late 2018, when it intensely feared the imminent arrival of a recession, and rallied strongly since those lows.

Looking at 2020, there are certain macroeconomic risks that may impact the share price evolution, such as:

- **Stagnant growth:** even though expectations of growth rebound are higher for the coming months, bad figures could rekindle fears of a possible recession or economic slowdown.
- **Geopolitical tensions:** another factor to be taken into account in 2020 is the trade truce between the United States and China along with the negotiations between the United Kingdom and Brussels.
- **United States elections:** the upcoming elections in the United States will determine the direction of the country for the coming years and, depending on the Democratic candidate, market concerns are likely to be greater.
- **Coronavirus (COVID-19):** it has an impact on the supply chain and demand as a result of the emergence of this pandemic.

Yet another year, the Investor Relations Management activities in 2019 improved:

1. Sell side financial analysts covering the Fluidra share have increased by five, totalling 13. The new companies are: BoAML, Citi, Credit Suisse, HSBC and J.P. Morgan. This increase is due to the company's good performance and optimistic future prospects, and the company is working on increasing the number of analysts.
2. Individual meetings, presentations to analysts and institutional investors (investment funds and pension funds, insurance companies and credit institutions) and participation in forums, seminars and conferences organized by buy side and sell side investment banks have increased by 3% compared to 2018. In 2019, the company held a total of 1,162 meetings with investors and 31 national and international roadshows.

#### Share data table

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Capitalisation (thousands of Euros)	<b>2,386,675</b>	1,915,209	1,330,149	486,558	352,529	345,771	306,351	250,600	215,122
No of shares (x 1000)	<b>195,629</b>	195,629	112,629	112,629	112,629	112,629	112,629	112,629	112,629
Period close price (€)	<b>12.20</b>	9.79	11.81	4.32	3.13	3.07	2.72	2,235	1.91
Period maximum price (€)	<b>12.74</b>	14.40	11.87	4.60	3,675	3.68	2.93	2.64	3.13
Period minimum price (€)	<b>8.9</b>	9.35	4.22	2.95	2.82	2,385	2,025	1.82	1.76
Volume (thousands of shares)	<b>37,965</b>	41,539	45,043	21,237	13,328	36,077	23,454	17,438	21,414
Dividends (€/share)	<b>n/a</b>	n/a	0.135	0.0901	0.059	n/a	0.071	0.071	0.072
Dividend profitability (%)	<b>n/a</b>	n/a	1.14%	2.09%	1.88%	n/a	2.60%	3.20%	3.80%
Pay out (%)	<b>n/a</b>	n/a	62.00%	77.0%	101.00%	n/a	55.20%	53.10%	44.20%

Source: Madrid Stock Exchange and Fluidra

#### IV INVESTOR'S DAY

On October 16, Fluidra held the fourth edition of Investor's Day, during which it shared an update regarding its **2022 Strategic Plan**, shedding more light both on cost synergies, increasing its initial objectives, and on revenue synergies.

During the celebration of the International Pool and Wellness Tradeshow in Barcelona (Spain), the company convened financial analysts and institutional investors to share a relaxed day including a visit to the show, with special attention to the Resi-



dential Pool and Commercial Pool stands of Fluidra. There, attendees were assisted by senior executives (Pierre-Yves Menes, Marketing Director for ESA – Residential Pool – and Ignacio Elburgo, Managing Director for Commercial Pool) who explained the advances made in detail.

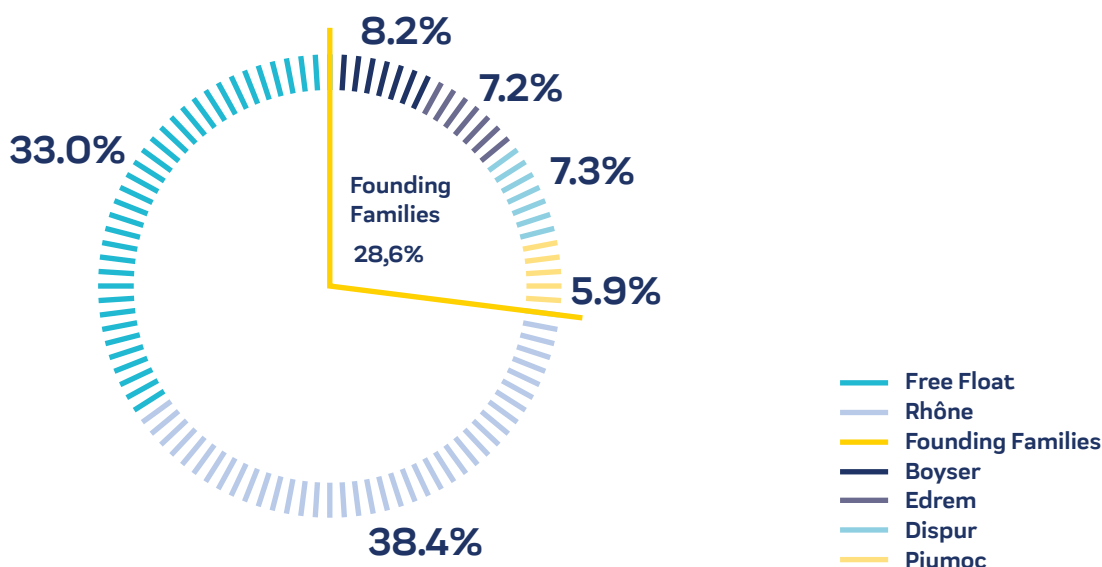
Later, a Commercial Pool facility was visited in Barcelona, at the Club Natació Atlètic Barceloneta, where Fluidra had installed the FreePool system for indoor commercial pool water treatment, which is not based on the addition of chlorine, using a novel technology (Neolysis) developed by Fluidra. This technology allows swimming in an indoor pool without the chlorine smell, and with the sensation of swimming in a lake.

At the end, attendees were able to share a meal with Fluidra's Executive Chairman, the CEO and the CFO, who presented updated details of the increase in cost synergies after the merger with Zodiac, as well as an initial estimate of the revenue synergies that Fluidra expects to achieve in the coming years.

### SHAREHOLDER STRUCTURE

- At the end of 2019, the Board of Directors controlled about 67% of the company's total capital.
- The remaining 33% is free float.

The **founding families currently control 28.6% of Fluidra**, while **Rhône Capital**, which has undertaken to remain in the company for two years from the closing date of the merge, is now the **largest shareholder with 38.4% of the voting rights**. (GRI 102-5)



## 7.2 Growing and recurring EBITDA

**One of the key points of the Strategic Plan is to earn 400 basis points in EBITDA margin, from 17% to 21%. After closing 2019 with an EBITDA margin of 18%, Fluidra is on track to reach its guidance at 2022.**

2019 has not been an easy year: the late start of the season in the United States, affecting the volume, along with the impact of tariffs initially weakened the company's performance. However, this has not prevented it from achieving its guidance for 2019. In addition, Fluidra performed well in terms of synergies and Value Initiatives (VI). The combination of these factors led the company to improve its margin by 100 basis points in the year, in line with its forecasts.

For the rest of the plan (2020-2022), much of the margin improvement is expected to be supported mainly by the following drivers:

- Cost synergies.
- Value Initiatives (VI), including initiatives to mitigate the effect of tariffs.

### 7.3 Debt evolution and prospects

As a result of the merger process with Zodiac, Fluidra closed 2018 with a debt level on EBITDA of 3.3 times. **The high capacity of the company to generate cash flow for debt reduction, while its ability to improve EBITDA levels has allowed to close 2019 with a NFD ratio of 2.6 times EBITDA.**

The level of debt with which Fluidra closed 2019 is below the 2.8x limit stipulated by the partnership agreement between the founding families and Rhône. This shows once again the resilience of the company, allows to expand the prospects of capital allocation for the coming year and marks the trend of long-term management in an environment of target indebtedness about 2.0 times EBITDA.

In addition, Fluidra reported at the beginning of 2020 a **partial early repayment of the guaranteed senior loan amounting to 150 million Euros**, improving the economic terms of (i) the interest rates on the Euro and US dollar tranches of its secured senior loan and (ii) the interest rate on its revolving credit line.

This announcement reaffirms Fluidra's great capacity to generate cash and the vocation of the Board of Directors and the management team to manage the group's balance sheet according to the announced policy.

### 7.4 Investment for stable growth

**Fluidra stands out as a vertically integrated competitor, with a strong international presence and a vast portfolio of more than 75.000 products.**

**Fluidra's investment policy focuses on looking for opportunities that add value to its business model.**

The company may make acquisitions that provide added value by product or differential technology, for geographical reasons, by distribution platform or a combination of the above. Fluidra began its internationalization process through small acquisitions that have been providing value throughout the value chain of its business model. Since the 2000s, this procurement process has continued to this day. Always with prudence in debt levels and balance sheet control, corporate operations have been happening over the last years of Fluidra's history.

Following the merger with Zodiac, debt levels rose above the 2.5-fold EBITDA threshold, so Fluidra has focused throughout 2018 and 2019 on debt reduction and EBITDA expansion. Once 2019 is over, with expected levels of net debt, EBITDA and cash flow, Fluidra can once again focus on its role as market "consolidator".

**Fluidra acquired at the beginning of 2020 the company Fabtronics**, an Australian designer and manufacturer of electronic components, to strengthen its R&D capabilities and incorporate complete, efficient and cost-effective solutions of design and manufacture of electronic components. **The purchase price for 80% of the shares was 15 million Australian dollars**, with an implicit price for 100% of 18.75 million Australian dollars. The agreed acquisition also includes earn-outs that will be generated over the next three years.

Fabtronics is based in Melbourne, near the main Fluidra plant, and has a team of about 45 people. The company has a plant for the design and manufacture of state-of-the-art PCBs of more than 3,000 m<sup>2</sup>. The company generates an **annual turnover and EBITDA of 18 and 6 million Australian dollars, respectively.**

Over the past 15 years, Fabtronics has provided R&D assistance to Fluidra's business in Australia and has played a key role in many key products, establishing itself as one of the country's leading electronic component designers. Many of Fluidra's products designed and manufactured in Australia, such as Viron and EQ salt-water electrolysis equipment, in whose design and development Fabtronics collaborated, have been sold worldwide through Fluidra's global network.









## 7.5 2019 tax contribution

**Fluidra pursues compliance with its tax obligations at all times in all jurisdictions in which it operates.** In this sense, in the development of its corporate social responsibility, it combines the creation of value for shareholders and investors with its commitments of good governance, transparency and corporate integrity.

**Fluidra has defined a tax strategy that includes compliance with current tax legislation,** adopting a reasonable interpretation of it in accordance with administrative doctrine and case law, and taking as a basis the principles of transparency, mutual trust, good faith and loyalty. They also constitute the company's objectives: **not to use artificial structures outside the company's own activity carried out for the sole purpose of reducing the tax burden, not to operate in jurisdictions considered tax havens for purposes other than the normal development of Fluidra's business operations, and not to carry out transactions between controlled entities that seek the erosion of tax bases and artificial transfer of profits to low-tax territories.**

The Board of Directors is regularly informed of the tax policies implemented.

### TAX CONTRIBUTION

Fluidra's business activity generates wealth in the areas where it has a presence, both through its own impact on local economies and tax contributions. Fluidra is aware of the importance of its contributions to the local economy and therefore maintains a strict policy in terms of tax contributions in the countries where it operates.

**Fluidra's tax contributions in 2019 amounted to 66.2 million Euros in direct taxes.** That amount includes the expense for corporate income tax accrued in 2019 and the payment of employer social security contributions.

The table below details the breakdown of the total amount of all geographical areas highlighting the most significant:

Country	Direct tax contribution	%
Spain	€23,068,068	34.85%
United States	€14,010,953	21.17%
France	€11,047,772	16.69%
Netherlands	€2,014,805	3.04%
Germany	€2,006,373	3.03%
Italy	€1,890,849	2.86%
Austria	€1,512,947	2.29%
United Kingdom	€1,438,252	2.17%
Australia	€1,417,625	2.14%
South Africa	€796,252	1.20%
United Arab Emirates	€155,514	0.23%
Rest of the world(*)	€6,834,404	10.32%
<b>Total</b>	<b>€66,193,814</b>	<b>100%</b>

*\*The rest of the world refers to: Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Greece, Hong Kong, Hungary, India, Indonesia, Jordan, Kazakhstan, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, New Zealand, Poland, Portugal, Romania, Russia, Serbia, Singapore, Sweden, Switzerland, Thailand, Tunisia, Turkey and Vietnam.*

In addition, Fluidra's activity in these regions reverts to significant revenues for the states' coffers. **The total indirect taxes channelled to the different tax administrations during 2019 amounted to 202 million Euros.**

In order to comply with the parameters of responsibility and transparency for which the Fluidra group is governed through its tax policy, the following details the profits obtained in the different jurisdictions where the group operates and the tax actually paid in terms of corporate income taxes. (GRI 201-1, 201-4)

The amount of the Corporate Income Taxes paid (cash basis) corresponds to the amount of taxes actually paid or paid during the fiscal year of presentation of information, that is, from the year 2019, which includes the advance payments made to satisfy the tax obligations of the company in reference to the tax period, in addition to those related to the previous tax period or periods.

In addition, any refund or return of Corporate Income Taxes (cash basis) received during the year 2019 is also taken into account.

Country (in thousands €)	Profit	Corporate Tax paid	Subsidies received**
Germany	1,953	50	0
Australia	-6,089	547	0
Austria	4,046	1,084	0
United Arab Emirates	3,124	0	0
Spain	-2,906	-6,601	328
United States	22,627	2,045	0
France	25,540	-594	0
Italy	2,392	262	0
Netherlands	4,340	1,259	0
United Kingdom	3,730	744	0
South Africa	7,334	673	0
Rest of the world (*)	20,278	4,302	129
<b>Total</b>	<b>86,369</b>	<b>3,771</b>	<b>457</b>

\*The rest of the world refers to: Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Greece, Hong Kong, Hungary, India, Indonesia, Jordan, Kazakhstan, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, New Zealand, Poland, Portugal, Romania, Russia, Serbia, Singapore, Sweden, Switzerland, Thailand, Tunisia, Turkey and Vietnam.

\*\*Cash criterion. The other jurisdictions are: Belgium, China.

All economic activities of companies have direct and indirect impacts on society and the communities that interact with them. Fluidra's business is highly internationalized and diverse, generating positive economic impacts on local communities by purchasing products and services, generating employment, paying taxes as well as meeting the needs of people who directly or indirectly relate to Fluidra's businesses. (GRI 201-1)

Economic value generated and distributed (thousands of €)	2017	2018	2019
<b>Economic value generated</b>	<b>803.3</b>	<b>1055.7</b>	<b>1406.6</b>
Total income (sales+ other income)	803.3	1055.7	1406.7
<b>Distributed economic value</b>	<b>732.2</b>	<b>1022.2</b>	<b>1261.4</b>
Employees (headcount expenses)	169.4	223	277.9
Suppliers (inventory variation + other operating expenses)	537.1	767.9	922.1
Shareholders (Dividend*)	0	0	0
Company-Public Administrations (Taxes**)	13	3.9	6
Capital suppliers (Financial Expenses)	12.8	27.6	55.4
<b>Economic value retained</b>	<b>71</b>	<b>33.4</b>	<b>145.2</b>

Dividend\* - Profit attributable to equity instrument holders of the parent company.

Taxes\*\* - Corresponds to income tax expense.



## 7.6 Highlights of the year

### February 2019

- Fluidra launched its **new corporate website** and reaffirms its leadership in the pool and Wellness sector.
- The company received approval from the European Commission and closed the **sale of 100% of the share capital of Aquatron Robotic Technology Ltd. to BWT Aktiengesellschaft.**

### March 2019

- New **sponsorship of the CN Atlètic-Barceloneta** with the brand Zodiac
- The company received the **Association for Corporate Growth (ACG) Barcelona award** for best large volume corporate operation in 2018.

### April 2019

- Fluidra strengthened its leadership position in Olympic pools with **contracts in Asia and South America for about 10 million Euros.**

### May 2019

- **Ms Esther Berrozpe Galindo**, new **independent director.**
- **Fluidra extended its sponsorship agreement** three more years with CN Sabadell with the AstralPool brand.
- **Mr Brian McDonald**, new **independent director.**

### July 2019

- Fluidra was awarded the supply and installation of **22 swimming pools in Hungary.**

### October 2019

- **The company celebrated its 50 years** with an unprecedented water show at the CN Atlètic Barceloneta.
- Participation in the **International Pool & Wellness Tradeshow of Barcelona 2019**, chaired by Eloi Planes.
- Fluidra celebrated its **IV investor's Day** and raises its synergies target set out in the 2022 Strategic Plan.

### November 2019

- **Amalia Santallusia**, nominated **new Global Director of Human Resources** for Fluidra, and first woman at the Management Advisory Committee (MAC).

### December 2019

- Fluidra strengthens its **strong position in Asia with a new contract in Indonesia.**

### January 2020

- Agreement with BWT in relation to Aquatron: **transaction agreement with BWT in relation to the sale by Fluidra of 100% of Aquatron's share capital**, divestment which had been required as a commitment by the European Commission in order to authorise the merger between Fluidra and Zodiac.
- **Refinancing of debt by 150 million Euros** to improve the conditions of the secured loan obtained in June 2018 by 980 million Euros.

### February 2020

- Closing of the agreement for the **acquisition of Fabtronics**, Australian designer and manufacturer of electronic components.
- Eloi Planes chosen among the **50 Best CEOs in Spain**, according to Forbes magazine.

## 7.7 Why invest in Fluidra

Investing in Fluidra means investing in the best in the sector, in terms of innovation and future. Investing in Fluidra is, ultimately, to invest in excellence in a structurally attractive industry, which enjoys a healthy present and evidences a clearly upward trend in the mid to long term. The company's good performance, the successful merge with Zodiac and the ambitious 2022 Strategic Plan are compelling reasons to understand that Fluidra represents an extraordinary investment opportunity. There are three main reasons to invest in the company:

**1. Structurally attractive industry**, with historical growth at a rate approximately twice that of GDP.

- The construction market for new pools still shows growth below historical averages.
- The large installed pool base ensures recurring business.
- Business model based on growth and resilience.

**2. Fluidra is a global leader in the pool and wellness industry with a market share of 18%.**

- Wide geographical presence: a business model adapted to each market.
- The largest product offering, with six of the ten most recognized brands in the sector.
- The solid commitment towards innovation and sustainability, with a team of over 200 engineers and 1,200 patents, holding the market position and boosting future growth.
- Best practices that result in greater turnover and operational excellence.
- Team committed to the sustainable leadership of the company.

**3. Equity story with strong value creation.**

- Strong sales growth with a resilient business model.
- Cost and revenue synergies.
- Improved operating margin.
- Strong cash generation.
- Strong growth in terms of return on capital employed.
- Solid balance sheet.
- Improvement in ROCE.

## Investing in Fluidra

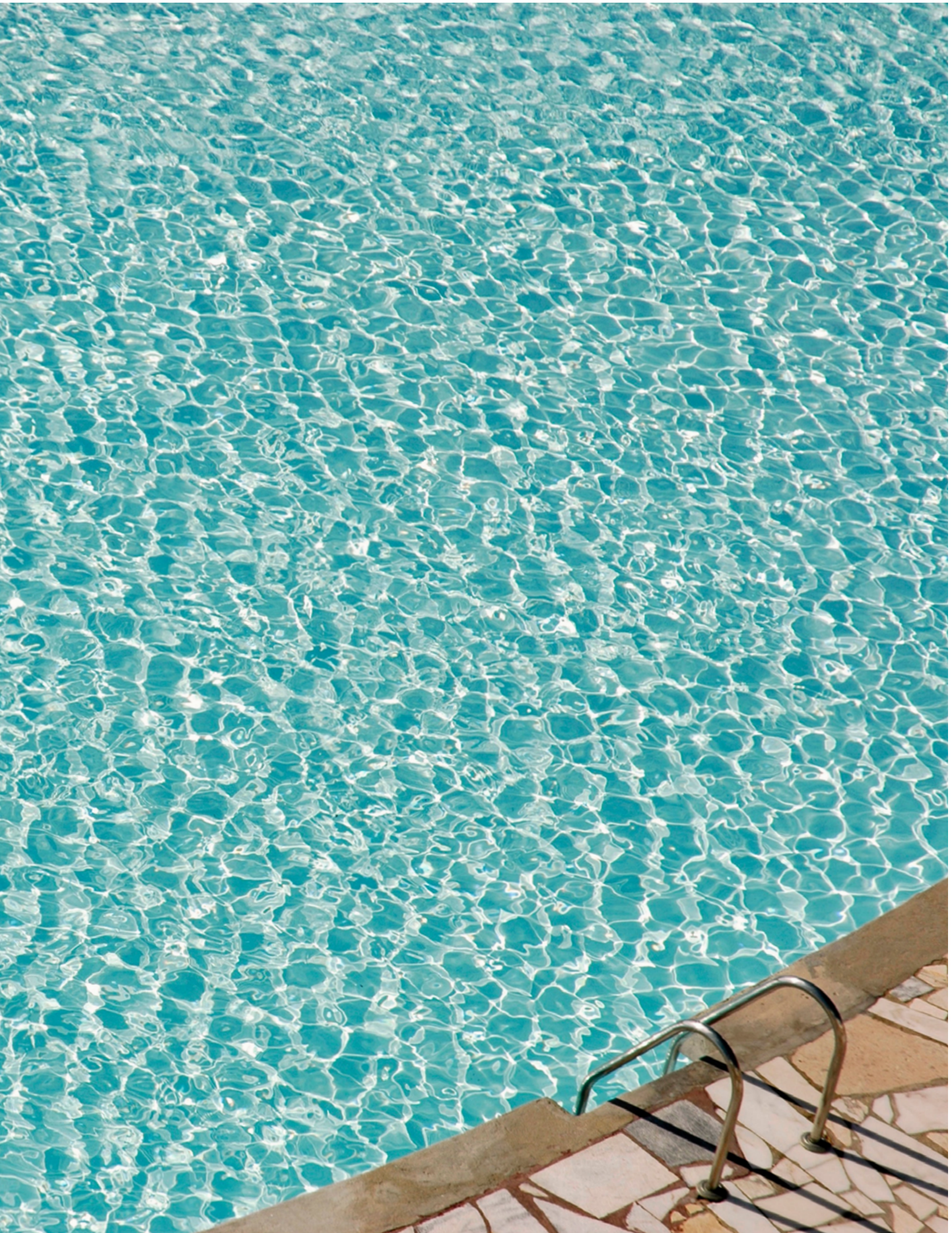
Investing in Fluidra means investing in the best in the sector, in terms of innovation, the future, commitment to its stakeholders...

Investing in Fluidra is investing in excellence, in a structurally healthy sector.

An ambitious high value creation 2022 Strategic Plan, based on improved operating margins. Focused on cash flow generation. Focused on improving the return on capital employed

*(GRI 103-1, 103-2, 103-3)*







# 8. Business model and strategy

## 8.1. Future outlook: 2022 Strategic Plan

The **2022 Strategic Plan “Your perfect pool experience”** presented to the market in November 2018 expects to reach 1,700 million Euros in turnover in four years, with annual sales growth between 5 and 8%.

**A solid and balanced plan** that established specific objectives for each market, with focus on high generation of value for all stakeholders of the company, providing operational and financial leverage, supporting the generation of a significant cash flow and improving current returns.

**North America** has become a very important area in Fluidra’s strategic growth plans. In the North American pool market, of approximately 3.5 billion Euros, the company plans to accelerate its growth at an average annual rate above 7% to 2022. Key components of the plan include expanding the company’s product ranges, focusing more on the installed pool segment and encouraging a steady progression in the number of connected pools (Internet of Things, IoT).

**In Europe and the Southern Hemisphere**, the company will continue to develop its business model based on increasing its capillarity, developing its relationship with the customer and creating integration synergies. The objective is to achieve an average annual sales growth rate greater than 5% during the planned period. The current market situation is very favourable for the company, which has a strong professional customer base in the **residential pool** market.

**In emerging markets** located in Asia, Africa and South America, Fluidra will work to increase its market share with an average annual sales growth target above 8% until 2022. The combination of the good indicators found in the market and the already existing Fluidra platform in these regions, plus the broad commercial equipment portfolio and specific knowledge in water engineering are key drivers.

The Plan, whose objectives also includes reaching an **EBITDA of more than 350 million Euros**, aims to boost the company’s sustained growth in a sector that moves c. 7.1 billion Euros in the world and strengthen its leadership position.

In addition, operational excellence is emphasized as a great catalyst for value creation. Apart from the integration synergies of the merger, excellence in quality, the best service in the sector and a Lean culture are fundamental aspects that underpin the success of the company and the creation of value for its customers and shareholders.

**Innovation** also plays an important role, with more than 100 new products in portfolio and some 1,200 patents, a consequence of the important R&D program, adding value to both customers and end users.

There are four strategic objectives until 2022:

- 1. Accelerate growth in North America.**
  - Expansion of product range.
  - Penetration in the installed pools market.
  - New products and connected pools.
- 2. Leverage the existing platform in Europe and the Southern Hemisphere to gain further penetration in each category.**
  - Expansion of the “Fluidra Pro Center” distribution model.
  - Sales and customer management.
  - Brand and channel management.
  - Integration.
- 3. Increase penetration in the Commercial Pool sector, which accounts for 25% of the market, but only 7% of Fluidra’s turnover, so there is a clear opportunity for growth, especially in emerging markets.**
  - Complete product portfolio.
  - From specification to complete project management.
- 4. Improve margins through operational excellence and executing integration synergies.**
  - Improved value proposition (VI) and Lean initiatives.
  - Merge synergies.
  - Service quality and excellence.

The synergies resulting from the integration process remain very positive, exceeding the initial objectives. **Fluidra has increased its cost synergy forecasts by 5 million Euros, reaching 40 million Euros.** This improvement is the result of the intense effort made by more than twenty teams of the company, at a time when the integration process is almost complete.

**Revenue synergies are around 60 million Euros,** driven by:

- **North America:** introduction of a range of products that expands the Residential Pool portfolio and entry into the world of Commercial Pool.
- **Europe and Southern Hemisphere:** cross-selling opportunities that maximize the portfolio share of Fluidra's broad customer base.

These synergies, together with the strength of the company and the sector, allow Fluidra to confirm the sales and EBITDA objectives of its Plan, of about 1.7 billion Euros and 351 million Euros, respectively.

Fluidra has a resilient business model in which almost 70% of its sales come from the installed pool base, recurrent and stable, which, along with its wide geographical presence, places the company in a position of great strength.

## 8.2 Innovation as the springboard for future growth

Research and Development (R&D) is a key area for Fluidra, as the company believes that user-oriented product innovation is fundamental to a company's culture and growth. **Fluidra has more than 220 engineers, designers and technicians located in the main markets.**

Success in the pool market depends on the equipment being easy to use, install, maintain and, above all, reliable. Success lies in providing the customer with the solution that best suits their conditions, creating a perfect user experience. Engineering is thus a critical factor for Fluidra and one that sets it apart from its competitors, as it provides added value by means of highly innovative products. *(GRI 103-1, 103-2, 103-3)*

To ensure a balanced approach, **R&D focuses on three pillars:**



R&D and innovation is a fundamental part of Fluidra's DNA. We are an industry leader in intellectual property, with a portfolio of approximately **1,200 active patents**; we have a strong pipeline of new projects, with more than **110 assets**; and we lead the connected products or devices sector, with nearly **200,000 connected pools**.

**What sets Fluidra apart from the competition is its focus on the customer and the end user.**

About 1,200 patents

More than 75,000 items  
in catalogue

Over 200 R&D engineers

In 36 months Fluidra has  
launched 113 new products  
on the market

120 new products currently  
under development

Almost 200,000 connected  
pools  
(Internet of Things – IoT)



In summary, **the R&D objectives are as follows:**

- **Having the best R&D&I organization in the sector**, with a team of dynamic professionals committed to the company's mission and values and with efficient processes that guarantee quality and regulatory compliance at all times.
- **Leading the connected pools market** with the target of reaching one million connected swimming pools by 2025.
- **Leading the market in the main product categories:** automatic pool cleaners, pumps and filters, equipment and disinfection systems, solutions for the heating of swimming pools, etc.
- **To be leaders in sustainability** applied to swimming pools by saving water and energy, and through the use of more environmentally-friendly materials.
- **Increasing turnover by 1-2% annually** through introducing innovative customer-focused solutions and services.
- **Achieving more than 15% of annual sales in new products.**

## I+D

Research and Development (R&D) is a key area for Fluidra, as the company believes that user-oriented product innovation is fundamental to a company's culture and growth. Fluidra has more than 220 engineers, designers and technicians located in the main markets.

Success in the pool market depends on the equipment being easy to use, install, maintain and, above all, reliable. Success lies in providing the customer with the solution that best suits their conditions, creating a perfect user experience.

### 8.2.1 FLUIDRA'S INNOVATION MODEL

Innovation is part of Fluidra's core values and one of the keys to ensuring that the company continues to grow sustainably, adapting to constant changes in the environment and market.

**The company's innovation model combines incremental innovation (90%) with disruptive innovation (10%). Incremental innovation** includes activities for continuous and progressive innovation in order to offer new, more efficient, of better quality products to the market and adapted to the changing needs. It is the main result of the activity of Fluidra's R&D centers. For example, Fluidra has launched 113 new products on the market in the last three years. The most **disruptive innovation** includes those innovation activities that are managed mainly through Fluidra Accelera, now called Fluidra Lab since early February 2020. Internal initiatives, such as Fluidra Innovation Week, also focus on fostering disruptive innovation.

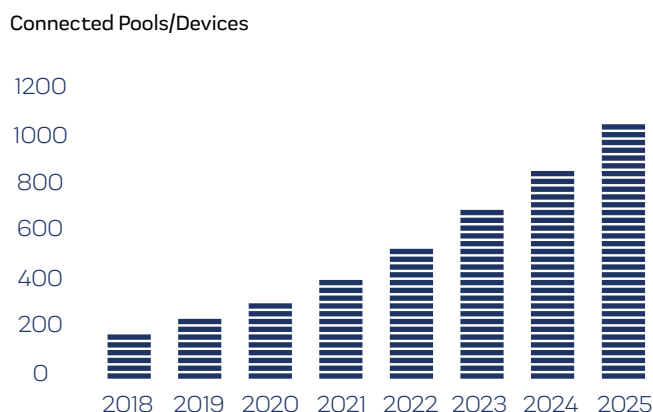
### 8.2.2 INTERNET OF THINGS (IOT) OR "CONNECTED POOLS"

Fluidra has become one of the global leaders in the pool sector, having a wider range of connected products and leading digital brands on the market. **In 2019 it has exceeded 200,000 connected pools, making it a clear world leader in this growing sector.**

Pool connectivity is a key factor in adding value to user experience and our customers, as it enables them to view the status of pools and control them remotely over the internet.

The company has a clear and ambitious IoT target: **1 million connected pools by 2025.**

## Evolution in the number of connected pools



Pool professionals **are at the center of Fluidra's IoT (Internet of Things) strategy**. The mission of IoT is to increase the profitability of the pool professional's business while improving the pool owners experience through connected products and services.

From a **customer** perspective, IoT is a tool to improve productivity, streamline processes, generate new revenue streams and develop the industry's best loyalty program. For the pool **owner**, it would be the opportunity to avoid unnecessary repairs, optimize maintenance costs and improve the user experience. For **Fluidra**, IoT increases user and customer engagement while generating new revenue streams and providing product insights that enable the company to accelerate product development and improve performance from an ever-increasing installed base of connected products.

Fluidra has three brands in the world of connected pools that offer the best solutions to their customers and users:

- **iAquaLink:** easy control and total automation of the pool from mobile phone, tablet or device connected to the internet. With iAquaLink, pool and spa elements, such as lights, temperature, water games, pumps, and pool cleaners, can be easily handled anytime, anywhere.
- **Fluidra Connect:** advanced pool automation system, designed for both the user and the professional, which allows you to control the pool remotely from your computer. With Fluidra Connect, temperature, lighting, disinfection levels and pool filtration settings can be controlled from any location, allowing remote maintenance.
- **Blue Connect:** the smart pool water analyser that requires no installation. Blue Connect analyses the water quality of the pool 24/7 and indicates the product to be used and the appropriate dose to keep the pool in perfect condition.

The company is developing a broad portfolio of connected products creating an integrated and scalable ecosystem for the smart pool.

### 8.2.3 EUROPEAN PROJECTS AWARDED

In 2017, Fluidra R&D initiated a new line of research projects funded by the RIS3CAT programme of the Generalitat of Catalonia. This programme is supported by the Operational Programme "FEDER" 2014-2020 (European Funds for Regional Development). In total, there are three ongoing projects with funding of 220,000 Euros up to 2020.



**PRO2** is a "Llavor 3D" project of the RIS3CAT community with the participation of Eurecat, Virutex, Fluidra, CTM, Fisa, Coniex, Hewlett Packard, Leitai and CIMNE. The community's objective is to create an applied research ecosystem for the implementation and adoption of additive manufacturing and 3D printing in industrial production processes.

**Watertur** is a RIS3CAT "Water" community project; its main objective is to investigate new technologies to optimize and provide greater intelligence to the main points of water consumption of a standard tourist facility (hotel). The purpose of this project is to implement decision support systems in recreational and treatment areas of the hotel. The project is expected to be completed by 2020.

**SOSTPOOL** has been developed within the program "Nuclis Tecnològics" with the aim of researching innovative and sustainable processes of filtration of water from swimming pools, to obtain an excellent water quality. The project was successfully completed in 2019, resulting in interesting proposals for more efficient water filtration. Validation tests are expected to start in 2020.

### 8.2.4 DISSEMINATION OF FLUIDRA'S INNOVATIVE CULTURE

Fluidra tries to foster an innovative mind-set within the company and transversally. One way it does this with its all employees is through «Innovation Week». It also collaborates actively to stimulate creative and innovative thinking outside the company, specifically through collaboration in innovation programs in primary schools with the «Escoles Creatives» («Creative Schools») program in conjunction with the Creativació Foundation.

»**Fluidra Innovation Week**» aims to foster innovation within the company. In 2019, Fluidra held the third edition of this program in Barcelona (Spain). On this occasion, the number of participants (Dreamers) has increased to fifteen people, from six different countries, representing four continents. This year, the goal was to find solutions to the challenge: “impact of new social and technological trends on the pool business”. The winning project of the 2019 edition was the loop system by Claudia Rodriguez, Joan Ahufinguer and Chris Brake. The project is based on the integration of flexible and submersible micro-solar panels in the roofs and pool covers that Fluidra already has, both those that are canvas and those that are firm with enclosures and mobile ceilings. In this way, the pool is intended to be 100% self-sufficient and/or hybrid by distributing and charging solar energy. This project directly refers to one of the most relevant current trends in the company and society.



**Escoles Creatives.** Fluidra continues to support the culture of innovation beyond its employees and, yet another year, maintains its collaboration with the Creative Foundation initiative to foster the innovative and creative spirit in elementary schools. The proposed challenge was “Smart Pool Challenge”, and a total of 321 students from ESO (high school) participated, who throughout the year have prepared their proposals following a working method inspired by Design Thinking.



The winning project was: Ikdamonu (Institut Brugulat-Girona):” Piscines per a tothom “ (pools for all). It is a pool adapted for people with disabilities and reduced mobility that promotes leisure and therapeutic effects of water without limiting it to people with disabilities.

### 8.2.5 ORGANIZATION OF THE INNOVATION AND DEVELOPMENT AREA

The main asset of the R&D area is the team of more than **200 professionals** that includes engineers and technicians, responsible for transforming market needs into products and solutions for Fluidra customers.

**In the United States**, the engineering team is located in Carlsbad (San Diego - California) and is responsible for the development of pool products and solutions, mainly for the North American market.



**In Europe**, the company has several R&D centers located in the main pool markets. The centre near Toulouse (France) develops robotic pool cleaners for the global market, as well as heating and disinfection equipment for European markets. From Polinyà (Barcelona-Spain), it coordinates the activity of several R&D centers focused on different technologies and product families, both for residential and public pools and for wellness centers, which mainly supply European, Asian and southern hemisphere markets. These technologies range from construction elements, underwater lighting, filtration pumps, filters, advanced water disinfection system, pool maintenance chemicals, fluid handling products, to solutions for parks and water sources as well as wellness products.

The company has resources in important markets such as **China, Brazil, South Africa and Australia**, where it develops and manufactures products for local and regional markets.

As indicated in the 2018 report, Fluidra continues with the goal of having a more integrated organization by the end of 2020, with global R&D centers (hubs) where the company will focus its efforts to develop certain product families. In 2019, various projects from the centres in Brazil, South Africa and China began to be coordinated, monitored and implemented by the corresponding hubs.

In addition, the activities related to the compliance of the different products, as well as the Office of Project Management (OPM) are coordinated globally from our headquarters in the United States for all Fluidra.

### 8.2.6 SUSTAINABLE INNOVATION

Fluidra continues to strengthen its attitude of respect and protection of the environment and, therefore, reinforces its commitment to the sustainability of its products and their environmental impact. *(GRI 302-5)*

During 2019, projects were launched to **reduce the environmental impact caused by certain types of packaging**. Various actions initiated under the Value Improvement (VI) program aim to reduce the presence of plastics in packaging, as well as eliminate those components that are not 100% recyclable.

Another project that was kicked-off, is **to minimize the use of paper** in product documentation by digitizing information and facilitating access to the company's customers.

Regarding product development, the main lines of work continue to focus on **reducing energy consumption and greenhouse gas, improving water quality and reducing water consumption**. Variable speed filtration pumps are a clear bet of Fluidra to minimize energy consumption in pools. It is a technology that can reduce electricity

consumption by up to 85% compared to traditional solutions. In some important countries, such as the United States, the use of this type of product is established by law in some states; a trend that will become widespread in the coming years. The variable speed pump portfolio covers all market needs.

The case of **heat pumps with refrigerant gas R32 is an example of energy efficiency** in the heating of the pool water and in the commitment to reduce the impact of greenhouse gases in the atmosphere, as the gas type R32 has no effect on the ozone layer and has 68% less impact on global warming. Fluidra has a full range of products that will increase in 2020 with new models.

The **pool covers** are a very suitable solution to reduce the heat losses of the pool and prevent water evaporation, significantly reducing the electrical consumption when heating the water, as well as the consumption of replacement water. Pool covers comply with the most demanding regulations on the market, positioning the product as a safety element to avoid possible falls and accidental drowning.

## Sustainable innovation

Regarding product development, the main lines of work continue to focus on reducing energy consumption and greenhouse gas, improving water quality and reducing water consumption

Finally, Fluidra strives to develop **pool water treatment solutions** in order to maintain excellent water quality. Thanks to this, the company can significantly reduce the need to renew the water in the pools and, therefore, reduce its consumption thanks to solutions that minimize the use of chemicals for disinfection, resulting in safer water for bathing, as well as an environment free of by-products derived from the chlorination.

### 8.2.7 FROM FLUIDRA ACCELERA TO FLUIDRA LAB

**Fluidra Accelera** has been Fluidra's accelerator of start-ups until the end of 2019, when Fluidra decided to reorganize its external innovation activity and has begun to lay the foundations of what will be **Fluidra LAB**.

During these years Fluidra Accelera has been dedicated to promoting innovative projects related to the world of water, swimming pool and wellness, looking for entrepreneurs with disruptive and quality solutions. Its activity has been to accompany the selected projects in order to develop their product or service. During the acceleration phase, the start-ups are supported by mentors and professionals from the Fluidra group, who share their expertise in business development, industrialization, scalability and management. When the acceleration stage is completed, Fluidra Accelera attracts for investors, for example through a communication plan, presenting projects in investment networks, etc.

During 2019, a number of actions were carried out to consolidate certain innovation projects, including:

1. **Moodify:** initiative that proposes the management and synchronized use of stimuli aimed at producing sensations in the environment of the pool and wellness spaces, and provoke the change or improvement of our moods. This feature seeks to expand and improve the experience of users of the Pool and Wellness sector, facilitating its management and use. After a favourable reception in the pool hall, the first orders have already been registered by customers in the Wellness sector.
2. **Sailing technologies:** project based on a deep knowledge of the field of adhesives based on epoxies, and which proposes solutions for underwater application. The range of variants offered is such that it allows this initiative to act as a technological boutique serving retail companies, industrial assembly processes and even act as formulators of famous generalist brands in the world of adhesives and silicones.
3. **iSensi:** project that proposes the use of a wellness cabin oriented to the hygiene of older people, or anyone with any decrease or impediment, turning this process into a pleasant and different experience. Regardless of washing and drying, aromas and environmental light management are used to create relaxing environments. It is already being used in geriatrics and the first conclusions of the professionals of these centers are surprising. Work is under way closely with these centres to analyse the use of the iSensi solution and its inclusion in therapies.
4. **EcoSistems Watermakers:** a well-known project that has received a new impetus in the form of investment in research and structure. It proposes a wide range of water desalination machines, the main differentiation of which is based on significant savings in energy consumption through pressure recovery techniques. Its energy recovery technology now reaches new levels of reliability and durability, and makes its products stand out from the competition. Water desalination facilities have already been made in various marinas and coastal hotels, achieving savings of 80% in terms of energy consumption. With regard to small machinery, supply agreements have already been reached with reputable sailing yacht shipyards, for inclusion as optional equipment.

**In February 2020, we announced the launch of "Fluidra LAB"**, in order to give a boost to external innovation and focus it to seek solutions in the global innovation ecosystem to the most urgent needs of the company, as well as to explore the possible impact on the business in the medium-long term of new trends, both technological, social, environmental and economic. Beyond Fluidra's enormous internal R&D capabilities, having the ability to attract external innovation and talent is critical for any organization that wants to lead innovation in its sector in such a changing environment.

Fluidra LAB's action is aligned with the company's strategy and with the Environmental, Social and Corporate Governance factors (ESG) that are part of the company's idiosyncrasy.

Fluidra LAB will focus on three areas of activity:

**1 CHALLENGES**  
To provide short-medium term solutions to specific demands from the company, be it R&D, Product Marketing, or any other department aligned with the company's strategy.

**2 EXPLORATION**  
Analyse topics or trends that could, in the medium-long term, have a significant impact on our value chain, and identify future opportunities for the company.

**3 INNOVATION CULTURE**  
Drive the habit of innovation among the different target audiences, such as our employees (Fluidra Innovation Week) or children (Creativa-ció a les Escoles).





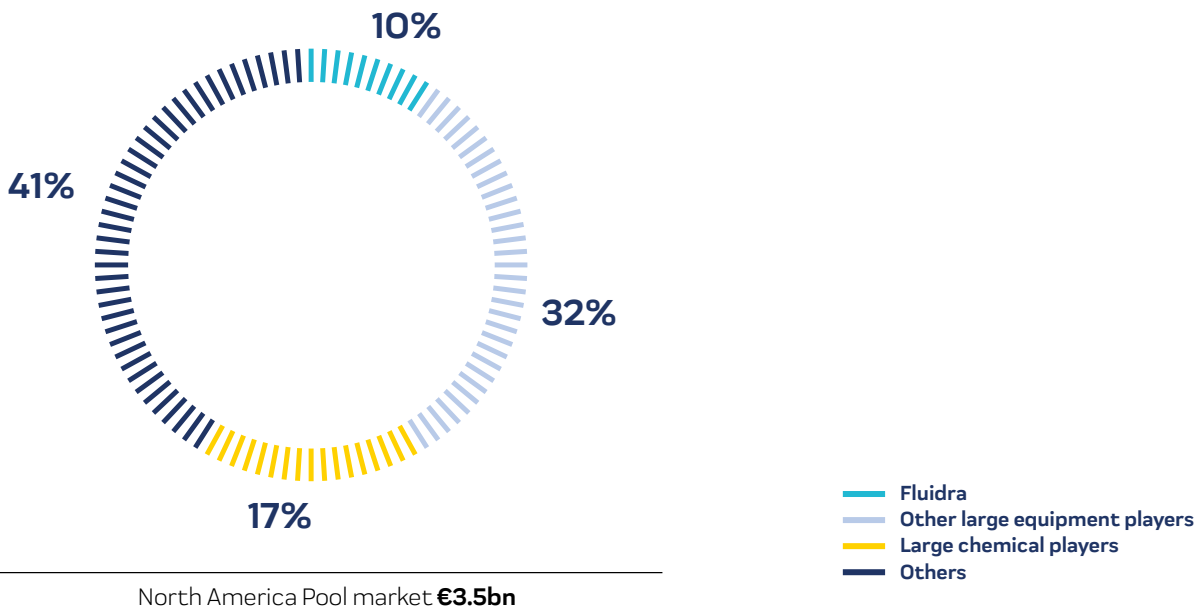


# 9. Geographical divisions of Fluidra's business

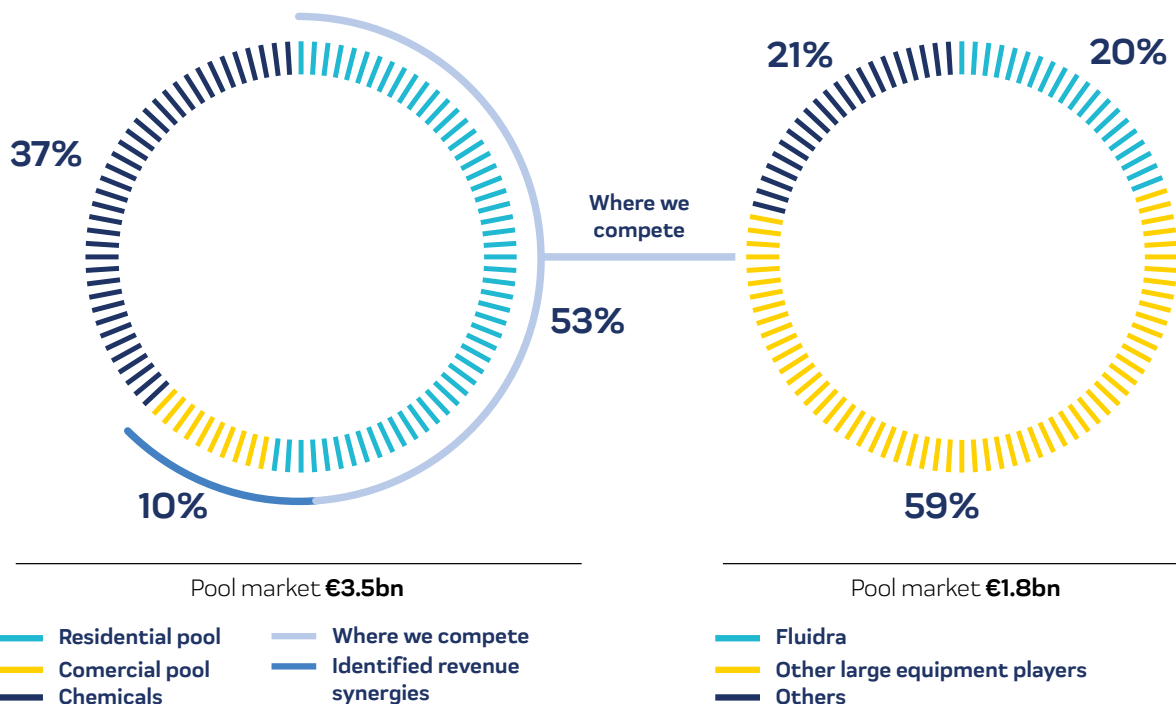
## 9.1 North America (NA)

### 9.1.1 ENVIRONMENT AND CHARACTERISTICS

Fluidra has a 10% share of a €3.5bn market



Leading player in key residential pool categories

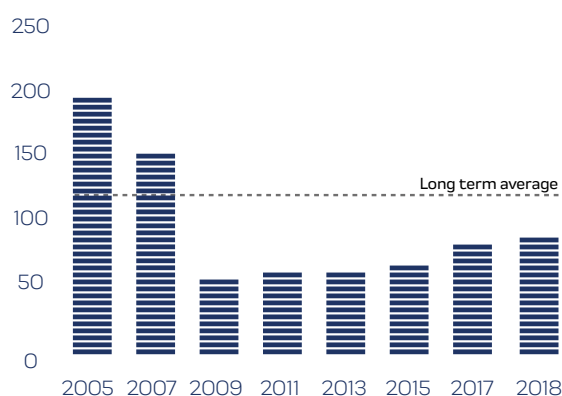


North America approximately represents **one third of the swimming pool market** around the world, which translates into an economic value totalling c. 3.5 billion Euros of market volume compared to a global market of c. 7.1 billion Euros.

It is a **consolidated and resilient market**, with a cumulative market growth rate since 2014 of around 5%, while the Fluidra business has shown annual growth rates of 9%.

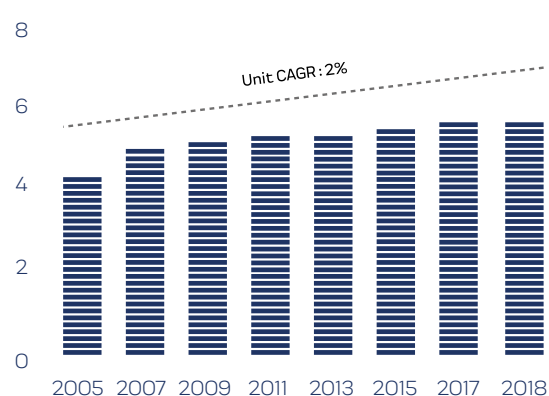
### New build growing but below pre-crisis levels

New pool build (in thousands)



### Continued expansion of installed base of pools

Existing pool base (in millions)



The United States and Canada market structure is different to that of other parts of the globe. Due to the significant fragmentation of suppliers in the rest of the world, there are three players that represent 82% of the Residential Pool equipment market.

On the other hand, 70% of the products of the manufacturers go through the distribution channel. Of the more than 50 wholesalers, Pool Corp has the highest market volume, and a highly significant market share. In this sense, wholesalers usually carry the entire supply of major manufacturers.

## 9.1.2 2019 MILESTONES

Fluidra's strategy in North America to accelerate growth is based on four pillars:

### Loyalty of the prescriber (the pool professional)

This factor is essential to guarantee the growth in the aftermarket. Fluidra uses the **Net Promoter Score (NPS)** indicators on a quarterly basis to obtain comments from its prescribers. Through this tool, the company strives to constantly listen to the needs of its prescribers in order to guarantee the best possible experience to customers.

There are three key components for Fluidra in the prescriber's loyalty strategy:

- In first place, keeping a high contact relationship with the customer through loyalty programs.
- Second, provide exceptional customer service through industry-leading technical support, measuring the effectiveness of the sales force, investing in reputation management software and in continuous improvement and execution of the field network.
- Finally, with the support provided to the distributor, offering channel management at the highest level, exclusive commercial batches, policies and programs, customized marketing services and in-store marketing.



## Market share growth in the aftermarket

The existing business growth in the aftermarket has been and will continue to be a key strategy for the future of the region. Fluidra intends to increase its market share in the installed pool business by offering its customers high performance products, which are reliable and easy to install and accessible.

To do this, it has a dedicated sales team that incorporates an ad-hoc loyalty program, offering incentives and training, which has resulted in increased annual sales growth and good prospects for the future. Through its offer of products, software and the Internet of Things, Fluidra can increase its share in the aftermarket, the segment that represents the greatest growth opportunity in the region.

## Product expansion

After the merge, the combination of the Fluidra and Zodiac product ranges has resulted in a wide range of products not only for the aftermarket, but also in the construction of new pools, both in Residential Pools and Commercial Pools.

## Connected swimming pools (IoT)

Fluidra is a leader in the connected pools and registered devices sector, with exceptionally solid year-on-year increases. With over 200,000 connected pools and growing, Fluidra offers the most complete, efficient and solid platform of products for smart pools.

### 9.1.3 2020 OUTLOOK

With the results of 2019 already consolidated, **the market still offers many opportunities for sales growth.** In this sense, Fluidra has the potential to lead the new construction pool segment with a proven growth strategy exceeding that of the market. Based on the plans it has in place for the North American market, **Fluidra expects annual growth above 7% between 2019 and 2022.**

#### 1. Expansion in Commercial Pool

In 2019, the company in North America planned its entry into the Commercial Pool market, and in 2020, plans to aggressively market its portfolio of products for institutional use.

#### 2. Customer focus

Fluidra's success is closely related to the success of its customers. The company implements a holistic combination of activities, strategies and policies to help support its continued growth:

- Use of the NPS (Net Promoter Score) to ensure that customers receive feedback and listen to their needs. **Net Promoter Score (67).**
- Specific product lines and keeping a focused channel management to help the company's customers become more competitive.
- Technical training for pool professionals in the United States and Canada.
- Specific loyalty programs that align with each type of primary customer (builder, maintainer, retailer), to ensure that customers can find a program that meets their business needs.
- Traditional and digital marketing services to help customers market their businesses more effectively, as well as stay digitally competitive to generate leads, manage their online reputation and manage their websites.

#### 3. Promising 2020

- The market remains strong with builders reporting an accumulation of pending construction projects.
- The uncertainty and distractions of integration have been left behind.
- Strong demand year-end 2019.
- Manufacturing plant for fully operational gas heating equipment.
- Customs negotiations have stabilized and customs fees are already on the 2019 run rate.
- Plan for the realization of revenue synergies.

## 9.2 Europe, Southern Hemisphere and Asia (ESA)

### 9.2.1 ESA: DEVELOPED MARKETS

#### Environment and characteristics

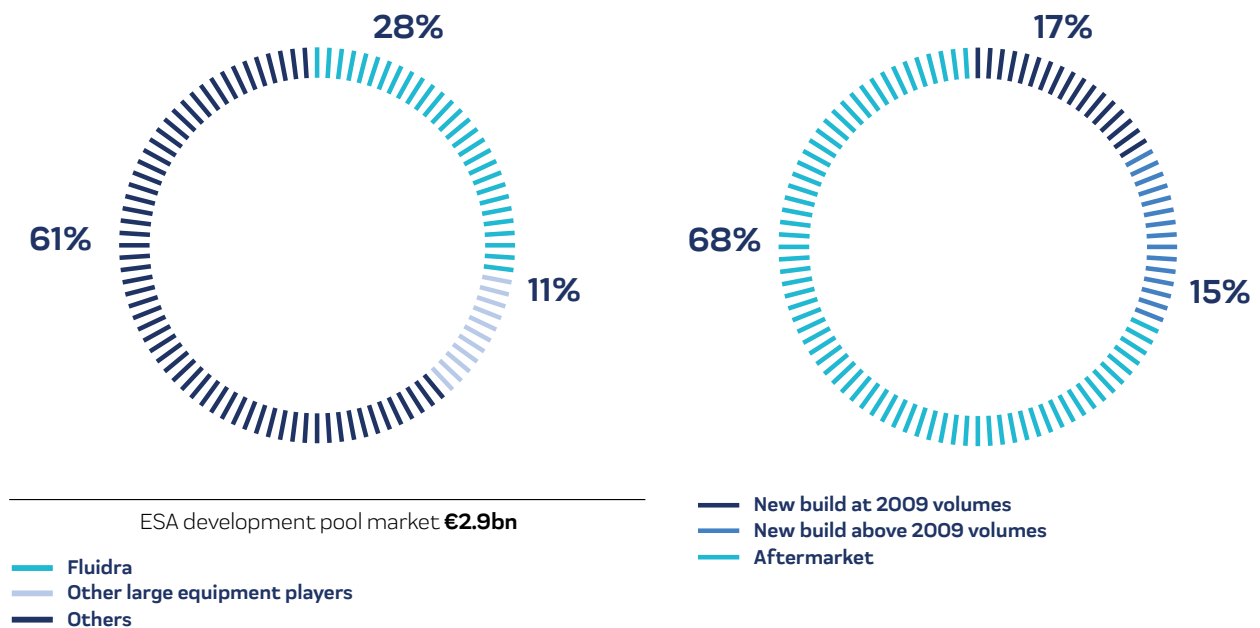
In these markets, Fluidra has a **unique and vertically integrated business model**. With its own R&D department, production centers, logistics operators and wholesalers, Fluidra is unique within the sector.

Both in North America and in the developed ESA markets, the **main market** is the **Residential Pool** segment.

- Well-developed commercial market by the **existing customer base**.
- Few global players, many **national competitors**.
- Mostly focused on **Residential Pool**, with a large base of professional customers.
- The **Commercial Pool** market is developed through existing customers, but it is a very fragmented market.

Fluidra has a **market share of 28%** in **ESA**, which would entail a value exceeding **c. 800 million Euros** on a market of c. 2.9 billion Euros.

Fluidra has a 28% share of a €2.9bn market

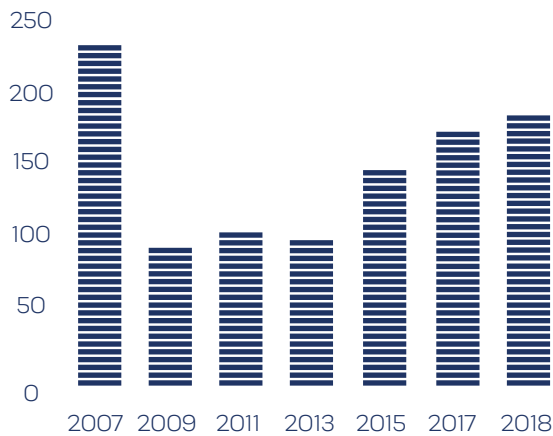


The Residential Pool market in ESA is based on an installed base of 6.6 million pools and a new pool construction estimated in 2018 at 185 thousand new pools.

The **recurring business with the installed pool base** represents **68% of sales**, with new construction sales still below pre-crisis levels, although above 2009 volumes. **Since 2017, the CAGR in the installed pool base stands at 2%.**

## New build still below pre-crisis levels

New pool build (in thousands)



## Value Creation

In the case of ESA zone distributors, the **key driver for value creation is the wide range of products** offered by Fluidra, together with the availability of the product, as well as technical support.

In addition, customers or prescribers (pool professionals) appreciate the **technical experience** offered by Fluidra and the **one-stop-shop** in their wholesale points of sale; **technical support, training** and **after-sales service** offered; as well as the timely availability of the desired products in the desired place.

## Strategy

Fluidra has designed a strategy for each region in order to achieve profitable growth based on:

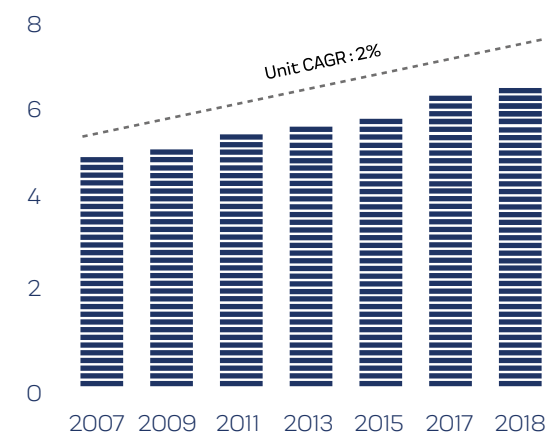
### 1. Improvement of the capillarity of own wholesale points.

Currently, Fluidra has **67 wholesale stores (Cash&Carry or Fluidra Pro Centers)** that represent **21% of the turnover in seven markets**: Spain, France, Italy, Portugal, Belgium, Australia and South Africa. The aim of the company is to **deploy the Fluidra Pro Center** model where the market structure allows, through the **opening of 15 new branches** and, of the 41 Order & Collect branches it has, 15 will be transformed into Fluidra Pro Center.

With a 30% increase in the customer base since 2014, and an 8% growth in sales above average, it has a six percentage points margin higher than that of other channels.

## Continued expansion of installed base of pools

Existing pool base (in millions)



In total, **Fluidra will continue its expansion until reaching 85 branches of Fluidra Pro Stores in 2022.**

### 2. Better penetration.

Fluidra has an **effectively tested model** to implement a set of practices that **maximize the impact of sales and margins with existing customers**, with the underlying premise of “the customer always comes first”:

- **Management of commercial activity:** the company identified the sales growth opportunities with the existing companies, while offering additional training, skill teaching and implementation of the sales force through [www.salesforce.com](http://www.salesforce.com). Since 2015, the company has shown an increase in the portfolio share in its customers of over seven percentage points.
- **Loyalty programs:** Fluidra will expand its loyalty programs in ESA, align the programs of each country and create regional programs that will attract more than 260 new members.
- **Price management by product and customer segment:** it has already been implemented in six countries and Fluidra continues to do so in the rest of its locations. Since its implementation in 2015, price management has led to an increase in the margin of over three percentage points.

### 3. Management of brands and channels.

As in North America, the merge offers the opportunity to expand the offer of customers with wider ranges of products. The company intends to position **its highly valued product ranges and brands following a channel policy.**



In 2019 a brand architecture study was carried out in the main markets, from which a new management policy has been established for ranges and brands per channel maximizing sales **minimizing erosion of volume and margins between channels.**

By strategically positioning the company's brands on the different channels, **Fluidra will be able to boost sales and customer loyalty.**

#### 4. Synergies arising from the integration

Fluidra is in the **process of integrating teams in the different markets.** The integration will increase the efficiency of the sales network, thanks to consolidated sales teams and export routes optimized for the market.

Support functions, such as administration, logistics and after-sales service, will also be consolidated, **maximizing commercial synergies with Zodiac products,** available at Fluidra Pro Centers, **and with Fluidra products reinforced in the Zodiac catalogue and other channels.**

Integration is already fully realized in the countries of export as well as in Spain, Portugal and Italy remaining pending by 2020 those of France and Germany.

#### 2020 Outlook

Fluidra combines a good market indicator, **existing platforms and good practices with a successful record in the developed markets of the ESA region.**

The company expects **annual growth** in this region **above 5% until 2022.**



## 9.2.2 ESA: EMERGING MARKETS

### Environment and characteristics

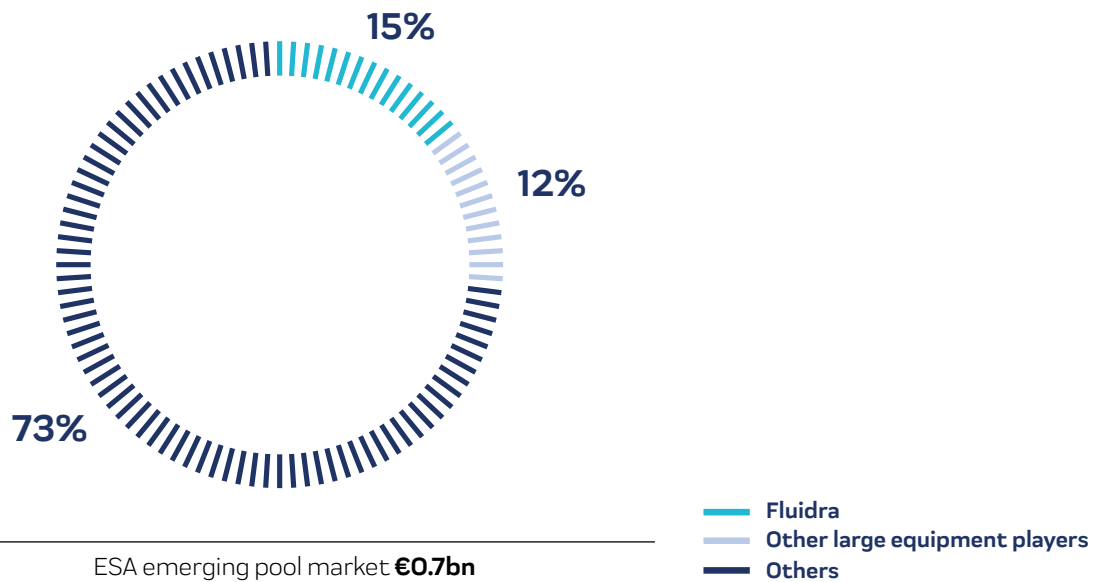
For us, emerging markets includes all countries where Fluidra operates except North America, Europe, Australia and South Africa. This market is mainly based on Commercial Pools, i.e. Olympic facilities, water parks, wellness centres, hotels and resorts, fountains and lagoons with a focus on **new construction**.

Main features:

- **Focused on new construction.**
- **Highly fragmented markets.**
- **Tourism is the main driver.**

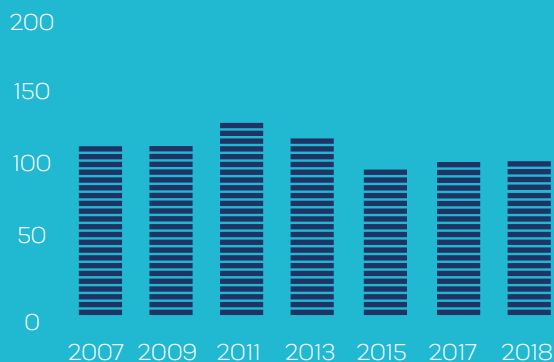
In these regions, Fluidra has a **15% share of a market worth c. 700 million Euros**. None of the global players is a reference in this market.

Fluidra has a 15% share of a €0.7bn market



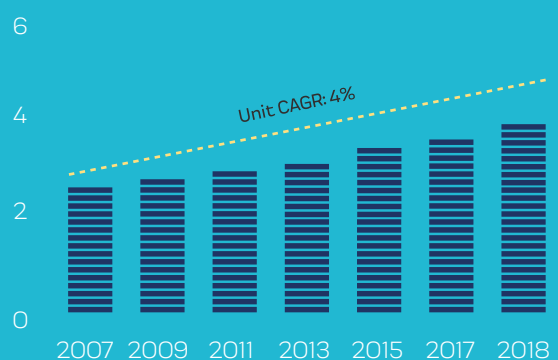
### New construction remains steady

New pool build (in thousands)



### Continued expansion of installed base of pools

Existing pool base (in millions)





## Value creation

In Commercial Pool –mainly in Asia, Latin America, Africa and the Middle East–, the **end customer is not the user, but the developer or operator of the facilities.**

As **Fluidra** is a manufacturer, distributor and has its own engineering department dedicated to specification, consultancy and design, **it is the only vertically integrated competitor on the market.**

**Fluidra Engineering Services (FES)** plays a key role in drawing potential customers through the company's reputation as a world-class designer and expert in the construction of Commercial or Public Pools and other aquatic spaces such as fountains.

## Strategy

Fluidra's objective is to **broaden the range of Commercial Pool products and expand its products globally** in order to achieve profitable growth in emerging markets.

The aim is to adapt products to market specifics and regulation and to focus on energy and water efficient devices and systems.

**Fluidra Engineering Services (FES)** play an **important role in the company's emerging markets strategy**, expanding its projects worldwide and deploying FES in all territories.

Focused on hotels, clubs and commercial swimming pools, **Fluidra, through FES**, should increase its presence in all territories, in which it will share its knowledge on the basis of specification, design and project management, to become the **best global player ready to offer comprehensive solutions in this industry.**

## 2020 Outlook

The company envisages average annual growth of more than 8% until 2022 in all markets of the ESA region, based on good market indicators, Fluidra's existing presence in the market, best practices with a track record of success from its range of commercial products and engineering services, **expect an average annual growth greater than 8% up to 2022 in the Commercial Pool market.**





### 9.2.3 HIGHLIGHTS IN 2019 AND 2020 INITIATIVES

#### 2019 Highlights

- Sales in the area have grown by 5.5% in constant currency ensuring profitable growth in the area.
- We continued to rollout the Fluidra Pro Centers, opening new centers in Spain, France, Portugal and Italy.
- Multi-country implementation of Customer Relationship Management (CRM) Salesforce.com.
- We have defined the positioning of the main brands by channel: Astral professional channel, Zodiac multichannel and Gre, the specialist in modern channel (mass market and internet).
- Fluidra and Zodiac branches have been merged in Spain, Italy and Portugal.
- The decision of the European Commission regarding the sale of Aquatron to BWT was complicated to manage, negatively impacting the sales of pool cleaners in the area.
- Quality and after-sales teams have been strengthened as part of the customer relationship improvement plan.

#### Initiatives for 2020

- Merger companies in France and Germany.
- Create new After Sales Policy coordinating quality from customer to manufacturing and implementing a new software for integrated management.
- Improve product management channels.
- Continue the expansion in Commercial Pool with special focus on Australia and South Africa.
- Develop the Zodiac brand pool cleaner market.
- Opening of a new logistics center in the Netherlands to meet the demand of nearby countries.
- Throughout 2020 we will continue implementing the NPS system to assess the satisfaction of our customers in the largest countries in the area.

## 9.3 Towards a new structure

As part of the final integration process and within the strategic plan 2022, Fluidra defines a **new geographical structure** focused on greater customer focus, greater agility and speed of reaction and greater responsibility. These changes will mark a natural evolution of the company, providing greater clarity in the future and allowing to work more efficiently. This regional structure has been designed with the main focus on customer homogeneity and geographical logic. This will allow the company to intensify its focus on the client while minimizing the management of geographical complexity arising from its presence in 46 countries. As of 1 January 2020, therefore, there are three geographical areas instead of two. Each led by a General Manager, with its own commercial, marketing and R&D teams.

**NA** (North America, i.e. United States and Canada), headed by **Troy Franzen**.

**EMEA** (Europe, Middle East/India, North Africa, West Asia, Latin America), led by **Carlos Franquesa**.

**APAC** (Australia, Southeast Asia, South Africa), directed by **Stephen Matysiak**.

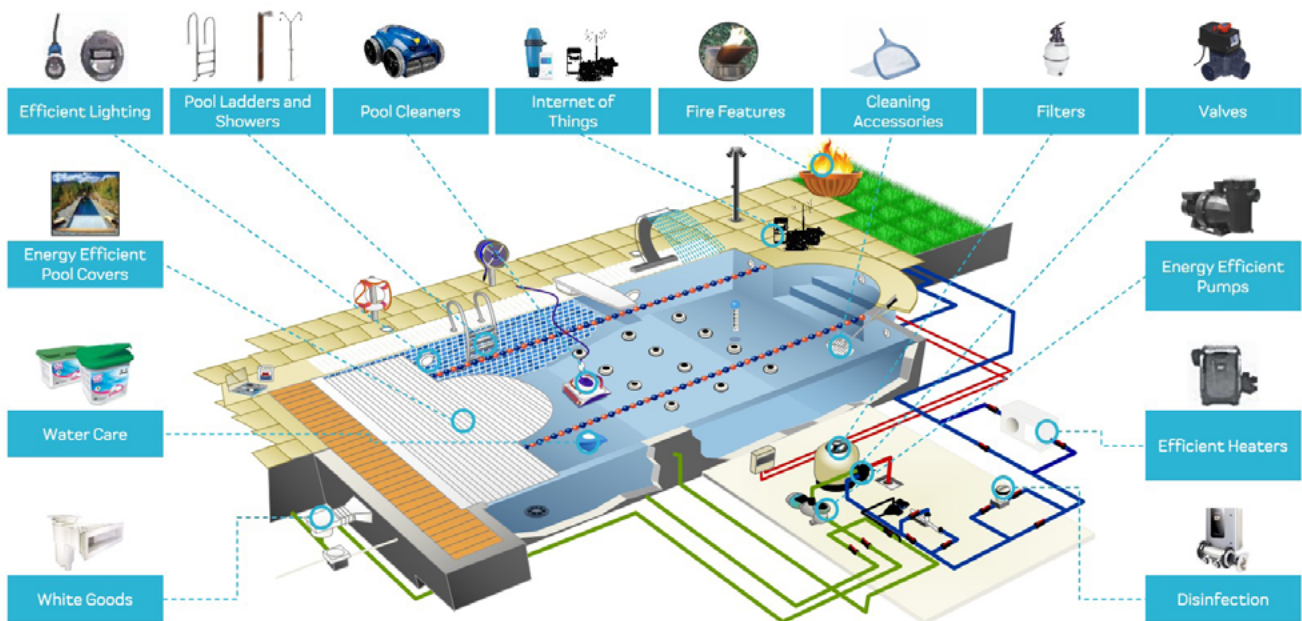
## 9.4 Products and brands

### 9.4.1 THE PRODUCTS

Fluidra is recognized as a **manufacturer and marketer of innovative and sustainable solutions in the Pool and Wellness sector**. It manufactures ladders, showers, pumps, valves, filters, heaters, grilles, pool-cleaner robots, water lights, fountains, disinfection equipment, fittings, chemicals and many more products with over **75,000 items**, including the most advanced devices for connected pools thanks to the Internet of Things (IoT).

Through **innovation**, which is part of the **company's identity and a differentiating factor**, Fluidra provides comfort for the customer and the end user and helps to make pool maintenance easier, cheaper and more sustainable – using less energy, water and chemicals.

Expensive product offering drives growth..



**+75,000 items from entry level manual cleaners to large commercial filters; service needs from above ground pools to commercial pools.**

### New products



Key products announced in late 2019 for launch in the 2020 season include:

### Zodiac® Alpha iQ™



Electric cleaning Robot for the residential market.

With its "Nav System™ Sensor", the ALPHA iQ™ cleaning robot identifies the pool configuration to optimize its movement and cleaning time. Its patented cyclone suction is extremely powerful and durable. Thanks to its patented lifting system, ALPHA iQ™ is lighter when removed from water. Monitor the cleaning process at any time each day using the intuitive remote control provided by the iAquaLink™ app. ALPHA iQ™ is updatable thanks to possible optimisations and automatic remote updates.

### Polaris® Quattro™ Sport



High performance and agile cleaner.

Equipped with brushes and 4-wheel drive the new Polaris® Quattro™ cleans the floor and walls by removing debris, including glued debris. Multi-directional navigation provides fast and efficient coverage of the entire pool. Its double filtration filter cartridge and oversized waste Inlet collects large and fine waste. The filter cartridge can be easily cleaned without touching the waste with a simple jet of water.

### AstralPool Victoria Plus Silent VS



Pump for the residential market.

Designed for new construction pools and as a replacement for installed pumps, it incorporates a variable speed motor that can be controlled automatically. Significant energy savings can be achieved through the use of variable speeds and the timer. Swimmers experience a greater sense of wellbeing due to reduced noise levels.

Compatible with Fluidra Connect.

### AstralPool LumiPlus FLEXI



The LED solution that adapts to all kinds of pools.

LumiPlus is the largest product range in the underwater LED market for public, commercial and residential pools. The new arrivals in the family, the LumiPlus Flexi, FlexiNiche, FlexiSlim and FlexiRapid projectors, are characterized by their great adaptability to any type of new construction coating and existing concrete pool and can be installed in a niche, on the surface or in a nozzle. High energy efficiency product.

Compatible with Fluidra Connect.



### AstralPool Elite Connect



The future of salt chlorinator for residential and light commercial pools

This range of intelligent salt water chlorinators continuously monitors water quality and pool equipment through a single user interface for maximum comfort. Salinity and water temperature are constantly controlled to ensure optimal regulation (pH, ORP, free chlorine) to keep the water in optimal conditions. A new VSP S-Driver allows you to control 3-speed variable speed pumps.

Compatible with Fluidra Connect.

### Zodiac® Z400iQ stainless-steel heat pump



Heat pump for residential market.

Focusing on ergonomics, ease of Use and configuration, as well as low power consumption. The Z400iQ heat pump stands out for its unique design, discretion and Wi-Fi connectivity for remote control. Guaranteed comfort and tranquillity. The new stainless steel version is ideal for users living by the sea, as this material is highly resistant to corrosion.

### AstralPool Chemicals

A wide product range for chemical water treatment.

Astralpool offers a wide range of products for the chemical treatment of water in swimming pools, guaranteeing the hygiene, conservation and perfect clarity of the water. From maintenance to solution products to ensure proper care of the pool, as well as to solve any problems with pool water.



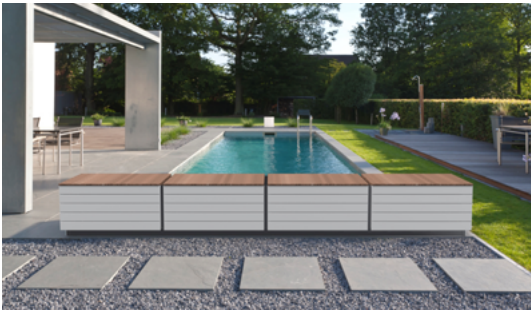
### Freepool II

Comprehensive water treatment solution for commercial pools.

A unique product that includes the three water treatment technologies optimising disinfection and pH control: low salinity salt electrolysis, medium pressure ultraviolet light technology to reduce chloramine and CO2 injection for pH regulation.

For a chemicals-free pool with unmatched quality of water and air.

### Zen'it Bench



The elegant bench designed for outdoor spaces.

The Zen'IT bench hides any automatic pool covers above ground and with different combinations available, perfectly blending with all outdoor surroundings. 3 in 1: The Zen'IT Bench covers the rollers on the floor and their supports, can be used to store equipment thanks to its dedicated space and improves the pool area.

### Blueriiot intelligent Water Analyser



In 2020, Fluidra will further expand its portfolio of connected products in North America with a new device: the Blueriiot intelligent Water Analyser. Blueriiot, a floating device that facilitates water balance by regularly analysing pool water and sending readings, along with chemical recommendations, to the pool owner through an easy-to-use application.

### 9.4.2. THE BRANDS

The company offers the widest range of products including some of the most recognized brands in the pool and wellness sector worldwide.

As a world leader in equipment and solutions for the pool industry, Fluidra's portfolio of brands and products is one of the most complete in the industry, with **six of the ten most important brands in the sector, including:** Jandy®, AstralPool®, Polaris®, Cepex®, Zodiac®, CTX Professional® and Gre®. (GRI 102-2)

### BRANDS OF RENOWNED PRESTIGE



An in-depth study was carried out in 2019 on the global architecture of the main brands of Fluidra that defines different equal positions for all markets with the aim of improving the coherence, profitability and efficiency of the same in all geographies.





# 10. Management of risks and opportunities

## 10.1 Risk management

The efficient management of potential risks is a fundamental element for the proper development, achievement of the objectives and future plan of any company. **Fluidra**, as an international industrial group, **understands that business risk management is the backbone of its activity.** (GRI 102-11, 102-15, 102-29, 102-30, 102-34, 201-2)

Corporate risk management in Fluidra falls to the **Audit Committee** as an advisory body and as representative of the Board of Directors, for these matters.

The **Risk Management System** works in a comprehensive and continuous manner, consolidating such management through subsidiaries, geographical areas and supplementing it with corporate support areas. It includes the identification, analysis, assessment – both by activity and by the current environment, controls and associated mitigation plans.

The **duties of the Audit Committee** regarding risk management include:

- **Identifying the different types of risk** (strategic, operational, financial, legal, reputational and accidental), including – among financial and economic risks – contingent liabilities and other off-balance sheet risks.
- **Identifying the measures** in place to mitigate the impact of identified risks, should they materialize.
- **Verifying and monitoring** the **Corporate Risk Map** as a tool to identify, manage and follow-up on risks with significant impact on the group's objectives.

The various risks are identified and assessed on the basis of an analysis of the events that may cause them. The assessment is done using **metrics that calculate probability and impact.** Existing controls to mitigate them and additional action plans required are identified if they are considered insufficient. This process, carried out annually and coordinated by Internal Audit, allows to obtain the **Risk Map of the company.** The most relevant risks are extracted from this map and in combination with the main variations from the previous year, are presented to the Audit Committee for discussion and approval.

The definition of the scale of severity and the scale of probability is performed according to qualitative and quantitative criteria. Once critical risks are identified and reassessed, the company's senior management officers devise specific measures, appointing those in charge of their implementation as well as the time frames allocated, so as to mitigate the risks' impact and likelihood, while reviewing the current controls in place on such risks.

The analysis of risks, controls and actions to mitigate their impact and probability is presented annually to the **Audit Committee** for supervision and approval. Subsequently, the Audit Committee reports the above to the **Board of Directors.**

During the integration of Australian subsidiaries and in the process of homogenizing their processes, a lack of implementation of certain company policies has been detected, resulting in the application of disciplinary measures. The local and area management together with the group's financial management has calculated the impact of the incidents found and has already reflected those impacts in the 2019 financial statements. In addition, a plan of action and remediation of incidents has been established to prevent their recurrence.

## Risk management

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## 10.2. Table of main risks

Monitoring of and response plans for Fluidra's main risks:

### DEVELOPMENT OF NEW PRODUCTS

- **Continuous analysis of sales** of new strategic products and its comparison with that of competitors based on monitoring tools for market research, analysis of statistical databases by market and by product type.
- **Conducting comparative studies** to set themselves apart from the competition and updating the products assessment dossiers with the information obtained.
- **Specific action plans** aimed at ensuring the adaptation of production capabilities to anticipate levels of demand for these new products.

### FINANCIAL RISKS

Financial risks are subject to continuous monitoring, such as exposure to exchange rate risk or interest rate risk, for which **policies and action decisions are proposed**.

### CREDIT RISKS

Credit risk is subject to **continuous monitoring**, analysing both the financial health and the benefit obtained from those customers who concentrate the most risk in relation to the fixed costs assumed by the company.

### TECHNOLOGICAL RISKS

Given the activities carried out by the various business units of Fluidra, protecting technology is key to maintaining its competitive edge. To this end, the company has **development policies in place together with legal protocols** that ensure its protection. The company is aware of the constant changes that occur in the markets linked to new technologies, which is why it allocates **resources to technology development**.

### SUBSIDIARIES MANAGEMENT RISKS

Fluidra is certain that bolstering and **standardizing the procedures and internal controls in the group's subsidiaries** is the way forward for early detection and eradication of irregularities in the

management of subsidiaries. In this sense, the company has a **Corporate Controlling department** with professionals **who provide support and analyse the procedures** of the subsidiaries in different countries to ensure the correct standardization of the financial statements and daily practices.

In addition, it has a plan to implement and improve the computer systems of the subsidiaries with the aim of seeking homogenization of procedures and robustness of controls.

### RISK IN THE INTEGRATION PROCESS

Fluidra seeks to expand through the acquisition of companies within the sector. A clear example is the merger with Zodiac. The company is aware of the importance of carrying out a proper **integration process** that encompasses the technological, regulatory and process aspects, as well as the information and employee management systems, in order to **ensure that the new companies acquired are integrated within the group in an efficient manner**.

### IMPLEMENTATION OF NEW BUSINESS ACTIVITIES

Fluidra continuously analyses new businesses and organizations that contribute added value to the group. As the company knows that any new activity involves an intrinsic risk, it contracts the **services of specialized external consultants** for advice.

### HUMAN CAPITAL RISKS

Fluidra group companies have a variable remuneration policy linked to professional development and the achievement of personal goals to reward its best employees, with the intention of attracting and retaining talent.

The parent company has a **reporting channel created by the Audit Committee** under the corporate management of Human Resources, Internal Audit and the Legal Department, so that any employee can file a complaint about any matter he/she deems fit. The company has talent management plans that aim to minimize the risk of human capital.

## PROCESS RELATED RISKS

These risks are managed and monitored centrally by the **Management and Control Department** and verified by the **Internal Audit Department**. The processes of obtaining the consolidated economic and financial information are developed centrally and under corporate criteria, with the Financial Statements, both consolidated and individual, from the corresponding subsidiary, verified by internal and external auditors.

## CLIMATE RISKS

The **risk map** of the company considers **climate or meteorology** as a risk; that is, the possible economic losses arising from adverse movements in certain climatic variables both globally and locally in any of the regions or countries where Fluidra operates, therefore a risk and financial impact derived from a possible lower sale of seasonal products is determined, although the heat season may be extended in certain areas, resulting in higher after-market sales. The methodology followed to mitiga-

te the risk currently consists of the **geographical diversification of the business, the increase in the portfolio of products for adverse weather, and the research and development of products with low consumption** of water, energy and chemicals, as well as, that of products and services that provide efficient management of swimming pool facilities at any time of the year and under any weather conditions.

## TAX AND LEGAL RISKS

Fluidra has defined a procedure for the identification and valuation of legal and fiscal risks that is applied on a regular basis. The purpose of this procedure is to identify disputes that may have an impact on the company's property situation, or differences that may arise from a different interpretation of the rule in relation to a particular tax. Based on the analysis carried out, the company can take the appropriate accounting provisions in order to have adequate coverage, in the event of any of the aforementioned risks materializing.







# 11. Corporate Governance

(GRI 102-27, 102-28, 102-32, 102-33)

Fluidra's governing bodies are the **General Shareholders' Meeting** and the **Board of Directors** which, in turn, have established the following Governance Committees:

- **Appointments and Remuneration Committee**
- **Audit Committee and**
- **Delegate Committee**

The **Articles of Association, Regulations (of the General Meeting and the Board)**, and other **internal rules and procedures** make up the regulatory body that governs Fluidra's corporate governance system. The company ensures compliance with the recommendations and international best practices regarding governance, which is why it continuously reviews and updates its rules and regulations.

Fluidra adopts and publishes the **Annual Corporate Governance Report** which is governed by the corporate governance recommendations for listed companies. This document has been available on the corporate website since its adoption.

In addition to the aforementioned governing bodies, Fluidra has the **Management Committee (MAC)**, in charge of everyday group management.

## 11.1 Governing bodies

### 11.1.1 GENERAL SHAREHOLDERS' MEETING

All shareholders may attend Fluidra's General Meeting regardless of the number of shares they hold provided that the shareholders register prior to the date on which the General Meeting is held, which must be certified by the corresponding personal attendance card or document that, in accordance to the law, certifies them as shareholders.

In this sense, it is a requirement to attend the General Meeting as long as shareholders have registered the ownership of their shares in the corresponding accounting record of book entries at least five days before the Meeting and provide the corresponding attendance card or document that, pursuant to the Law, proves them as shareholders. Each share carries the right to one vote.

The General Meeting shall be validly constituted upon first call when the shareholders present or represented hold at least twenty five percent (25%) of share capital with voting rights, and, validly constituted upon second call, whatever the capital present may be.

However, for the General Meeting to validly agree to increase or decrease the share capital and any other amendment to the Articles of Association, the issuance of bonds, removal or limitation of pre-emptive subscription rights for new shares, transformation, merge, spin-off or transfer of assets and liabilities of the company, transfer of registered office abroad and dissolution by agreement of the Board, upon first call, the attendance of shareholders present or represented holding at least 50% of the share capital with voting rights shall be required. On second call, 25% of the capital will be sufficient.

The resolutions of the General Meeting shall be adopted with the favourable vote of the simple majority of the votes of the shareholders present or represented in the Meeting, whereas an agreement is adopted when it obtains more votes in favour than against the present or represented capital. Except in those cases in which the Law or the Articles of Association stipulate a superior majority. Specifically, for the adoption of the agreements referred to in **Article 194 of the Capital Companies Act** and which do not refer to **Matters Reserved to the Board** (as defined below), if the capital present or represented exceeds 50% it shall be sufficient for the agreement to be adopted by an absolute majority, except when, on second call, the shareholders represent 25% or more of the share capital with the right to vote without reaching 50%; in which case a favourable vote of two thirds of the share capital present or represented at the General Meeting shall be required.

Likewise, the adoption of resolutions in the following matters (the “**Reserved Matters of the Meeting**”), requires the favourable vote of 69% of the share capital of the company on first call and the favourable vote of 66% of the share capital of the company on second:

- The increase of the share capital, the issuance of bonds or securities convertible into shares, with or without preferential acquisition rights, as well as the delegation in the Board of Directors of the power to adopt resolutions regarding these matters;
- The reduction of the share capital, except in the case of compulsory circumstances according to the law;
- The approval of any structural modification operations, such as the transformation, merge, spin-off, global assignment of assets and liabilities and transfer of the Company to a foreign address;
- The approval of transactions for the acquisition or disposal of essential assets in accordance with Article 160.f) and 511 b 2 of the Companies Act;
- The voluntary dissolution of the Company;
- The modification of the number of members of the Board of Directors;
- The exclusion from trading of the shares of the Company in any stock market; and
- The amendment of the Company’s Articles of Association in relation to any of the Matters Reserved to the Board referred to above.

The last **Ordinary General Meeting on 8 May 2019**, as usual in recent times, had a high turnout, where 88.1101% of the share capital was present or represented.

### 11.1.2 BOARD OF DIRECTORS

Fluidra’s Board of Directors performs its duties with unity of purpose and independence of mind, offering equal treatment among shareholders and guided by the interests of the Company. *(GRI 102-18, 102-24, 102-26, 102-39)*

In short, **the responsibilities of the Board of Directors** are the following:

1. Approval of the **strategy and organization** of the company, and **supervising and monitoring** compliance thereof.
2. Approval of certain **operations or investments relevant** to the Group.
3. Drafting of the **Financial Statements** and preparation of periodic financial information.
4. Proposal **for appointment and removal of directors, and appointment of internal positions**.
5. Convening **the General Meeting**.

In the execution of their duties, all Directors may receive the necessary advice from the Company to carry out their functions. To this end, the Company enables the appropriate channels which, in certain cases, include external advice.

There is also the annual review and update by the Board of the Company’s Crime Prevention Plan and Risk Map, and other measures focused on improving the knowledge of the governing body in matters within its powers and, in particular, in the economic, environmental and social spheres *(GRI 102-29)* include the annual review and updating by the Council of the **Crime Prevention Plan and the Risk Map of the company**.

The Articles of Association establish that the **Board of Directors consists of 12 members**. Furthermore, the Articles of Association also stipulate that the Board shall meet, in **ordinary session at least six times per year**, including at least once a quarter, and, in all circumstances, with the frequency required to perform its functions. The Board met 10 times in 2019 with an average attendance rate of 100% of Directors present or represented.

In 2019, **the following resolutions were adopted and the following events occurred** in relation to the composition of the Board:

- Expiry of the position of **Mr Richard Cathcart**, in his capacity as independent director.



- Expiry of the position of **Mr Juan Ignacio Acha-Orbea Echeverria**, in his capacity as independent director.
- **Appointment of Mr Brian McDonald**, in his capacity as independent director, for the statutory term of 4 years. This appointment took place with effect 6 September, 2019 by the Board of Directors through the co-opting procedure and to fill the vacancy of Mr Richard Cathcart, pending ratification by the Ordinary General Meeting to be held in the first half of 2020.
- **Appointment of Ms Esther Berrozpe Galindo**, in her capacity as independent director, for the statutory term of 4 years. This appointment took place effective as of 6 September, 2019 by the Board of Directors through the co-opting procedure and to fill the vacancy of Mr Juan Ignacio Acha-Orbea Echevarría, pending ratification by the Ordinary General Meeting to be held in the first half of 2020.

As provided for under section 2 of article 529(7) of the Consolidated Text of the Spanish Corporate Enterprises Act and section 5 of article 15 of the Regulations of the Board of Directors, insofar as the Chairman of the Board is an executive director of the company, the Board of Directors is composed of a **coordinating director, Mr Gabriel López Escobar**, appointed from among the independent directors. The coordinating director is specially empowered to request a Board meeting be called or include new points on the agenda of a Board convened, and among its functions are also to coordinate and echo the concerns of external directors, to coordinate and gather non-executive directors and to direct the periodic assessment of the Chairman of the Board of Directors.

According to the provisions in Articles 17 and 18 of the Regulations of the Board of Directors, **Directors are appointed by the General Meeting or, where appropriate, by the Board of Directors**, in accordance with the provisions of the Companies Act. In any case, for each appointment there must be:

- A **prior proposal** from the Appointments and Remuneration Committee, in the case of independent directors, or
- A **prior report** from the Appointments and Remuneration Committee, in the case of the other directors.

The **proposal for appointment** must in any case be accompanied by a **supporting report from the Board** assessing the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Meeting or of the Board itself.



Mr Brian McDonald



Ms Esther Berrozpe Galindo

In the case of natural persons who are designated representatives of legal persons, the proposed natural person representative shall be included in the **report of the Appointments and Remuneration Committee**.

According to the criteria for director selection and appointment approved by the Board of Directors, **the company takes gender diversity into consideration when electing its directors, in order to ensure equal opportunities**, as indicated in Organic Act 3/2007, of 22 March, for the effective equality of women and men. For further information on these points, see the Annual Corporate Governance Report and the Regulations of the Board of Directors article 14.3. *(GRI 405-1)* During 2019, **Ms Esther Berrozpe was appointed director**; second female director in the history of the company.

### Directors' performance review

*(GRI 102-18)*

In accordance with the provisions contained in Article 14 of the **Regulations of the Board of Directors, the Appointments and Remuneration Committee** is to assess the skills, expertise and experience required of candidates to join the Board and will therefore define the roles and capabilities required to fill each vacancy. Moreover, it will determine the appropriate working conditions in terms of time and workload for them to carry out their duties.

The information on the assessment of directors during 2019 is available in the Annual Corporate Governance Report for that financial year.

### Composition of the Board of Directors

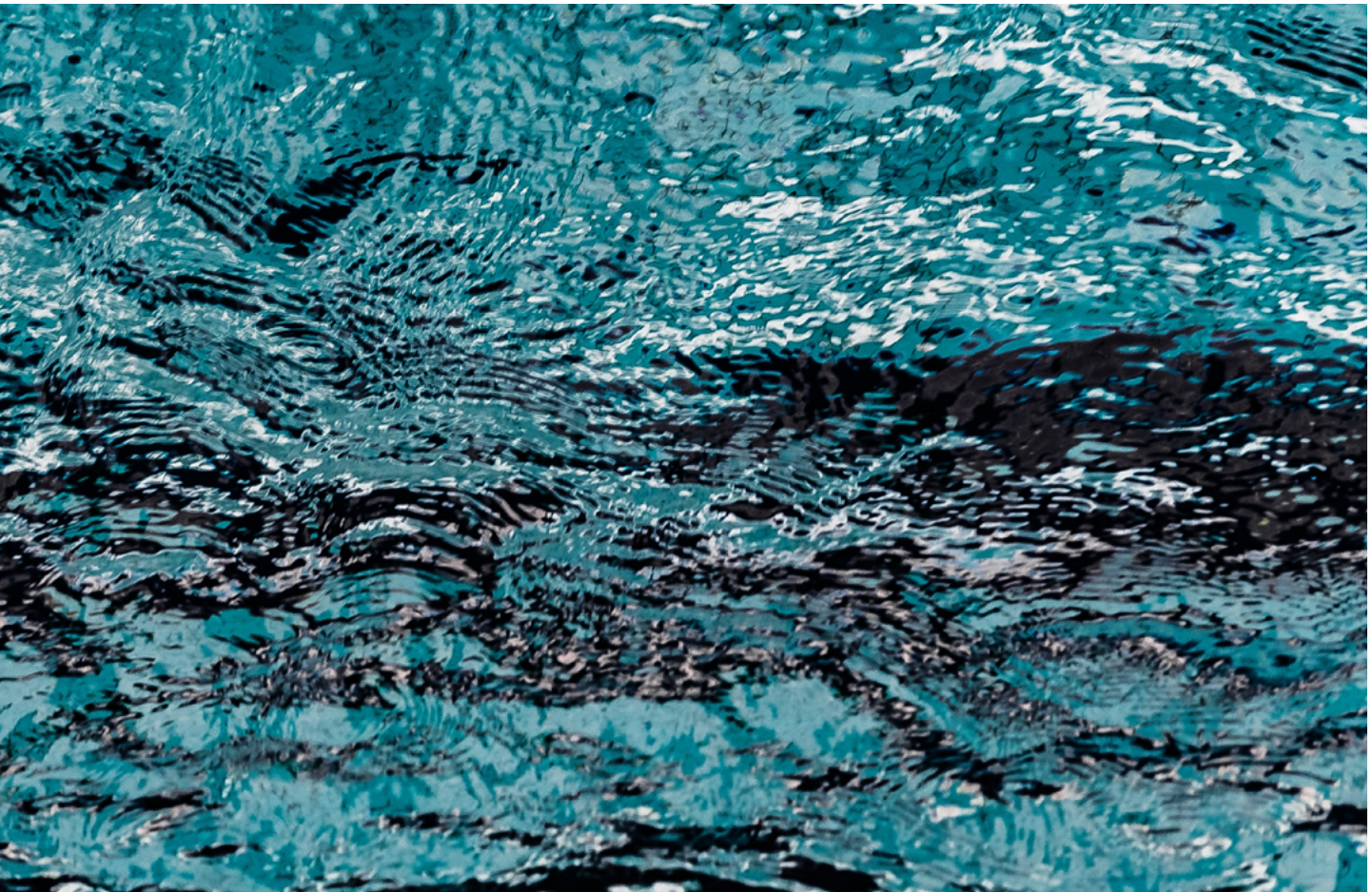
*(GRI 102-22, 102-23)*

NAME OR COMPANY NAME OF DIRECTOR	REPRESENTATIVE	POSITION ON THE BOARD
Eloi Planes Corts	-	Chairman and CEO
Bruce Brooks	-	Chief Executive Officer
Óscar Serra Duffo	-	Deputy Chairman and director
Gabriel López Escobar	-	Coordinator and director
Piumoc Inversions, S.L.U.	Bernat Garrigós Castro	Deputy secretary and director
Bernardo Corbera Serra	-	Director
Jorge Valentín Constans Fernández	-	Director
M. Steven Langman	-	Director
Sébastien Mazella di Bosco	-	Director
José Manuel Vargas Gómez	-	Director
Brian McDonald	-	Director
Esther Berrozpe Galindo	-	Director
Albert Collado Armengol	-	Secretary non-director
Maximino Montero Lastres	-	Deputy secretary not director

*\*Date of last appointment as director. His appointment as Coordinating Director was agreed on 1 December, 2015 and with effect from 1 January, 2016.*







DATE OF FIRST APPOINTMENT	DATE OF LAST APPOINTMENT	CATEGORY
31/10/2006	03/05/2017	Executive
02/07/2018	-	Executive
05/09/2007	03/05/2017	Nominee (Boyser, S. L.)
30/10/2014	05/05/2015*	Independent
27/06/2018	-	Nominee
05/09/2007	03/05/2017	Nominee (Edrem, S.L.)
05/05/2015	-	Independent
02/07/2018	-	Nominee
02/07/2018	-	Nominee
02/07/2018	-	Nominee
17/05/2019*	-	Independent
07/05/2019*	-	-
17/09/2007	-	-
02/07/2018	-	-







### 11.1.3 CONFLICT OF INTERESTS

The **company's internal regulations** set out detailed rules on the issue of conflicts of interest. In this respect, the directors are required to observe the following **performance standards** in all cases: *(GRI 102-25)*

- The directors must notify the Board of Directors of the existence of conflicts of interest and **abstain from attending and participating in any deliberation affecting the issues in which they may have a vested interest**, directly or indirectly, through related third parties. Any resolutions that may affect their status as directors, such as their appointment or removal from the Board of Directors or other similar position, are excluded from the obligation to abstain.
- The directors may **not use the company's name** or act in their capacity as directors **to carry out transactions** on their own behalf or for related parties.
- The directors may not directly or indirectly **carry out professional or commercial transactions with the company** unless the conflict of interest is reported beforehand and the Board approves the transaction.
- Transactions that are performed as part of the company's regular course of business and that are of a regular and recurring nature may be carried out providing the Board of Directors has issued a general authorization to do so.
- The directors must **disclose** direct or indirect participation that either they or any related parties carry out **in other companies whose purpose is the same as, or similar or complementary to that of the Company**.
- Similarly, the directors **may not participate, either on their own behalf or on behalf of others, in companies whose business activity** is the same as, or similar or complementary to the **corporate purpose** of the company, may not hold offices as directors or executives of companies that compete with the company, with the exception of the posts they might hold, if applicable, in a group company, unless expressly authorized by the shareholders at their General Meeting, without prejudice to the provisions of Articles 227 to 229 of the Corporate Enterprises Act.
- Directors **may not make use of Company assets or use their position in the company to obtain an economic advantage** unless they have paid an appropriate consideration.
- The directors **may not benefit themselves** or on behalf of a related party from a **business opportunity of the company**, unless it has previously been offered to the Company and the latter has waived its right to take it.
- Conflicts of interest involving the directors must be included in the report.

### 11.1.4 GOVERNANCE COMMITTEES

*(GRI 102-19)*

#### Audit Committee

The Regulations of the Board of Directors stipulate that the **Audit Committee**, appointed by the Board of Directors, **is formed by a minimum of 3 directors, exclusively non-executive directors**, two of whom, at least, must be independent directors, and the other is to be appointed taking into account his/her expertise and experience in accounting, auditing or in both.

The members of the Audit Committee, and particularly its President, **must be appointed taking into account their expertise and experience** in accounting, auditing and risk management, as well as their expertise, skills and experience with regard to other committee tasks.

In any case, the **chairperson must** be an **independent director to be replaced every four years**, with the possibility of being re-elected after one year from the date of replacement.

Fluidra, in compliance with the provisions of its internal regulations, has an Audit Committee consisting of **5 members, three of whom are independent, its chairperson being one of the independent members**.

The following changes took place in the composition of the Audit Committee in 2018:

- Appointment of **Mr Brian McDonald** as member of the Audit Committee substituting Mr Juan Ignacio Acha-Orbea Echevarría.
- Re-election of **Mr Gabriel López Escobar** as chairman of the Audit Committee for a term of 1 year from 27 September, 2019.

**Main functions** of the Audit Committee:

- **Monitoring the effectiveness of the internal control of the company** and in particular the financial reporting internal control, internal audit and risk management systems, including risk analysis for environmental matters.
- **Reviewing the company's accounts**, ensuring compliance with legal requirements and the appropriate implementation of accounting principles.
- **Supervising compliance with the audit agreement**, ensuring that the opinion regarding the Financial Statement and the main contents of the auditing report are drawn up clearly and accurately, and evaluating the results of each audit.
- **Reviewing compliance with the Internal Code of Conduct and Regulations of the Board.**

The Audit Committee **shall meet, ordinarily, on a quarterly basis**, in order to review periodic financial information to be submitted to stock market authorities as well as information that the Board of Directors must approve and include as part of its annual public documentation. Furthermore, it shall meet **on request of any of its members and whenever called by its Chairman**, who must do so whenever the Board or its Chairman request the drafting of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of its duties.

The Committee met 7 times during 2019.

#### Composition of the Audit Committee

NAME OR CORPORATE NAME OF THE COMMITTEE MEMBER	REPRESENTATIVE	POSITION ON THE COMMITTEE	CATEGORY
Gabriel López Escobar	-	Chairman and member	Independent
Brian McDonald	-	Director	Independent
Bernardo Corbera Serra	-	Director	Nominee
Jorge Valentín Constans Fernández	-	Director	Independent
José Manuel Vargas Gómez	-	Director	Nominee
Albert Collado Armengol	-	Secretary non-director	-

#### Appointments and Remuneration Committee

This committee currently consists of **4 members, two of whom are independent, its chairperson being one of the two independent members**. In this way it complies with the provisions of the internal regulations of the company (see Page 16 of the regulations of the Board of Directors).

## Audit Committee

The Audit Committee shall meet, ordinarily, on a quarterly basis, in order to review periodic financial information to be submitted to stock market authorities as well as information that the Board of Directors must approve and include as part of its annual public documentation. Furthermore, it shall meet on request of any of its members and whenever called by its Chairman, who must do so whenever the Board or its Chairman request the drafting of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of its duties.



The following changes took place in the composition of the Appointments and Remuneration Committee in 2019:

- Appointment of **Ms Esther Berrozpe Galindo** as member of the Committee to replace Mr Richard Cathcart

**Main functions** of the Appointments and Remuneration Committee:

- Assessing the skills, expertise and experience required to join the Board.
- Notifying and presenting any appointments and removals of senior managers to the Board of Directors.
- Proposing to the Board of Directors the remuneration policy for directors and senior management officers.
- Overseeing compliance with the remuneration policy established by the company and with the transparency of remuneration.

The Regulation of the Board provides that the Committee shall **usually meet on a quarterly basis**. In addition, it shall meet whenever convened by its Chairman, who shall do so **whenever the Board or its Chairman** should request the issuance of a report or the adoption of proposals and, in any case, **when convenient for the proper execution of its functions**.

The Committee met 9 times during 2019.

#### Composition of the Appointments and Remuneration Committee

NAME OR COMPANY NAME OF THE DIRECT HOLDER OF THE COMMITTEE	REPRESENTATIVE	JOB TITLE	CATEGORY
Jorge Valentín Constans Fernández	-	Chairman and member	Independent
Esther Berrozpe Galindo	-	Director	Independent
Piumoc Inversions, S.L.U.	Bernat Garrigós Castro	Secretary and member	Nominee
Sébastien Mazella di Bosco	-	Director	Nominee

#### Delegate Committee

The Delegate Committee **consists of the two executive directors, two proprietary directors and one independent director**. In addition, a dominical director is also a secretary non-member of the Delegate Committee. The composition of the Delegate Committee reflects the composition of the Board, and the balance established thereof between executive, nominee and independent directors.

The Delegate Committee met 3 times during financial year 2019.

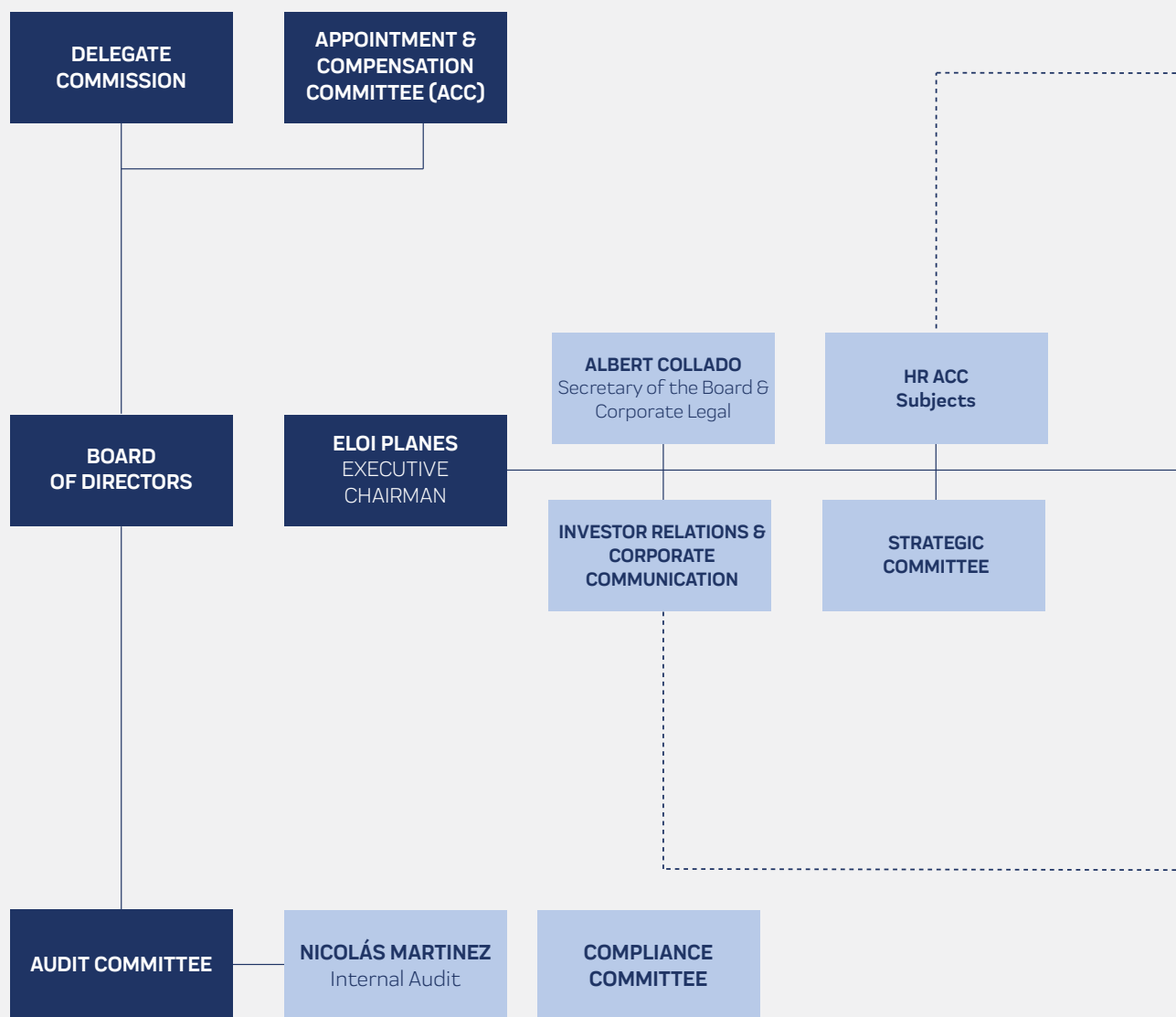
There were no changes in the composition of the Delegate Committee in 2019.

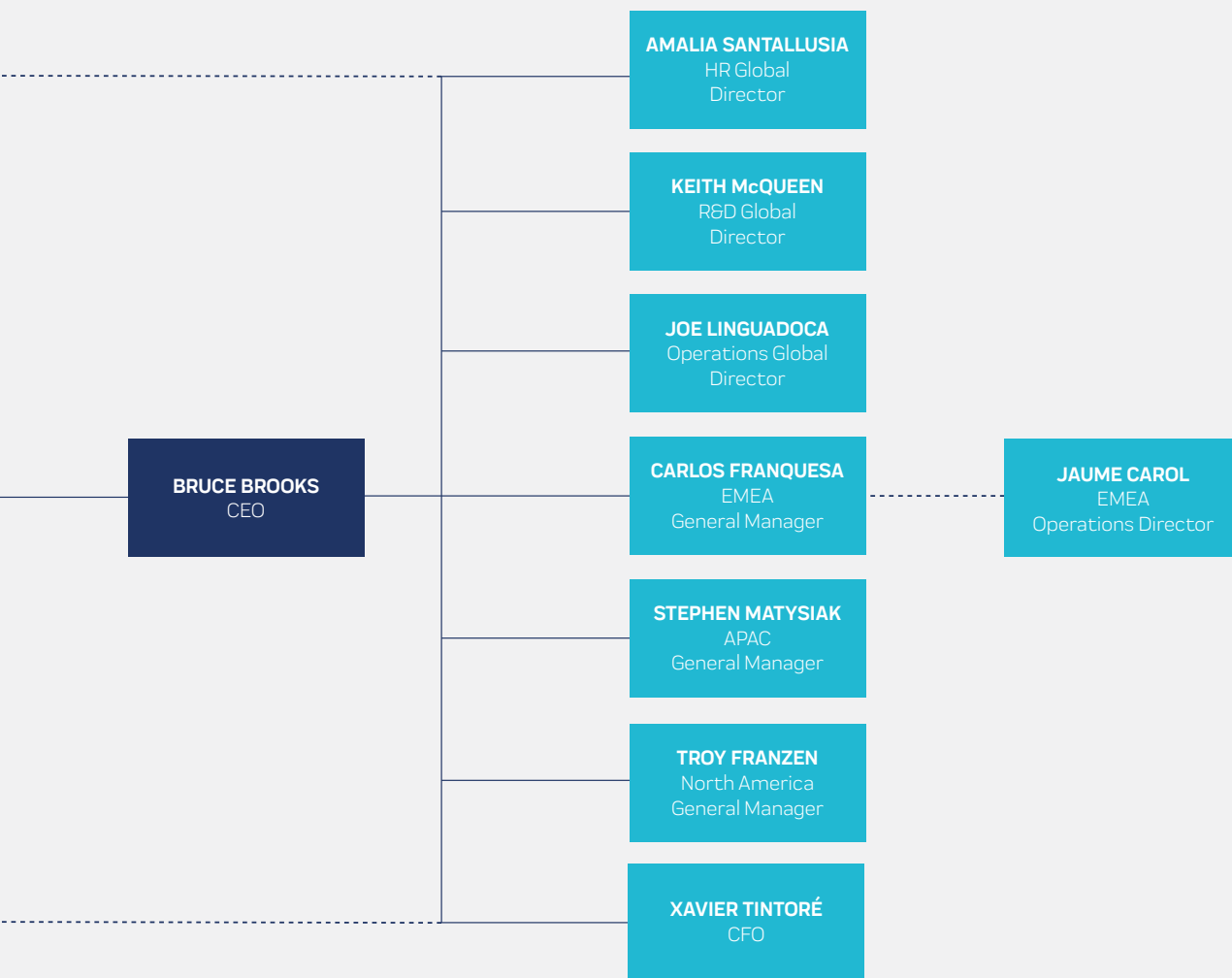
#### Composición de la Comisión Delegada

NAME OR COMPANY NAME OF THE DIRECT HOLDER OF THE COMMITTEE	REPRESENTATIVE	JOB TITLE	CATEGORY
Eloi Planes Corts	-	Chairman	Executive
Bruce W. Brooks	-	Director	Executive
Jorge Valentín Constans Fernández	-	Director	Independent
Sébastien Mazella di Bosco	-	Director	Nominee
Óscar Serra Duffo	-	Director	Nominee
Albert Collado Armengol	-	Secretary non-director	-

## 11.2 Management team

### 11.2.1 ORGANISATION CHART







11.2.2 MAC MEMBERS (MANAGEMENT ADVISORY COMMITTEE)



**Bruce Brooks, CEO**

Over 30 years of experience in global consumer and industrial products industries. Previously spent over 20 years at Stanley Black & Decker in various general management roles. Joined legacy Zodiac as CEO in 2011.



**Xavier Tintoré,  
CFO**

Joined legacy Fluidra in 2010. Over 25 years experience in corporate and finance in multinationals and public companies.



**Troy Franzen,  
North America General Manager**

Joined legacy Zodiac in 2010. Over 30 years of business, sales and operating experience.



**Stephen Matysiak,  
APAC General Manager**

Joined legacy Zodiac in 2002. Over 25 years of business, sales and operating experience.



**Carlos Franquesa,  
EMEA General Manager**

Joined legacy Fluidra in 2007. Over 30 years of business, sales and operating experience.



**Jaume Carol,  
EMEA Operations Director**

Joined legacy Fluidra in 1991. Over 30 years of operational and manufacturing experience.



**Joe Linguadoca,  
Operations Global Director**

Joined legacy Zodiac in 2012. Over 25 years of operating experience in manufacturing and consumer durables.



**Keith McQueen,  
R+D Global Director**

Joined legacy Zodiac in 1995. Over 30 years of engineering and operations experience.



**Amalia Santallusia,  
HR Global Director**

Joined Fluidra in 2019. Over 25 years of experience in managing HR departments.

## 11.3 Remuneration policy for directors and senior management

The remuneration of the members of the Board of Directors in their capacity as such consists of a fixed annual amount and an allowance for attending Board of Directors meetings. There is also additional remuneration for those directors who are part of any of the Board's Committees, namely the Audit Committee and the Appointments and Remuneration Committee, as well as the Delegate Committee. *(GRI 102-35, 102-36)*

The increase in remuneration in 2018 and 2019 is the result of the expansion of the Board of directors, from 9 to 12 members in mid-2018 and consolidating this figure throughout 2019. The composition of the Board of Directors is 11 men and 1 woman, all of them above the age of 45.

### Remuneration of directors

	2017	2018	2019
Fixed (thousands of €)	€861	€1,009	€1,216
Expenses (thousands of €)	€87	€90	€120
<b>Total (thousands of €)</b>	<b>€949</b>	<b>€1,099</b>	<b>€1,336</b>

*Fixed remuneration includes bonuses for participation in Committees.*

As for the remuneration of the members of the Executive Committee or MAC (Management Advisory Committee), all its members are subject to the same conditions of fixed remuneration more variable than other employees.

## 11.4 Management of corporate integrity

### 11.4.1 COMPLIANCE FUNCTION

The **Compliance department**, which reports to the Audit Committee together with internal audit, aims to promote the culture of business ethics and develop internal mechanisms for prevention, management and control of risks associated with non-compliance.

The **Compliance Coordinating Committee** has an advisory role to the Compliance Department regarding the prevention and response to crimes and non-compliance with the Fluidra Code of Ethics, as well as promoting, coordinating and accompanying the development and/or updating of procedures and policies.

The internal regulatory body for **policies, rules and procedures** defines and specifies the lines of behaviour to be followed by Fluidra group employees. During 2019, Fluidra has continued to adapt its internal regulatory body in order to achieve its commitment to good corporate governance and continuous improvement of the regulatory compliance management system.

### 11.4.2 CODE OF ETHICS

There are **two ethical pillars that support management within Fluidra's organization**: the **Code of Ethics**, and the **Supplier Code of Ethics**. The first inspires and defines the daily conduct of all company employees, while the second works as a guideline for social responsibility and sustainability in the supply chain. Both management tools **are based on the ten principles of the United Nations Global Compact, as well as international best practices**. *(GRI 102-12, 102-13, 102-16)*

The Code of Ethics is a **reflection of the values and principles that should guide the conduct of all employees** working for Fluidra. It was created internally in 2008 and has been updated in 2019 to, among others, reflect the mission and values that define the new Fluidra. The new Code of Ethics is the highest-level regulatory instrument in the company's regulatory structure.

Once updated, it has proceeded to disseminate the Code of Ethics that is applicable to the entire Fluidra group, with the aim of sensitizing the company on the importance of regulatory compliance and business ethics. *(GRI 102-16)*

Its implementation is binding on all persons and directors of the group, regardless of the position or role they hold (including administrative bodies, managerial positions and other supervisory bodies), ensuring responsible ethical behaviour and

compliance with the law. Therefore, mandatory online and face-to-face training is being conducted for all employees, which is expected to be completed by the end of the first half of 2020.

The Code of Ethics does not replace or abrogate the existing legislation in each country or at international level, whether in terms of administrative, civil, criminal, labour or commercial law, or the internal company regulations or binding collective agreements.

Fluidra encourages all its members to consult with their supervisors, or with the **Ethics Committee** set up to promote the use of the Code of Ethics or through the **confidential channel**, on any situation in which they may have questions about whether their own actions or that of third parties could infringe the ethical principles established.

So that the Code of Ethics is not just a mere declaration of intent, there are several mechanisms that disseminate, promote and ensure its implementation and enforcement, namely: the Ethics Committee, the confidential channel, a training activity, a legal compliance program and a disciplinary system in case of non-compliance.

Both the Code of Ethics and the Code of Ethics of Suppliers are public and accessible on Fluidra's corporate website ([www.fluidra.com](http://www.fluidra.com)) and on the corporate intranet ([www.myfluidra.com](http://www.myfluidra.com)).

### 11.4.3 ETHICS COMMITTEE

The **Ethics Committee** consists of the **Human Resources, Internal Audit and Legal divisions**. The Ethics Committee receives, examines and responds to inquiries, complaints or allegations raised by employees, customers, suppliers or others. All requests or communications of incidents are handled confidentially, always ensuring the principle of non-retaliation and respect for all parties involved.

The Ethics Committee reports to the **Audit Committee**, the governing body reporting directly to the Board of Directors.

### 11.4.4 POLICY AND CONFIDENTIAL CHANNEL

The **confidential channel** is available on the corporate web, Fluidra intranet and via email to the address [ethics@fluidra.com](mailto:ethics@fluidra.com), being accessible to all employees, customers, suppliers and other stakeholders. Through an online form or via email they can make inquiries, ask for advice or report an incident. (GRI 102-17, 102-16)

All communications are handled confidentially and care is taken when making any decision, always respecting the people involved. To date, it has not been necessary to activate external advisory mechanisms on ethical and legal conduct, with the internal departments of Legal, Tax and Compliance determining the guidelines to follow in these matters.



### COMMITMENTS IN THE CODE OF ETHICS

- **With society and Human Rights:** commitment to respect the principles of the Universal Declaration of Human Rights.
- **With employees and governing bodies:** commitment to implement and enforce existing labour laws, and create work environments where respect, equality and safety prevail, with particular emphasis on promoting transparency and fighting corruption and money laundering.
- **With stakeholders:** commitment towards respectful behaviour and a vocation to serve shareholders, consumers, suppliers, public authorities and competitors.
- **With the environment:** commitment to environmental preservation and respect for the balance of natural systems, geared towards minimal and efficient use of resources and in-depth knowledge of applicable regulations.
- **With the current legislation:** commitment to ensure that the company and its employees comply with current laws and regulations and to promote compliance thereof.





In 2019, seven queries were recorded through this channel. Once examined and evaluated, they did not lead to complaints on human rights violations, corruption or discrimination. (GRI 406-1, 205-1, 205-2, 205-3) In all cases, the internal analysis and evaluation protocols were applied and resolved in time and form. For data protection issues, this report does not provide details of the geographical areas of applications received, nor more information on matters submitted for consultation or complaint.

#### 11.4.5 TRAINING

**The company has forwarded the updated code of ethics to all its employees through mandatory online or face-to-face training courses.** The aim of these courses is to inform all employees about the group's values and reflect on the importance of ethical standards that will help them in the development of their daily activities.

In addition, **an online training on the General Regulation on data protection in Europe (GDPR) is being carried**

**out**, the purpose of which is to report on developments in the field of privacy and protection of personal data in Europe and its implementation in Fluidra.

#### 11.4.6 SUPPLIERS CODE OF ETHICS

The actions of suppliers and providers of materials and services operating outside the scope of the Fluidra's internal control are monitored. To this end, Fluidra has implemented a **Supplier Code of Ethics since 2011 which is specific to its supply chain**, and was updated in 2019. The contents of said code are taken into account in the approval of the new suppliers: **their entry is automatically implemented by general clauses in all corporate contracts.**

For cases where there is no explicit contract, the order system includes an information clause. In addition, a specific section containing the Supplier's Code of Ethics has been established on the Fluidra website. Thus, any supplier can check it at any time, even before starting a commercial relationship with Fluidra.

Fluidra is aware that in addition to the commitment made by suppliers, it is necessary to implement control measures. In this regard, the company works to establish supplier approval and monitoring protocols appropriate to the great diversity and typology of suppliers. (GRI 102-17)

#### 11.4.7 COMBATING BRIBERY AND CORRUPTION

The main measure taken by Fluidra in the prevention of corruption and bribery and against money laundering is the **Anti-corruption Policy approved by the Board of Directors in 2016** within the framework of the crime prevention model. (GRI 102-13, 205-1, 205-2, 205-3)

The Anti-Corruption Policy, approved by the council, is posted on the intranet and is accessible to the entire organization. The knowledge and training in these policies is an important part of Fluidra's business ethics. The merger with Zodiac requires all of them to be adapted to the new situation, so that during 2020 they will be reviewed and updated, as well as specific training in this area.

During the monitoring and assessment of risks, in 2019, no actions related to corruption and bribery were detected or confirmed.







## 12. Sustainability management (ESG)

Fluidra is a responsible and socially committed company and develops its business model following approaches based on innovation and sustainability.

Its adherence to the **United Nations Global Compact** is a sign of the conviction with which it understands the importance of Corporate Social Responsibility (CSR). Through this initiative, Fluidra assumes the voluntary commitment to implement the Ten Principles established by the United Nations (UN) for Sustainable Development. Principles based on respect for human, labour and environmental rights, and also on the fight against corruption.

In 2019, Corporate Social Responsibility Management was developed on a regular basis through the **CSR Committee**, consisting of the chairman of the Fluidra Foundation, CFO Chief Financial Officer, Global Director of Human Resources and head of CSR, Corporate Director of Investor and Shareholder Relations, ESA Director of R & D, Corporate Communication Director, HSI director, CEPEX environmental officer and Corporate Social Responsibility coordinator. *(GRI 102-20)*

The CSR Committee meets periodically and is in charge of the strategic CSR decisions at Fluidra, which are transferred to the senior bodies through the CFO and the Global Director of Human Resources as members of the senior management bodies.

### 12.1 Materiality

*(GRI 102-21, 102-47, 102-43, 103-1)*

Fluidra has aligned its strategy on Environmental, Social and Governance aspects (hereinafter ESG) with the priorities expressed by its stakeholders, by developing a **materiality analysis**. This analysis identifies the issues and aspects that are relevant to these groups and that, at the same time, are relevant to the company's strategy and business model. This effort will make it possible to establish a **new ESG Master Plan** that prioritizes those areas of action and projects that will enhance the company in **creating shared value with its stakeholders in the economic, social and environmental areas**.

The materiality in Fluidra is part of the mission itself declined to its stakeholders. The relationship with them and their expectations, together with the internal needs of economic growth, define the lines of management and measurement of results.

The materiality study is based on the guiding principles of corporate values and the group's former 2017-2020 CSR Master Plan. **This new analysis has allowed the identification and analysis of the aspects considered most relevant, which were submitted to consultation of the company's stakeholders for prioritization.** This whole process therefore allows the elaboration of a Materiality Matrix that characterizes and validates **25 material aspects relevant** to the business.

These aspects stand out as the **eight aspects of priority materials**, based on the perception of the stakeholders consulted: (i) Health and safety of customers, (ii) Governance, (iii) Human rights, (iv) Environmental compliance, (v) Anti-corruption policies, (vi) Due diligence, (vii) Product Innovation and (viii) Remuneration template. These aspects are, in turn, aligned with the group's strategy.

The results of the materiality study establish the basis for the design of a new ESG Master Plan that will be based on specific areas of action. From these, the development plans for projects and actions will be defined that will allow the implementation of the action plan and implementation of the principles of sustainability, in an integrated way with the Fluidra strategic plan 2020-2022.

All the details of the study are contained in the internal document "**Materiality analysis / 2020-2026 ESG Master Plan**".

Very remarkable and differential throughout this process has been the direct involvement of the first executive of the company. An ad-hoc committee chaired by Mr Eloi Planes, Executive Chairman of Fluidra, was set up in 2019 with two directors and managers from different fields.



The **Materiality Matrix** resulting from the study is as follows:



#### Most relevant aspects:

<b>SS</b>	Customer health and safety
<b>GO</b>	Governance
<b>DH</b>	Human Rights
<b>CA</b>	Environmental compliance
<b>AC</b>	Anti-corruption policies
<b>DD</b>	Due diligence
<b>IN</b>	Product innovation
<b>RP</b>	Headcount remuneration

#### Relevant aspects:

<b>CD</b>	Unfair competition
<b>TR</b>	External transparency
<b>PA</b>	Procurement practices
<b>ST</b>	Health and safety at work
<b>PC</b>	Customer privacy
<b>EE</b>	Energy and emissions
<b>FE</b>	Training and education
<b>IG</b>	Diversity and equality
<b>DE</b>	Business performance
<b>EM</b>	Employment
<b>MA</b>	Materials
<b>MK</b>	Marketing and labelling
<b>LA</b>	Freedom of association and negotiation
<b>ER</b>	Effluent and waste
<b>AC</b>	Life cycle analysis
<b>CL</b>	Local communities
<b>AE</b>	Water and effluents

Fluidra's aspects of biodiversity and land use are outside the materiality of Fluidra because it is not a specially structured industry in these aspects, having the locations of the production centers in authorized industrial estates, outside protected areas and of special interest. (GRI 304-1, 304-2, 304-3, 304-4) The fact that these aspects are not material does not mean that no action is taken to ensure that the impact is insignificant or zero. Internal environmental policies and standards already require care of these issues.

Alliances with other entities are also outside materiality. This does not mean that they are not taken into account, but that they are not the priority at the moment. Fluidra has a long way to go in alliances with other organizations but it is not a worrying aspect to go beyond what we usually do.

## 12.2 2020-2026 ESG Master Plan

(GRI 102-31)

The project started in 2019 for the materiality analysis of Fluidra after the merger with Zodiac, implied the elaboration of a **new 6-year ESG Master Plan** with the idea of **positioning the organization in the medium and long term at the highest international standards in sustainability**.

In order to monitor and control the project, and as already mentioned, a specific **Monitoring Committee of the plan was created, led by Fluidra's own Executive Chairman and two directors**. Other high-level people also participated in this committee, such as the Chairman of the Fluidra Foundation, the director of Corporate Communication, the director of Investor Relations, one of the business directors, the director of Human Resources in the United States and The Project Manager (internal and external) of the project.

Once its main dimensions and objectives were determined, based on the materiality analysis process, **it is expected to be approved by the Council in the first four months of 2020**. Once approved, the plan will be implemented with the follow-up of the corresponding KPIs for each defined action.

<b>RESPONSIBLE GOVERNANCE</b>	1. Implement sustainability in corporate strategy integrating ESG risks and increasing transparency.
<b>ENVIRONMENTAL ACTIONS</b>	2. Reduce the corporate carbon footprint and manage environment impact at own or subcontracted production centres.
<b>RESPONSIBLE PRODUCT</b>	3. Integrate circular economy in the finished product.
<b>HUMAN CAPITAL AND DEVELOPMENT</b>	4. Guarantee employee rights and promote equality, diversity and inclusion.
<b>COMMITMENT WITH THE COMMUNITY</b>	5. Implement projects that help community developments based on water use and leisure.

It should be noted that one of the aspects set out in the Master Plan is that the actions are **linked to Sustainable Development Goals (SDGs) of the United Nations**. Fluidra contributes annually as a participating partner of the Global Compact in the financing of the organization, and is committed to the integration of the SDGs into its action plan.







## Environmental Action

Fluidra takes into account Health, Safety and Environment (HSE) implications across the entire spectrum of activities carried out worldwide with the intention of protecting its employees, neighbours, customers, business assets, natural resources and the environment.





# 13. 2019 Value creation

## 13.1 Environmental action

### 13.1.1 MANAGEMENT APPROACH

*(GRI 103-1, 103-2, 103-3)*

Fluidra, aware of the importance of **environmental protection**, marks in its corporate guidelines and its own values and principles, its commitment to promote the responsible use of water and the application of rigorous sustainability and efficiency criteria in the development, manufacture, marketing and maintenance of its products and services. This goes far beyond the legal requirements, in each of the geographies and with the clear intention, in addition, to advance sustainability as a differential competitive advantage of the company. The products for the construction and maintenance of swimming pools, which require both less energy and a lower consumption of water and chemicals, are part of their commitment and differentiation and add to the quality, efficiency and ease of use, both for professionals in the sector and for end users.

The activity of the Fluidra group focuses on water and its sports, playful or therapeutic use in the world of swimming pool and wellness. Respect for the environment, embodied in the promotion of the use of clean technologies, as well as the use, sustainable treatment and recycling of resources, are an integral part of the company's day-to-day life. Fluidra's activities generate environmental impacts, and its management is aimed at minimizing these impacts arising from this activity, focusing on the commitment to the efficient use of raw materials, energy, water use as well as the correct treatment of emissions, waste and discharges.



Fluidra takes into account **Health, Safety and Environment (HSE)** implications across the entire spectrum of activities carried out worldwide with the intention of protecting its employees, neighbours, customers, business assets, natural resources and the environment. One of the company's objectives is to be a leader in HSE and, to do this, strives to act responsibly, building a sustainable business in the long term.

In the company, senior management is responsible for implementing and maintaining good practices in HSE, as well as setting an example. Furthermore, employees must understand and respond to HSE issues by giving them the same importance as other key company objectives. They are expected to perform their duties, scrupulously following the group's guidelines at all times, in a spirit of social responsibility.

In 2019, the HSE policy has been published, mandatory for the whole group, which details Fluidra's commitment to the environment and how employees must act to comply with it:

### Fluidra's commitment to the environment

#### WE TAKE CARE OF THE ENVIRONMENT

- We strive to use natural resources responsibly in order to minimize the environmental impact of our activities and the negative impact of our products throughout the life cycle. This includes maximizing energy efficiency in our operations as part of our overall climate change goals, as well as using sustainable and environmentally friendly chemical material, where feasible, in our research, development and manufacturing activities.
- Employees must work together to minimize the environmental impact on their daily work, which includes applying the hierarchy of waste prevention measures (avoid, reduce, recycle and reuse all materials). Including:

##### Efficient use of energy.

1. Employees should always consider the most efficient use of energy and seek opportunities to reduce their consumption in their workplace. This includes turning off lights and laboratory/office equipment when not in use.
2. Quality and facility managers should consider the most efficient use of energy, within acceptable intervals according to regulatory or compliance standards.
3. Projects in terms of energy efficiency and renewable energy use are reviewed. Preference is given to investment projects, for the improvement of energy efficiency, which are reduced during their duration.

##### Reducing greenhouse gas emissions.

1. Employees should minimize travel, whenever possible, and choose video or teleconference options, whenever available and acceptable to the business.
2. The sales equipment should choose cars that have better fuel performance and drive them safely and ecologically to save fuel and minimize CO<sub>2</sub> emissions.

##### Recycling or reduction of waste to a minimum.

1. Employees should avoid producing waste and use recycling options, provided there are local recycling systems. They must consider the environment before printing emails, documents attached to emails or other working documents.
2. Process developers should incorporate techniques to reduce and recycle materials.
3. Production employees should seek opportunities to reduce intermediaries and active substances in wastewater discharges.

##### Efficient water usage.

1. Employees should always consider the best use of water and identify possibilities to reduce its use in the workplace.

The Fluidra group companies that certify their **environmental management system** do so through the **ISO 14001 certification**, with the assistance of an independent entity that audits them and verifies the veracity, traceability, coherence and sustainability of the environmental management system.

The certified companies renew their certification at the corresponding time and it is expected that those that have not yet been certified will be certified within the next few years.

In 2019, the companies that possess ISO 14001 environmental certificate are: Cepex, GRE, Inquide, Metalast, Poltank, Sacopa, Talleres del Agua and Togama. Additionally, Poltank and Sacopa are also EMAS certified.

The definition of **environmental objectives**, although it falls to each of the companies of the group based on significant environmental aspects, as set out in ISO 14001 or EMAS, is coordinated at the corporate level, with the general guidelines being the guiding thread. The ultimate responsibility lies on the managers or directors of each of the companies, who delegate operationally to those responsible for environment and safety.

**Environmental risks** are included in the management of the group's risks and as such do not receive separate treatment. The company considers its risks as something global and treats them in a joint and integrated manner in the actions it carries out to improve its processes, its products and the management of the people who work at Fluidra. The environment forms part of Fluidra's risks as a company, and we act responsibly to avoid damaging it in all of our actions and business activities.

Fluidra, in compliance with the current legislation, has engaged an **environmental insurance policy**, as required by law. However, Fluidra considers that the best guarantee is

to work in an environmentally-friendly way in accordance with the best practices available. A good example of this is the ISO 14001 certification policy for production centers and the best practices that are applied in the management of all group companies.

No operations have been detected with negative, real or potential impacts on the communities where Fluidra operates.

In 2019, there has been an increase in production of group companies, as well as the extension of the coverage and scope of this report to 100% of the group, which has led to an increase in some consumption indicators (energy, raw materials, etc.). However, despite these, in total figures we can see how the environmental policies implemented have taken effect, keeping the emissions and waste indicators in numbers similar to those of the previous year, helping to meet the objectives set in the Environmental Policy of Fluidra.

Neither during 2019 nor in previous years has any environmental claim taken place, either through formal or informal communication mechanisms (*GRI 307-1*). In addition, no operations have been detected with negative, real or potential impacts on the communities where Fluidra operates. (*GRI 413-2*)

#### Application of the precautionary principle

Although all Fluidra activities are carried out in industrial estates and commercial offices, there may be a risk of causing some type of negative impact, either directly indirect, that is why the most significant companies have environmental management and impact measurement processes based on the precautionary principle.

A risk assessment is performed before any activity is carried out, both for the safety and health of people, and for the environment. The precautionary principle is always valid and present in the activities of the company. (*GRI 102-11*)





## Review of the year and future challenges

### Monitoring the 2019 objectives

- The implementation of HSE management software from June 2019 should facilitate data collection and consolidation. Implementation is expected to be completed in 100% of Fluidra workplaces by the end of 2020.
- The monthly meetings of the HSE area highlight the importance that the Fluidra group attaches to the environment and its care, considering it another part of the management system of companies. The meetings will help focus resources on those areas that are considered most critical and, at the same time, will help promote internal campaigns for the protection of our environment.
- During 2019, companies with environmental management systems based on ISO 14001 or EMAS have successfully passed environmental maintenance audits.
- Despite the increase in production, the expansion of the range of companies covered by this report and an impact on one of the plants, there has been only a 7% increase in water consumption. This has been due to the implementation of good practices, which must continue to improve further.
- The company Metalast has made improvements in its facilities, mainly in the bathing area of products with acid to reduce their polluting residues, receiving for this improvement a grant from the Catalan government, which has the competence in environmental matters.
- Awareness campaigns have been carried out, from the corporate HSE department, to encourage the recycling of waste, not only in manufacturing plants, but also in warehouses and shops selling to professionals (Fluidra Pro Centers):
  - 17 May: world recycling day.
  - June: recycling campaign.
  - Site visits: waste segregation and reuse where possible.
- Indicators are available to collect environmental information, on a quarterly basis, with regular monitoring so that problems or needs can be identified more quickly and adapting resource management.

### 2020 environmental objectives

- ISO 14001 certification will continue in those productive companies of the group that do not yet have it.
- There is a corporate HSE communication plan, aimed at all companies and employees of the group, to publicize the good practices and actions that are carried out to improve the environment, as well as advice to increase awareness in this area. This same plan has a specific area for the HSE professionals of the Fluidra group, with technical elements, regulations and advice to apply in their respective companies.
- A 15% waste and emissions reduction was another of the objectives that the group has set for 2020.
- The manufacture, storage and management of chemical products will be another of the key aspects for 2020 in order to prevent any risk contamination in the event of an accident

### 13.1.2 ENERGY AND EMISSIONS

*(GRI 302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7)*

One of Fluidra's commitments to the environment is to optimize the consumption of resources and, to this end, promotes **energy efficiency** among group companies. The following actions have been carried out in 2019:

- Acquisition of energy-efficient equipment and machinery such as injection moulding machines.
- Cooling equipment.
- Installation of lighting when replacing fluorescents and spotlights with LED lighting, as well as use of natural lighting.
- Implementation of energy control system through analysers.

- Awareness-raising aimed at staff in order to raise awareness of the need for efficient use of energy and reduce its consumption.
- Development of a global corporate campaign on plastics consumption.
- Promotion of the use of good environmental practices: always turn off lights and air when the rooms are not used and at the end of the day; centralized climate control systems that allow to set the temperature and thus reduce energy consumption; turn off screens and computers at the end of the working day.
- Sacopa promotes, through the FESEEDIT app, the promotion of the use of shared transport among workers, reducing the use of private transport.

The total energy consumed in 2019 in Fluidra was 319,674 Giga joules. The total energy consumed in 2019 is impacted by the increase in the reporting perimeter. Of this total, 114,413 come from renewable sources of indirect energy, representing 36% of the total energy and 62% of the total kWh of electricity consumed. Data very similar to those of 2018, which means an improvement in energy efficiency taking into account the increase in the calculation perimeter.

### Direct Energy\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Natural gas	Consumption	Giga joules	44,503	48,631	47,979
Diesel (production/heating)	Consumption	Giga joules	21,650	22,242	19,570
Diesel for vehicles	Consumption	Giga joules	32,138	62,008	56,458
			<b>98,291</b>	<b>132,881</b>	<b>124,007</b>

### Indirect Energy\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Total grid electricity	Consumption	Giga joules	144,849	175,409	183,117
			<b>144,849</b>	<b>175,409</b>	<b>183,117</b>

The electricity supply to Fluidra in Spain and Portugal comes from renewable sources with guaranteed supply. Green energy, which contributes to the reduction of the carbon footprint, is the source of a significant part of the energy from which the group is supplied.

Renewable grid electricity*	Consumption	Giga joules	113,064	112,957	114,413
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### Energy intensity\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
By raw material consumed	Ratio	Gj/tn	5,149	5,004	5,140
By square meters of area	Ratio	Gj/m <sup>2</sup>	0.60	0.60	0.56
Per employee	Ratio	Gj/per	54.90	57.87	57.33

\* 2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.

In terms of **energy intensity**, the ratio per raw material consumed in 2019, with the perimeter increase, is at levels recorded in 2017, which means a greater efficiency that is displayed in the ratio per employee and per area.

Attributable consumption outside the organization is limited to the consumption of fuels in the heavy-duty transport of goods subcontracted. The kilometres contracted in 2019 have been 22 million, 11% more than last year based on the increase in the perimeter.

## Climate change

Fluidra is aware of the global climate change problem and is working on an internal action plan to advance mitigation and adaptation to the extent of its potential. However, this year which has a reach of 100% of companies, the accounting data for CO<sub>2</sub> equivalent emissions have been:

### Direct emissions of Greenhouse Gases (Scope 1)

The direct GHG emissions produced by Fluidra are determined based on the use of fossil fuels for production, heating and transport of its own or rental vehicles.

#### Scope 1\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Natural gas	Emissions	t/CO <sub>2eq</sub>	3,115	3,404	3,882
Diesel (production/heating)	Emissions	t/CO <sub>2eq</sub>	1,650	1,695	1,552
Diesel for vehicles	Emissions	t/CO <sub>2eq</sub>	2,449	4,725	4,433
Furtive emissions	Emissions	t/CO <sub>2eq</sub>	59	75	16
			<b>7,273</b>	<b>9,899</b>	<b>9,884</b>

The coefficients published by the IPCC (Intergovernmental Panel on Climate Change) have been used to calculate emissions: the coefficients being 0.252 for the conversion of natural gas and 2.790 for the conversion of tons of diesel.

The furtive emissions correspond to the maintenance of the weather equipment of the company Cepex. Work is under way to be able to collect more systematically the remaining maintenance in the climate systems for a more adjusted calculation.

### Indirect emissions of Greenhouse Gases associated with the generation of energy acquired or consumed (Scope 2)

Indirect GHG emissions produced by Fluidra are based on third-party electricity consumption.

#### Scope 2\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Grid electricity	Emissions	t/CO <sub>2eq</sub>	2,450	4,878	4,657

In order to calculate emissions in Scope 2, the electricity mix coefficients by countries have been used based on the data published by the regulators, or calculated from the data published by the International Energy Agency. In the case of Spain, all electric energy is 100% renewable with guarantee of supply and accounting for 62% of the group's electric energy.

\* 2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.



### Indirect emissions of Greenhouse Gases (Scope 3)

The indirect GHG emissions of Scope 3 based on the nine categories of the Greenhouse Gas Protocol, according to the document 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard', 2011 of the Greenhouse Gas Protocol produced by Fluidra have the limitation of the systems in operation at the time of the respective capture and presentation of data.

The presentation of Scope 3 data presented by Fluidra, are based on kilometres of transport, by subcontracted lorry, of products produced to their final destination with an estimated coefficient of 26 litres of fuel per 100 km.

In terms of travel by train or plane, the data provided by the corporate travel agencies in Spain and the United States are presented.

#### Scope 3\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Heavy vehicles	Emissions	t/CO <sub>2eq</sub>	12,079	14,450	15,989
Travel by plane and train	Emissions	t/CO <sub>2eq</sub>	2,326	3,643	3,087
			<b>14,405</b>	<b>18,093</b>	<b>19,076</b>

**In total, Fluidra emissions for the three scopes are estimated at 33,616 tons of equivalent CO<sub>2</sub>**, 2.6% higher than last year considering the increase in the perimeter. The increase in scope in the calculation of emissions has been offset by the improvement in fuel consumption.

Fluidra is working to reduce its **carbon footprint**, conducting energy audits to look for improvement points, implementing in factories a real-time energy measurement system and contracting certified green energy type "A" where possible.

The base year for calculating emissions is by operational control and is considered 2015 with year of initial point of postings using the methodologies and metrics defined in the Greenhouse Gas Protocol and in the documents and calculation guides of the Catalan Office of climate change of the Generalitat of Catalonia in its version of 1 March, 2019.

In 2020, in line with RD 56/2016, mandatory energy audits will be carried out in order to plan actions to improve energy use.

The main measures to reduce GHG emissions were:

- Use of the Trace Logistics Group warehouse by all companies to concentrate shipments in complete trucks, optimize the number of shipments and reduce emissions.
- Replacement of face-to-face meetings and training by teleconferences and online programs that prevent national and international travel.

## Carbon footprint

Fluidra is working to reduce its carbon footprint, conducting energy audits to look for improvement points, implementing in factories a real-time energy measurement system and contracting certified green energy type "A" where possible.

\* 2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.

## Atmospheric pollution

Fluidra is not an intensive group in terms of direct emissions of pollutants or particles and volatile bodies, because of its activity do not emit significant amounts of ozone-depleting substances. Only in intensive filter manufacturing plants, one in Spain and the other in the United States, is polyester resin and fiberglass used, where the corresponding VOCs are controlled and recorded.

NAME*	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Other Volatile (COVx)	Emissions	Tm	110.97	115.43	127.22
Emissions treatment	Expenses	€ Euros	8,184	4,500	8,354

*Measurements are made by mass balance and atmospheric sensors.*

As for the emissions of NO<sub>2</sub>, SO<sub>2</sub> and CO, only one of our plants has a certain significance for its intensive use of Natural Gas. The following parameters were recorded in the last available analysis.

CO	20 mg/Nm <sup>3</sup>
NO <sub>2</sub>	28 mg/Nm <sup>3</sup>
SO <sub>2</sub>	Less than 10 mg/Nm <sup>3</sup>

### 13.1.3 WASTE MANAGEMENT

*(GRI 306-2)*

Fluidra has an ISO 14001 environmental management system at the most intensive production centers. Independently of this, the corporate environmental policy is the one that must prevail throughout the organization, ensuring efficiency in the use of resources and the proper disposal of waste. Fluidra is a manufacturing group and tries, as far as possible, to recycle and reuse those materials for which it is possible.

In 2019, the total volume of waste treated was 19,378 tons, 20% higher than the previous year as a result of the increase in the scope (100% of the group's perimeter, compared to 90% of the total perimeter in 2018) of environmental data compared to the previous year.

At the moment and based on the GRI classification, it does not have the detail of classification of waste beyond its hazard and treatment.

#### Internal Management\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Non-hazardous waste	Volume	Tm	8,041	3,320	6,203
Hazardous waste	Volume	Tm	4,777	6,428	6,271
			<b>12,818</b>	<b>9,747</b>	<b>12,474</b>

#### External Management\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Non-hazardous waste	Volume	Tm	3,745	5,553	6,138
Hazardous waste	Volume	Tm	378	444	475
			<b>4,123</b>	<b>5,997</b>	<b>6,613</b>

*\*2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.*

**By product\***

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Non-hazardous by product	Volume	Tm	294	334	291
Dangerous by product	Volume	Tm	2,905	0	0
			<b>3,199</b>	<b>334</b>	<b>291</b>

Fluidra group companies do not internationally transport or treat waste classified as hazardous under the Basel Convention in its annexes I, II, III, and VIII. All treatment or transport that can be derived from such waste is carried out in the national territory. (GRI 306-4)

**13.1.4 WATER AND EFFLUENTS**

(GRI 303-1, 303-2, 303-3, 306-1, 306-3, 306-5)

Fluidra is a business group with a relatively low demand for water consumption. Most companies only use domestic water, and there is only a significant impact in the chemical production of disinfectants for swimming pools. The definitive closure of the production part of chlorine in the Monzon chemical plant during 2019 caused a significant decrease in surface water collection and reused water.

Similarly, the production closure of the Monzon plant caused the discharged process water to have experienced a significant decrease.

During 2019 there have been no spills that may affect the environment or discharges of runoff water that have affected habitats, nor is there any record of captures that have significantly affected the sources. The discharged sanitary water is made by connection to the public sewer with the quality stipulated in the regulations in force. (GRI 306-3)

Again, the increases in 2019 versus 2018 are due to the increase in scope (100% of the group's perimeter).

NAME*	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Public network water	Consumption	m <sup>3</sup>	45,092	65,164	74,432
Underground water	Consumption	m <sup>3</sup>	5,238	3,793	4,519
Surface water	Consumption	m <sup>3</sup>	61,830	32,671	27,727
			<b>112,160</b>	<b>101,628</b>	<b>106,678</b>
Reused water	Consumption	m <sup>3</sup>	577	57	68
Added to product	Product	m <sup>3</sup>	-	34,045	29,594

NAME*	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Sanitary water	Spillage	m <sup>3</sup>	38,894	58,325	67,860
Process water	Spillage	m <sup>3</sup>	4,757	6,446	7,378
Osmosis rejection	Spillage	m <sup>3</sup>	3,000	1,812	1,455
Leaks	Spillage	m <sup>3</sup>	945	1,000	391
			<b>47,596</b>	<b>67,583</b>	<b>77,084</b>

\*2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%





## 13.2 Human capital and its development

### 13.2.1 MANAGEMENT APPROACH

(GRI 103-1, 103-2, 103-3)

The basic pillar of people management in Fluidra focuses on **equal opportunities** between different groups as a cross-cutting axis across the organization. All persons, regardless of race, gender, religion or ideology, must have the same opportunities of access to the organization and personal treatment, to develop their professional potential, following the principles and values of the group.

That is why Fluidra has deployed a whole series of **specific policies focused on people**, with the aim of guiding and directing their actions and conduct, above all, human resources policy as a reference framework from which the most specific policies are derived.

Every month, the **Fluidra executive committee (MAC)** reviews the data and monitors key Human Resources indicators to be able to establish the corrective measures deemed appropriate.

#### Human Resource Policy

Fluidra's Human Resources policy aims to create an environment where the Company's human team feels motivated and committed. This policy is organized in five major areas:

##### Legal compliance

- Ensuring compliance with existing labour legislation.
- Ensuring employees' safety and health.
- Upholding the rights relating to freedom of association and collective negotiation.

##### Attracting talent

- Having a brand as an employer that promotes talent sourcing.
- Having a selection process which is aligned with our values.
- Promoting equal opportunities as part of the company's recruitment process.
- Running a welcome plan to facilitate the integration of employees.
- Respecting ethnic, cultural and social diversity.

##### Developing talent

- Improving talent by reinforcing strengths and developing areas for improvement.
- Enhancing the role of the leader: a key factor in developing team talent.
- Developing the human and professional potential of all employees and providing opportunities for growth.
- To offer continuous training to develop skills.
- Facilitating and promoting national and international mobility among Group companies.

##### Organization

- Alignment of working models: the merge process changes the company's organizational structure and the work teams.
- Change Management: clearly define and actively communicate the future vision to all employees.
- Aligning employees towards a common and comprehensive vision with the new corporate values shared by all.
- Organizing the roles and responsibilities of the company so that everyone knows what is expected of them and feels committed to it.
- Promoting open, clear and transparent communication within the organization in order to foster a strong sense of loyalty.



## Recognition

- Unify and design new remuneration policies.
- Transparent and fair market remuneration policy.
- Attractive benefits policy.
- Work-life balance.

## Equality and Diversity Policy

*(GRI 102-16)*

Equal opportunities between different groups and people is a **basic pillar** in Fluidra's human resources management, which represents a **common denominator** that is intended to be present throughout our organization.

**The main objective** of the Equality and Diversity Policy is to ensure that all people have the same opportunities to access our organization and to participate and be promoted professionally within it, following the principles and values established within the group.



## Gender equality

The principle of equal treatment between women and men implies the absence of any direct or indirect discrimination based on gender, especially related to maternity, family obligations and marital status.

Based on this principle, in terms of gender equality Fluidra has the following objectives:

- To promote a **business culture based on equal treatment and opportunities for men and women** in terms of access to employment, training, promotion and professional development, salary remuneration, as well as working conditions in general, and our human resources management policies are focused on achieving this objective. *(GRI 404-3)*
- To **adopt specific measures in favour of female personnel** when there are obvious situations of de facto inequality in relation to men.
- **To promote the participation of women in the positions of the Board of Directors and Management of the company**, as well as in other areas of the organization in which they may be under-represented. In the selection processes for Directors and Managers, as well as other professionals of the organization, Fluidra will take into consideration gender diversity in order to ensure equal opportunities without going against the main objective sought in every selection process, which is to hire the most suitable people for the position to be filled, for which the objective criteria of education, career and training shall prevail, as gender diversity or any other diversity factor should not be an obstacle to ensuring the effective functioning of the Board of Directors and/or management, commercial, production or functional personnel for which the selected person is hired.
- **To respect and act in accordance with the principles established in the Fluidra Code of Ethics** for equal opportunities and non-discrimination, correcting any possible action that fails to comply with said guidelines, through the intervention of the Code of Ethics Promotion Committee or any other entity of the organization empowered to do so.
- To use the principle of gender equality as a common denominator in all areas and levels of the organization, while identifying and establishing **non-gender specific language** in all corporate documentation.
- To establish **measures so that employees can have a good work-life balance**, can come back from maternity/paternity leave and resume their respective professional career path, according to each person's interests, taking into account the opportunities within the company at any given time.
- To design **equal rights plans** adapted to each of the group companies, while setting specific objectives and actions that make progress towards equality in all the centers.
- To collaborate with **programs and/or external projects** to support equal conditions between men and women, thus promoting awareness and participation throughout the entire organization.

## Inclusion of people with disabilities

All companies must facilitate the inclusion of people with disabilities, while complying at all times with the applicable legislation regarding the hiring of people with disabilities and encouraging the hiring of people belonging to that group, provided that they can correctly perform the respective job description for which they are hired.

# Gender equality

To promote the participation of women in the positions of the Board of Directors and Management of the company, as well as in other areas of the organization in which they may be under-represented. In the selection processes for Directors and Managers, as well as other professionals of the organization, Fluidra will take into consideration gender diversity in order to ensure equal opportunities without going against the main objective sought in every selection process, which is to hire the most suitable people for the position to be filled, for which the objective criteria of education, career and training shall prevail, as gender diversity or any other diversity factor should not be an obstacle to ensuring the effective functioning of the Board of Directors and/or management, commercial, production or functional personnel for which the selected person is hired.



Fluidra's objectives in terms of social integration of people with disabilities are as follows:

- To facilitate **accessibility to work centers** in all group companies, by eliminating existing physical barriers for all people.
- To promote a **business culture based on equal treatment and opportunities** for groups with disabilities in terms of access to employment, training, career advancement and salary remuneration, as well as working conditions in general, as human resources management policies are focused on achieving this objective.
- To collaborate with external programs and/or projects to support equality of conditions for groups with disabilities, thus promoting **awareness and participation** of the entire organization.
- Establish **collaboration agreements** with centers and associations that serve to promote the inclusion of groups with disabilities in the labour market.
- **Ensure that all Fluidra companies and work centers comply with the applicable legislation** regarding the hiring of personnel with disabilities in the companies.

### Cultural integration

Because of socio-economic changes and Fluidra's internationalization process, more and more work is being done in **multicultural** environments and teams. Accordingly, we need to formulate a series of corporate objectives that help us facilitate the social, cultural and professional integration of professionals from other countries:

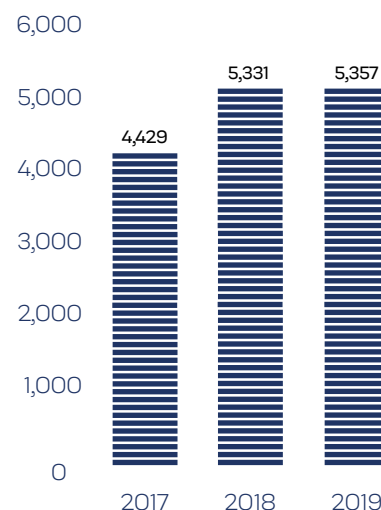
- To promote a **business culture based on equal treatment and opportunities for immigrant groups** in terms of access to employment, training, career advancement and salary remuneration, as well as working conditions in general, as our human resources management policies are focused on achieving this objective.
- To provide all the necessary information and training to foreign professionals to achieve satisfactory social, cultural and labour integration, while preparing specific **orientation plans** when necessary.
- To collaborate with external programs and/or projects to support equality of conditions for immigrant groups, thus promoting **awareness and participation** of the entire organization.

### 13.2.2.- EMPLOYMENT

(GRI 102-8, 102-35, 102-38, 401-1, 401-3, 403-1, 403-2, 403-3, 405-1, 405-2)

The following are Fluidra employment data by country, gender, age and professional category, among others.

#### Growth in jobs



## Men and women by country

Below are the 2019 figures in terms of Fluidra workers. The top 6 countries in the ranking by number of workers accumulate 75% of them, Spain being the most significant country with 35.2%.

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
<b>Total Fluidra 2019</b>	<b>3,565</b>	<b>67</b>	<b>1,792</b>	<b>33</b>	<b>5,357</b>	<b>100.0</b>
Spain	1,190	63	693	37	1,883	35.2
USA	463	74	164	26	627	11.7
South Africa	369	76	117	24	486	9.1
France	269	63	161	37	430	8.0
Australia	256	69	113	31	369	6.9
China	133	51	128	49	261	4.9
United Kingdom	88	60	58	40	146	2.7
Brazil	87	74	31	26	118	2.2
Germany	78	68	37	32	115	2.1
Italy	86	75	28	25	114	2.1
Netherlands	47	66	24	34	71	1.3
Bulgaria	51	76	16	24	67	1.3
Portugal	42	67	21	33	63	1.2
Austria	34	64	19	36	53	1.0
India	39	80	10	20	49	0.9
Russia	29	62	18	38	47	0.9
Indonesia	28	67	14	33	42	0.8
Dubai	32	86	5	14	37	0.7
Thailand	19	58	14	42	33	0.6
Mexico	12	39	19	61	31	0.6
Turkey	22	73	8	27	30	0.6
Morocco	12	48	13	52	25	0.5
Hungary	15	75	5	25	20	0.4
Belgium	16	89	2	11	18	0.3
Poland	9	50	9	50	18	0.3
Canada	12	71	5	29	17	0.3
Kazakhstan	9	53	8	47	17	0.3
Egypt	14	88	2	13	16	0.3
Greece	10	67	5	33	15	0.3
Vietnam	6	46	7	54	13	0.2
Singapore	9	69	4	31	13	0.2
Chile	10	83	2	17	12	0.2
Sweden	8	67	4	33	12	0.2
Cyprus	8	73	3	27	11	0.2
Malaysia	6	55	5	45	11	0.2
Colombia	5	50	5	50	10	0.2

*To be continued\**

To be continued\*

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
Serbia	7	70	3	30	10	0.2
Croatia	7	78	2	22	9	0.2
Czech Republic	6	75	2	25	8	0.1
Romania	6	86	1	14	7	0.1
New Zealand	4	67	2	33	6	0.1
Switzerland	5	100	0	0	5	0.1
Tunisia	2	40	3	60	5	0.1
Denmark	1	33	2	67	3	0.1
Bosnia and Herzegovina	2	100	0	0	2	0.0
Montenegro	2	100	0	0	2	0.0

### Men and women by job and grade

With regards to the job structure in the organisation, it remains stable with a relatively flat profile, with 3% senior management and 14% middle management.

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
<b>Total Fluidra 2019</b>	<b>3,565</b>	<b>67</b>	<b>1,792</b>	<b>33</b>	<b>5,357</b>	<b>100.0%</b>
Senior or general management	85	91	8	9	93	1.7
Production and logistics	2,070	74	729	26	2,799	52.2
Sales and Marketing	842	64	483	36	1,325	24.7
Administration and Finance	149	31	337	69	486	9.1
Other services (HR, IT, ...)	419	64	235	36	654	12.2

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
<b>Total Fluidra 2019</b>	<b>3,565</b>	<b>67</b>	<b>1,792</b>	<b>33</b>	<b>5,357</b>	<b>100.0</b>
Executives	144	83	30	17	174	3.2
Middle management	558	75	189	25	747	13.9
Technicians	960	70	405	30	1,365	25.5
Administrative	437	40	650	60	1,087	20.3
Operators	1,466	74	518	26	1,984	37.0



### Men and women by age

The headcount age structure confers a maturity and considerable operational experience, with 75% of employees being between 30 and 55 years of age.

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
<b>Total Fluidra 2019</b>	<b>3,565</b>	<b>67</b>	<b>1,792</b>	<b>33</b>	<b>5,357</b>	<b>100.0</b>
Under 30	517	67	256	33	773	14.4
Between 30 and 45 years	1,722	65	922	35	2,644	49.4
Between 46 and 55 years	923	67	460	33	1,383	25.8
Over 55 years	403	72	154	28	557	10.4

### Men and women by type of contract

Job stability is a very important aspect in Fluidra, so high percentages of permanent employment are maintained, with 95% of contracts.

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
<b>Total Fluidra 2019</b>	<b>3,565</b>	<b>67</b>	<b>1,792</b>	<b>33</b>	<b>5,357</b>	<b>100.0</b>
Indefinite (full time)	3,379	68	1,570	32	4,949	92.4
Indefinite (part time)	22	15	123	85	145	2.7
Temporary contract	164	62	99	38	263	4.9

### Self-employed men and women

The flexibility needed to cope with a certain business seasonality requires a ratio of about 7% of temporary outsourcing that helps in the stability of the accounts of the organization.

	MEN		WOMEN		TOTAL
	No.	%	No.	%	No.
TSA contracts	291	75	95	25	386
Linked self-employed workers	3	100	0	0	3

### Structural rotation

The structural rotation of indefinite contracts in Fluidra in 2019 has risen a point over 2018, at 12%. These rotation rates have their origin in the restructuring and integration processes of Zodiac and Fluidra during 2018 and 2019. Indices are expected to fall to pre-merger levels by 2020.

	% MEN	% WOMEN	% TOTAL
Structural rotation	12	12	12

### Male and female job losses

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
<b>Total Fluidra 2019</b>	<b>587</b>	<b>67</b>	<b>293</b>	<b>33</b>	<b>880</b>	<b>100.0</b>
Termination of indefinite contracts	417	66	214	34	631	71.7
Termination of temporary contracts	170	68	79	32	249	28.3

### Non-voluntary retirement of men and women

	MEN		WOMEN		TOTAL
	No.	%	No.	%	No.
Non-voluntary job losses	159	68	74	32	233

### New hires of men and women

	MEN		WOMEN		TOTAL	
	No.	%	No.	%	No.	%
<b>Total Fluidra 2019</b>	<b>535</b>	<b>67</b>	<b>263</b>	<b>33</b>	<b>798</b>	<b>100.0</b>
New indefinite contracts	301	65	162	35	463	58.0
New temporary contracts	234	70	101	30	335	42.0

### Organization of work

The related organizations of the group are free to establish criteria for flexibility of the labour market according to the specific circumstances of each location and the labour needs of the job positions. For example, in the parent company Fluidra S.A., there is flexibility to attend to family matters with time bands of entry and exit, being able to accumulate an additional bag of hours to use on Fridays. Another example is in the United States where hours are accumulated to have a Friday free of every two.

Parents are able to take all the maternity leave and paternity leave that they feel they need. All persons involved in maternity and paternity leave are reinstated at the end of the leave.

### Maternity and paternity leave and reinstatements

Parental leave	2017	2018	2019
Men	36	45	46
Women	31	40	26
	<b>67</b>	<b>85</b>	<b>72</b>
Reinstatements	2017	2018	2019
Men	33	41	41
Women	20	27	15
	<b>53</b>	<b>68</b>	<b>56</b>

There is no specific agreement with workers about minimum notice periods for operational changes, so current legislation is applicable in each center. (GRI 402-1)

## Labour climate survey

In July 2019, we launched to all Fluidra employees the first motivation and commitment survey “**Now it’s your turn!**”.

The purpose of the survey was to understand what our employees think about relevant aspects of work and the company, in order to promote improvement actions and then follow them to lead them in a positive evolution.

The **level of participation was 72%**.

The areas with high scores were:

- Corporate image (83%): “Fluidra is a well-renowned company in the market”.
- Global commitment (82%): Employees do their best every day and are happy to work in the company.
- Teamwork (83%): Teams work well.
- Professional task (79%): Employees know what is expected from them at work and enjoy what they do.

Good scores were also received on whether the company does what is necessary to compete effectively (76%) and internal communication (74%).

The general opinion also considered the **areas where there is certain room for improvement** such as: advance in the consolidation of equal treatment of employees, more continuous training, improve the process of selection, training and integration of talent, and improve the recognition of achievements and contributions throughout the organization.

The next steps, to be carried out in 2020, will be to define improvement action plans and measure the evolution.

### 13.2.3 EMPLOYEE ACTIVITIES

The professionals at Fluidra have creative, social and sportive concerns that the company seeks to promote through various activities and initiatives. In 2019, Fluidra organized a number of different events to foster a culture of teamwork and collaboration with the aim of encouraging employee participation and wellbeing. Some of the highlights during the year were as follows:

#### Fluidra Day

Coinciding with the World Water Day, Fluidra celebrates its special day on 22 March: the Fluidra Day. This date has been for over 10 years, a day of solidarity for company employees, who are invited to share the project of some non-profit organization and vote on other projects published by their colleagues on the intranet. The three NGOs whose activities receive the most votes receive a donation of 3,000 Euros each.

This year, donations went to Africa Thriving Group to supply clean water and food to two schools in Kenya, The Hospital Clinic Foundation to boost multisystemic atrophy research, and the Nemo Foundation and its project to improve blood microcirculation.

#### 50th anniversary

The 50th anniversary since the creation of the first company in the Fluidra group was celebrated in June 2019. To commemorate this, the company launched an online competition in which all its stakeholders - employees, customers, suppliers, shareholders and end users - could take part by sharing their perfect pool experience with a photo, video or poem.

Apart from the online campaign, in October and December Fluidra held a unique event in one of the swimming pools of the **Club Natació Atlètic Barceloneta** for its customers, suppliers and employees. The show was a multidisciplinary show designed by the prestigious artistic director Franc Aleu and performed by the synchronized swimming team of club Kallípolis, directed by Anna Tarrés (former coach of the Spanish national team). It also had a unique source and light platform in the world, which was conceived and manufactured by the technicians of Fluidra Engineering Services (FES) and Metalast.

#### Fluidra values, worldwide

In early 2019, Fluidra launched a global and internal campaign to promote the company’s values and gradually integrate them into the company’s culture. This initiative, which is still in progress, consists of sharing with employees every three months one of Fluidra’s 6 values: teamwork, learning and adapting, honesty and trust, excellence and innovation, customer collaboration and passion for success.

This quarterly period begins with the release of a video in which a MAC member exposes the importance of the value to be addressed during the following weeks, continues with an online training and ends with a deployment of different activities organized by each member company of the group to understand the value correctly.

Among the activities, employees played in a pub quiz in SIBO Fluidra Netherlands and the Trivial in Fluidra Australia, has taken the opportunity to brainstorm on how to strengthen teamwork, honesty and trust and excellence of the company in Fluidra Italy, Fluidra North America, Astral SNG and Fluidra Comercial España. Other team building activities have been carried out in Fluidra Shanghai, headquarters and Cover-Pools, such as memory games, garbage collection, etc.

As part of the values campaign, in July 2019 a labour climate survey was conducted for all companies in the group in which the 70% participation was exceeded.







### Aquakid and the Christmas children's drawing contest

In his annual drawing contest, Fluidra invited its employees' children, grandchildren and nephews to empower Aquakid, the company's new superhero, to save the planet from climate change. Aquakid was created to raise children's awareness of the importance of the environment and was a success. The participants drew it by saving marine animals from pollution, making rain in the forests, curing the Land of diseases, etc.

230 drawings were received from all over the world with three winners, divided into three different age groups (3-5, 6-9, 10-12). The winners received a gift voucher, and all participants received a small gift.

#### 13.2.4 MARKET PRESENCE

In remuneration matters, wage bands are managed to improve and align the internal equity of the organization and its competitiveness in the market. *(GRI 102-36)*

Salaries and salary increases are managed internally through collective bargaining with workers' representatives; no other stakeholders play a part in this process due to confidentiality and data protection. *(GRI 102-37)*

#### Wage gap

**Fluidra's remuneration policy** is steadily moving towards **eliminating any gaps** between men's and women's salaries based on the respective categories and functions. Today, unified corporate wage systems can only provide some disaggregated data in Spain, the United States and France as the most significant countries covering 55% of Fluidra employees. We will move towards the integration of these systems in 2020 in order to provide all the necessary information. We rely on specialised and independent external companies for these remuneration policy processes. *(GRI 102-38, 102-39)*

Overall, based on the available information, the wage gap between men and women stands at 13% globally. The following table details the gap by category and available area of the main geographies.

	SPAIN	FRANCE	NORTH AMERICA
Executives	11%	24%	12%
Middle management	19%	29%	0%
Operators	0%	15%	16%
Technicians	11%	8%	84%
Administrative	8%	0%	0%
<b>Grand Total</b>	<b>11%</b>	<b>19%</b>	<b>12%</b>

If we take into account the wage gap, the dispersion between the highest salary and the average salary by removing the highest salary is 22 times taking the Spanish reference where the Executive President of the company is.

	SPAIN	FRANCE	NORTH AMERICA
Wage gap (times)	22	4	10

#### 13.2.5 FREEDOM OF ASSOCIATION AND COLLECTIVE NEGOTIATION

Regardless of the country of work, **all Fluidra workers have the right to association and collective bargaining**. Depending on the countries and their regulations, each workplace complies with the corresponding employee agreement according to its activity. In countries where there is no specific regulation, it is the workers themselves who establish a dialogue with the company when there is a conflict to resolve.

In 2019, **17 works councils** were established with 126 workers and 19 personnel delegates. All personnel committees and delegates are renewed in accordance with applicable laws. *(GRI 102-41)*

Works councils and personnel delegates have the authority to communicate directly with corporate representatives to make enquiries, suggestions and start collective negotiation talks or any other type of need or suggestion. *(GRI 102-43)*

Each country has its specific regulations regarding the collective agreements of the respective economic sectors. Based on the coverage specified at the beginning of this report, the personnel covered by specific collective agreements in the respective countries is 52.6%.

### 13.2.6 DIVERSITY AND EQUAL OPPORTUNITIES, NON-DISCRIMINATION

This 2019, after the agreements in the configuration of the Board of Directors resulting from the merger between Zodiac and Fluidra, there has been a change of director due to reaching the end of his term of office, substituted by a woman. Although this represents 8% of the Board's membership, this is **the first step towards achieving a more egalitarian gender Board**.

There is a commitment to incorporate women into the Board in mandate renewals until adequate gender percentages are met. To this end, a policy of proactive selection of women is being promoted, with particular emphasis on the qualities and skills required by the position.

In relation to Fluidra employees, there are no specific **equality plans** that govern the aforementioned equality policy, promoting equal treatment and opportunities between men and women. Today, the Equality Plan is currently under review to identify new needs and objectives.

The protocols against sexual harassment and for the gender ratio, are limited to the Code of Ethics and the general public complaint procedure made through the confidential **Whistleblowing Channel**.

With regard to **disability**, all Fluidra companies in Spain comply with current legislation, either directly or indirectly hiring special work centers. Beyond existing legislation, it is one of the aspects to work on in the future to improve global ratios where there are no specific laws.

As for the **hired foreign staff**, Fluidra is a transnational organization committed to creating jobs where it operates. Beyond this, there may be mobility of staff from different backgrounds between different companies, creating an intercultural relationship between workers. Below we present the latest balance of foreign personnel in companies, understanding this, as the person who is not native to the location of the company.

	MEN	%	WOMEN	%	TOTAL
Foreign staff	92	64	38	36	130

### 13.2.7 CHILD LABOUR, FORCED OR COMPULSORY LABOUR, HUMAN RIGHTS ASSESSMENT

Fluidra is committed to the **Universal Declaration of Human Rights** and has been a signatory and participating partner to the **United Nations Global Compact** since 2007. Its ethical codes reflect this commitment and ensure compliance. *(GRI 102-16)*

No breaches have been found with regards to violations of child labour or forced labour. *(GRI 408-1, 409-1)*

Human Rights are present in all the company's codes and values. All employees are obliged to know and accept the rules and conduct in regard to **Human Rights**. Fluidra is respectful and accepts as an organization all the fundamental conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining.

Fluidra monitors the behaviours and operations carried out in the different group companies through internal audits, by means of visits and regular management controls, with special focus on those geographical areas most sensitive to fraud,



corruption, bribery and unfair labour conditions. In this regard, no violations or negative consequences of activities on human rights were detected. 22 internal audits have been carried out, representing 24% of the companies. (GRI 412-1)

The **whistleblower channel**, which is open to the public through the corporate website, is the common procedure for the communication of possible Human Rights incidents. All complaints are examined confidentially and resolved by reporting directly to those involved on the relevant decisions.

**Training on Human Rights** is implicit through the induction process for new employees who must pass compulsory training on the codes, values and daily working procedures. Codes and values training pills are always available to all Fluidra employees. 100% of employees are required to conduct training on these topics. (GRI 412-2)

### 13.2.8 TRAINING AND EDUCATION

Training at Fluidra does not distinguish between men and women since every employee of the organization has the same right to training, regardless of gender and/or ideology. Training in Fluidra is basically technical, based on the skills required for the job and language training. (GRI 404-1, 404-2)

In 2019, 390 courses were given for a total of 1,260 employees, with an average of 17 hours per employee. The total number of hours devoted to training was 21,114.

GLOBAL TRAINING BY CATEGORY IN 2019	COURSES	HOURS	PERSONS	COST
Executives	13	333	11	€8,533
Middle management	64	4,971	151	€93,798
Technicians	159	9,701	574	€201,164
Administrative	68	2,974	127	€39,266
Operators	86	3,135	397	€34,452
<b>Total Training</b>	<b>390</b>	<b>21,114</b>	<b>1,260</b>	<b>€377,213</b>

GLOBAL TRAINING BY FUNCTION AREAS IN 2019	COURSES	HOURS	PERSONS	COST
Management, Team management, Strategy	26	1,948	72	€35,303
Administration and Finance	11	124	23	€4,442
Commercial, Marketing	24	1,648	139	€51,110
Languages	120	11,045	302	€216,923
Human resources, CSR	28	1,134	136	€16,384
Production / Maintenance	46	1,582	192	€17,392
Logistics / Procurement	30	517	63	€10,536
Technical / R&D/ Quality	105	3,116	333	€25,123
<b>Total Training</b>	<b>390</b>	<b>21,114</b>	<b>1,260</b>	<b>€377,213</b>

### Talent Assessment

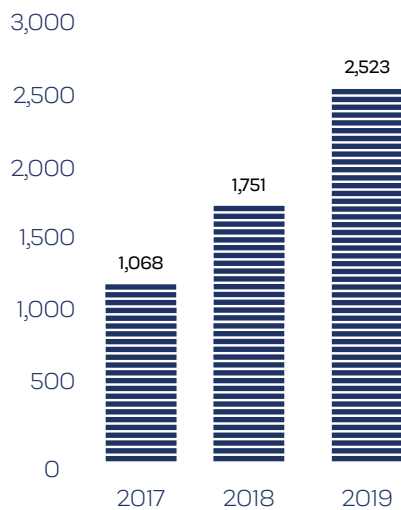
Fluidra has implemented a platform for assessing employee performance, considering both individual objectives and key skills for the role and position. All new recruits carry out face-to-face training to introduce them to the system and to take advantage of the annual review process.

Fluidra companies manage talent through the **common Cornerstone platform**. This system includes corporate training, performance evaluations, annual Talent Reviews, internal vacancies and annual objectives.

Today, almost 100% of employees are in the tool's database and managers have suitable mechanisms to manage their teams and develop them. At the same time, employees can carry out their online training, have a record of all their details, manage their annual objectives, carry out their One-to-One and different actions that are carried out throughout their career in Fluidra to promote their professional development.

In 2019, **2,523 performance evaluations** were carried out, which is 44% more than in 2018 and 47% of the total staff. (GRI 404-3)

#### Persons with performance appraisal\*



## Training and education

Training at Fluidra does not distinguish between men and women since every employee of the organization has the same right to training, regardless of gender and/or ideology. Training in Fluidra is basically technical, based on the skills required for the job and language training.

### 13.2.9 HEALTH AND SAFETY AT WORK

(GRI 403-1, 403-2, 403-3, 403-4)

The health and safety of Fluidra's employees is a priority for the company. The quality, safety and environmental policies of the companies that are part of the group place particular emphasis on the prevention of occupational risks. The **new HSE (Health, Safety and Environment) Policy** was published in 2019.

Fluidra ensures the health and protects the safety of its employees:

- It promotes **programs to maintain and improve the health and well-being of its employees**, for example, offering smoke-free work spaces around the world.
- It encourages employees to take advantage of **voluntary health programs** and adopt a healthy behaviour, such as:
  - exercise regularly,
  - choose healthy food,
  - participate in health reviews.
- It offers its employees **safe working conditions** and strives to protect them from potential health hazards. A **risk assessment and analysis** of processes and the workplace must be carried out before carrying out potentially hazardous work.
- Management is responsible for facilitating **risk assessments** and **developing protective measures** in cooperation with employees. Employees must be aware of, respect and comply with local safety requirements. For example:
  - Use appropriate personal protective equipment when necessary; respect alarms and safety warning signs;

\*2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.

- take part in observation and training programmes, for example mandatory local safety training, driver safety training and behaviour-based safety programmes;
- report unsafe acts and conditions and safety risks..
- Employees are expected to be aware of their peers and inform them of any unsafe behaviour.

In terms of health, workers are offered a voluntary medical examination on an annual basis. The **Fluidra Health** Programme is also underway, which began its activity with a pilot in some of the group's companies.

In regard to safety, all group companies are expected to perform **risk assessments** to determine the respective risks and establish measures to eliminate them and, if this is not possible, to minimize them through the corresponding mitigating measures.

Operating procedures have been carried out and published during the year, with progress in preparing **HSE** (Health, Safety & Environment) **standards** for the Fluidra group, so as to harmonize criteria and priorities among all the Group's companies. Working jointly with other transversal functions, company employees find common ground and synergies and thus raise awareness of HSE, not only internally but also with our stakeholders.

Regular meetings are held with HSE specialist personnel to align objectives and coordinate concrete actions.

In 2019, the Fluidra group companies have developed **different safety and prevention training courses**. Meanwhile, commercial and corporate service companies have focused more on office risk prevention and firefighting. Training has been more specific in industrial companies to their productive activity, with safety courses in the transport of goods, in the use of lifting platforms, work in height and in the use of electric trucks, emergency plans and first aid, while safety and health campaigns are carried out in their centers. In addition, an information and prevention policy is developed by communicating through the bulletin boards the results on accident surveillance and internal safety inspections.

HSE's corporate management conducts **security visits** to different group facilities around the world to track improvements made, implementation of procedures and help correct or plan areas for improvement. Fluidra facilities were visited during 2019 in Morocco, Egypt, Mexico, Bulgaria, Australia, the United States or Brazil as well as facilities of group companies in Spain: Metalast, Inquide, Fluidra Comercial Spain.

Each company of the group in Spain has its own **Risk Prevention Plan** that establishes periodic risk assessments appropriate to its activity and jobs, and offers the necessary training to all staff, both internal and external.





Prevention plans are usually articulated through a **third-party prevention service** that is implemented by **prevention coordinators, prevention delegates** and the **health and safety committees** of each company. This ensures adequate detection and control of existing risks, compliance with prevention plans and monitoring of corrective measures implemented.

Employees who travel frequently are provided **emergency healthcare insurance** and those with long-term travel have health insurance to cover medical contingencies during the duration of expatriation.

Another key element of documentation executed in 2019 is the **HSE Champion Manual**, for facilities considered low risk or small units. The role of the HSE Champion is based on collaborating in the implementation and documentation of HSE initiatives and programs in its field of work. It is planned to be implemented in the group from 2020.

A **Corporate Communication Plan for HSE** was developed in 2019 with advice, best practices and information to help raise awareness about Health, Safety and Environment (HSE).

In addition, **Fluidra's Intranet** presence has been reinforced with the creation of a particular HSE area, accessible to all partners, where practical improvements in HSE, advice and information of interest will be shared.

**Ergonomic and ergonomotricity studies** have been carried out to improve the conditions of workers and to facilitate their safer work, reducing the risk of musculoskeletal injuries. It is mainly the production plants that focus on the ergonomic aspects of their work processes. Such activities will continue throughout 2020.

The company started in 2019 to implement a **global HSE management software** platform that helps to share and collect HSE data among the companies in the Fluidra group, as well as benefit from knowing how things are done in other companies of the group: accident investigation, legislation, environmental management, security, alarms, etc. This has enabled us to know the areas of greatest risk and direct resources where most necessary. Implementation will continue during 2020.

Fluidra currently has **20 health and safety committees**, involving 106 persons. *(GRI 403-4)* The HSE department, jointly with the HR department, ensures the wellbeing of all and compliance with the current regulations. The corporate agreements with the mutual workplace accident insurance companies, provide us with the assurance of the correct management and monitoring of workplace accidents and occupational illnesses that may occur.

In 2019, with the new extended coverage, the **total hours of absenteeism** at work amounted to 209,391, which represents 2% of the total theoretical hours of work.

#### Work incidents (number)\*

	2017	2018	2019
With medical discharge	159	246	159
No medical discharge	244	287	167
Fatalities	0	0	0
High-risk personnel	-	5	4
	<b>403</b>	<b>538</b>	<b>330</b>

#### Hours lost\*

	2019	%
Due to injuries/incidents	1,157	0.01
By illness	3,177	0.03
	<b>4,334</b>	<b>0.04%</b>

*Percentage of total annual theoretical hours.*

\*2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.



**Accidents and workplace incidents** in Fluidra are determined based on the respective business activities of the companies. We may distinguish between blows and entrapments in objects or equipment, injuries by sharp elements, falls and slips, damage by movement of loads, intoxications and chemical burns, infections, traffic accidents and injuries from fire and explosion.

Similarly, monitoring is established for possible **occupational illnesses** arising from the job or activity such as respiratory and skin diseases, limb disorders, problems in the neck and back, poisoning, infectious diseases, cancer and malignancies.

The **accident rate** in 2019, considering the accidents that occurred in relation to the workforce, was 3%.

The **accident frequency index**, considering the accidents that occurred in relation to the total hours of work per 200,000 was 3.17 points.

The **severity index**, considering the days lost in relation to the total hours of work per 1,000, was 0.35 points.

## 13.3 Product development

### 13.3.1 MANAGEMENT APPROACH

*(GRI 103-1, 103-2, 103-3)*

Fluidra focuses its efforts on customer satisfaction from the products and services it offers in the market. Each department involved in the value chain has its procedures and systems to ensure that the product has the necessary quality, is safe and environmentally friendly.

That is why the **Products Committee** meets quarterly to analyse the products and determine what improvements can be made for greater customer satisfaction. This committee involves all people in the value chain, from quality, innovation, supply chain, marketing and legal compliance area.

By 2020, one of the vectors in which we want to deepen and which is named in the ESG master plan, is the **Circular Economy**. While one of the objectives of the committee is the efficient design of the products in their composition and use. In the future, we want to establish, as far as possible, the effective circularity of products.

The following sections further detail each of the areas involved in product development.

### 13.3.2 QUALITY AND LEAN: 2019 HIGHLIGHTS AND MAIN CHALLENGES FOR 2020

#### Quality

Quality continues to be one of the fundamental pillars for Fluidra. We are not only talking about quality in the pro-

duct, but rather from a more global perspective. For Fluidra, **quality is a culture based on an attitude, along with common methodologies and tools**. The goal is to achieve customer satisfaction, within sustainable and profitable growth.

In fact, quality permeates all aspects of Fluidra's activity, not only the quality of products and services, but also the quality and integrity of relations within the company and with the customer.

This philosophy helps the business achieve profitable and sustainable growth, using quality as the vehicle to drive customer loyalty, so that the price no longer only drives the purchasing decision of each customer, but the customer is also driven by their purchasing experience.

In this way, after the merger, a **corporate quality organization** has been formed to promote a culture focused on quality in the business worldwide. This organization is responsible for developing quality-related processes, assessing risks and opportunities, as well as promoting improvements in all areas in the various quality areas, including advanced product quality planning for new products.

**The team of quality professionals** is trained and has the necessary experience to support sustainability and continuous improvement, with a focus on deploying best practices.

**The quality performance of Fluidra's production companies improved in 2019 compared to 2018 by 1%** in the quality claims of the products supplied with respect to sales lines. Claims on sales in 2019 have remained at 1%.

Towards 2020, one of the main priorities of the company is to continue to improve the line of sight towards the customer, focused on further improving metrics, measurements and processes, in order to continue to better address problems, improve new product designs and provide an even better experience to customers.

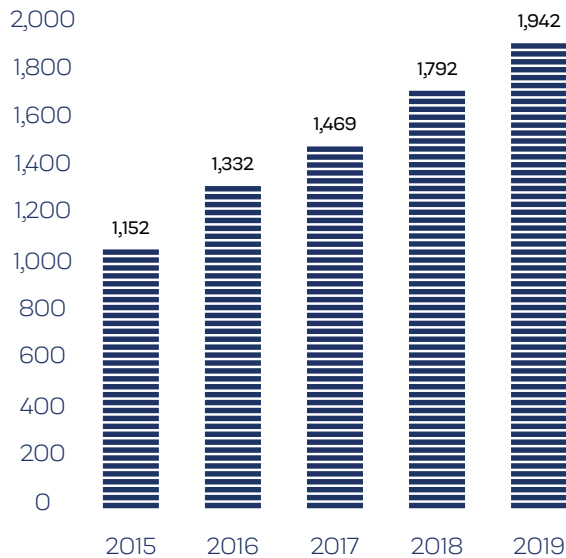
#### Lean management culture

Lean management is one of the fundamental pillars for Fluidra. Through Lean management, Fluidra focuses its efforts on continuously improving management, promoting and cultivating efficiency in all the company's processes. It is one of the main foundations on which Fluidra production plants are based, based on the six Fluidra values.

The culture of continuous improvement is present in the main production plants Fluidra has worldwide and in some of its suppliers.

Through Lean training and activities, Lean culture has reached 1,942 workers, 76% of the total workforce of all Fluidra production plants.

## People trained on Lean



Through the **Lean audit**, the improvement itinerary for each of Fluidra's production companies has been established and 40 Value Improvement (VIs) process projects have been defined that have reported savings of 1.5 million Euros in 2019.

The objective for 2020 is to continue supporting all productive companies in Fluidra, consolidate the activities started in 2019 and define new Value Improvement (VIs) process projects that allow an annualized savings of 1.5 million Euros.

### 13.3.3 CUSTOMER HEALTH AND SAFETY

(GRI 416-1, 416-2)

In 2019, a comprehensive strategy has been established to continue the effective management of problems arising from possible complaints or claims from customers, as well as to promote compliance and product safety requirements in the New Product Development process (NPD). The global product compliance team has expanded substantially so that all regions are fully represented. Because Fluidra has such a large geographical footprint, it is a challenge to keep up with all local and regional regulatory changes driven by competent authorities.

## Customer health and safety

In addition to reviewing and addressing these concerns, the Product Safety Committee focuses on risk management in the development process to ensure safe products enter the market and is also responsible for product compliance and safety policies and procedures. In 2020, these committees will again develop updated policies and procedures reflecting the new trade structure, after the merger.

In 2019, protocols have been developed that align with Russia's new regulatory process, relating to EAC certificates. Using an internal team of experts in the field and leveraging external experts where necessary, the company will be able to anticipate constantly changing regulatory restrictions and requirements as the business grows.

**Product Safety Committees** have been established in all regions that serve as the responsible point in the organization for all employees/regions to address safety and product compliance issues or concerns. In addition to reviewing and addressing these concerns, the Product Safety Committee focuses on risk management in the development process to ensure safe products enter the market and is also responsible for product compliance and safety policies and procedures. In 2020, these committees will again develop updated policies and procedures reflecting the new trade structure, after the merger.

We have no records of cases of non-compliance in 2018 with significant regulations or with an impact on the safety and health of products that have resulted in a fine, sanction or warning.

## FLUIDRA Product Safety Council





### 13.3.4 PRODUCT INNOVATION

Product innovation is a key area for Fluidra which has an extensive engineering team based in several different countries and marketing and manufacturing of products worldwide. Therefore, it is a priority for the company to unify the New Product Development Process (NPD) in all business segments and regions that follow the merger.

This consolidation and unification was achieved in 2019 and allows R&D teams to remain efficient, while helping to align resources with business priorities, standardize communication between functions and ensure product quality at launch. The product roadmaps were aligned between the two legacy companies, and Fluidra now has a unified global product road map that will drive development over the next 3 to 4 years.

Fluidra has also integrated IoT-based projects in 2019 and incorporated the Agile methodology into the NPD process, globally. In 2020, the company will continue to optimize workflows and leverage best manufacturing practices and efficiencies to deliver innovative, quality products that meet customer needs and demands more quickly.

### 13.3.5 MATERIAL

(GRI 301-1, 301-2, 301-3)

Fluidra has a **varied and horizontal production structure**, manufacturing different components and products for swimming pool covering different sectors (plastic, chemical, metal, ceramic, manufacturing, logistics and commercial). This means that treatment of raw materials and packaging is not a simple business.

Fluidra is aware of the waste generated by the packaging of our products: paper, cardboard and plastics. The packaging of these is done in cardboard boxes grouped and palletized or, depending on the product, in plastic or metal containers that are packed in accordance with the stated packing instructions.

#### Non-renewable raw materials\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Plastic raw materials	Volume	Tm	17,225	18,287	19,633
Chemical raw materials	Volume	Tm	25,370	19,554	21,415
Metal raw materials	Volume	Tm	3,888	4,361	4,489
			<b>46,483</b>	<b>42,202</b>	<b>45,537</b>

#### Packaging\*

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
Cardboard boxes (renewable)	Volume	Tm	3,130	3,150	4,286
Wood pallets (renewable)	Volume	Tm	3,858	4,278	5,028
Drums	Volume	Tm	81	34	50
Film and plastics	Volume	Tm	2,268	1,432	1,828
Other packaging	Volume	Tm	272	397	382
			<b>9,609</b>	<b>9,292</b>	<b>11,574</b>

\*2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.

**Recycled materials\***

NAME	CONCEPT	UNIT OF MEASURE	2017	2018	2019
External plastic materials	Volume	Tm	111	103	97
Internal plastic materials	Volume	Tm	91	88	394
Recycled glass	Volume	Tm	12,426	13,608	12,270
			12,628	13,799	12,762

**In 2019, the percentage of recycled and reused materials used was 22% compared to the materials and packaging used.** Due to its characteristics, all the packaging used in Fluidra products are for single use, however all meet the national regulations for suitable disposal at recycling points.

**13.3.6 MARKETING AND LABELLING**

During the development of a product, all regulatory standards and guidelines are reviewed to ensure compliance, including all requirements related to product labelling. Fluidra is dedicated to **clear and transparent communication about the correct labelling of the product** and follows all relevant local regulations, to adequately protect the customer and the end user. (GRI 417-1, 417-2, 417-3) All Fluidra products comply with national and international communication and labelling regulations.

Although Fluidra has presented zero non-compliance in this regard for many years, in 2019 there were two incidents related to product labelling. The first instance took place on the mass market channel and resulted in the withdrawal of an unregistered anti-insect product from the market. The second instance took place in Italy, where discrepancies with REACH registrations for products (registration, evaluation, authorisation and restriction of chemicals) were finally resolved with the Italian authorities and a fine of irrelevant amount was paid. In both cases, in addition to immediate corrective actions, safeguards were implemented to prevent them from happening again. (GRI 419-1)

In addition, one of the core purposes of the **Product Safety Council**, established in 2019, is to provide Fluidra's broader organization with a point of accountability for employees to seek information and guidance on product compliance and safety.

Confidentiality and protection of customer data is a cornerstone of our business. In 2019, no claims have been received for data leakage from our customers. Nor were there any fines and administrative sanctions received for non-compliance with regulations and legislation relating to the use of products and services. (GRI 418-1)



\*2017 only legacy Fluidra, 2018 partial merger with Zodiac, 2019 perimeter at 100%.



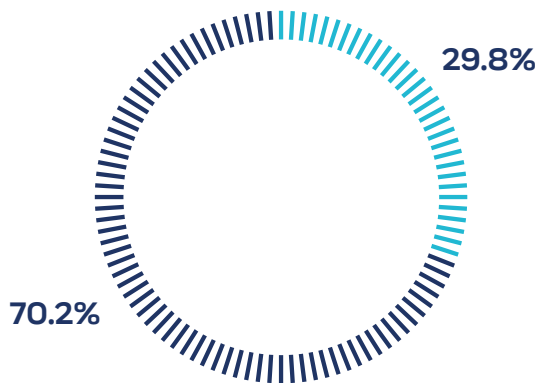




### 13.3.7 SOCIO-ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

(GRI 308-1, 308-2, 414-1, 414-2)

Fluidra has a wide network of suppliers of products and services, although the main focus is on **suppliers considered critical**, defined as those that exceed 500,000 Euros of purchase and that in 2019 accounted for 70% of the total purchase. There were no significant changes in 2019 to the supply chain affecting comparability over the previous year.



— Critical purchases (>€500,000)  
— Non-critical

Our **purchasing policy** was updated and remodelled in 2016, taking advantage of this opportunity to incorporate environmental and social criteria into the demands of the supply chain. All critical suppliers must sign the explicit acceptance of the **Fluidra Suppliers Code of Ethics**, which is based on the 10 principles of the United Nations Global Compact. Likewise, all corporate contracts incorporate mandatory clauses of respect and obedience to the Supplier Code of Ethics, while it is also implicitly reflected in the terms in all the orders that Fluidra generates to its suppliers. In the case of new companies coming from the former Zodiac, the said terms will be gradually added as they are incorporated into the corporate systems.

[www.fluidra.com/es/sobre-fluidra/etica](http://www.fluidra.com/es/sobre-fluidra/etica)

As for the **evaluation and approval of suppliers**, at the end of 2019, a collaboration agreement has been

signed with a specialized company that will help us to keep a regular monitoring of the situation of our suppliers in terms of legal compliance, governance, economic solvency and social and environmental performance. It is expected that by 2020 all critical suppliers will resign the acceptance of the Fluidra Code of Ethics after its revision in 2019.

There are no records of breaches related to child or forced labour in 2019, or regarding the right to freedom of association and collective negotiation.

In terms of environment, all Fluidra companies that are ISO 14001 certified, evaluate 100% of suppliers in a 3-year cycle (as they are required to do as per the standard). No significant environmental impacts, potential or actual, were found among the suppliers that were evaluated.

### 13.3.8 PROCUREMENT PRACTICES IN SUPPLIERS

Overall there was increased procurement volume in 2019, slightly below the group's business growth. The year was marked by relatively low listed commodity prices (oil, gas, metals, etc.), driving down the prices of many raw materials, specifically oil-related ones.

Electricity and gas prices followed a decreasing trend, especially the daily market, influenced by the **Brent** price. Unlike the OMIE daily index, the OMIP market remained at high levels almost all year round. Overall, Fluidra's advance energy purchase strategy in Spain and Portugal allowed the price reached by Fluidra in this area (which concentrates the largest number of industrial plants and therefore the largest energy consumption) to be only 4% higher than in 2018, in line with forecasts.

Purchases at Fluidra are complex due to the large number of companies that make up the group. In 2019, a purchase volume of close to 825 million Euros was reached between suppliers of raw materials and service providers, and active accounts of more than 11,600 suppliers. (GRI 102-9 102-10, 204-1, 308-1, 308-2, 407-1, 408-1, 409-1)

Fluidra, as a global group, makes extensive use of the network of suppliers of local products and services in all cases where efficiency and product availability are possible. Local purchases are when the country of origin is the same as the destination country and, in 2019, Fluidra's local procurement accounted for 64% of the total procurement.

(GRI 204-1)



## 13.4 Social commitment

Fluidra works day by day to **improve the impact of its activity in the communities** where it is present. Its activity allows it to become increasingly involved and dialogue with the actors in its environment and thus contribute to the **Sustainable Development** and wellbeing of society as a whole. This is carried out from a mission and corporate principles that are integrated into the culture of the company, through a permanent dialogue and involvement with all stakeholders, always from its activity in the pool and wellness sector. *(GRI 103-1, 103-2, 103-3, 102-13)*

Fluidra also participates in social initiatives to enhance the values and development of communities through its own direct action or through projects of the Fluidra Foundation.

**In 2019, Fluidra made monetary contributions to foundations and non-profit associations totalling 554,122 Euros, of which 515,049 Euros were for the Fluidra Foundation in the framework of collaboration and development of social projects.**

The cash contributions have been allocated to: Spanish Red Cross, IESE Foundation, ESADE Foundation, private enterprise and Climate Foundation, private foundation per a La Creativació, SEUR Foundation, and Fluidra Foundation. *(GRI 102-12)*

Among others, Fluidra works with the following professional associations:

- ASOFAP Asociación de Fabricantes de Equipos Productos Químicos y Constructores de Piscinas (Spain).
- Cambra de Comerç de Barcelona (Spain).
- CEAM Centro de Estudios y Asesoramiento Metalúrgico (Spain).
- CEP Centro Español de Plásticos (Spain).
- EUSA European Union of Swimming Pool Associations (Europe).
- Foment del Treball (Catalan employers) (Spain).
- FPP Federations des Professionels de la Piscine (France).
- Swimming Pool and Spa Association NSW Pty Ltd (Australia).
- SPATA The Swimming Pool and Allied Trades Association (UK).
- Independent Pool & Spa Service Association (IPSSA) (United States).
- Northeast Spa & Pool Association (NESPA) (United States).
- National Plasterer's Council (United States).
- WAVE Young Professionals Group (United States).

There have been no fines or penalties for non-compliance with labour or economic laws and regulations in 2019. *(GRI 419-1)*

### 13.4.1 FUNDACIÓ FLUIDRA

Since 2016, Fluidra has entrusted Fundació Fluidra with the performance and sharing of the financial and personal contribution in favour of **causes of social interest**. Fluidra thus responds to a self-imposed responsibility to **improve society** to the extent of its possibilities. In this way, our company does not want to limit its action only to giving back to shareholders through profits, but also **wants to act in a more balanced and sustainable way, improve their environment and common wellbeing**.

That is why the foundation's budget grows together with the company. Its vocation is to expand its social action every year, using the concepts of impact and effectiveness as the guide of its action.

The main action chapters of Fundació Fluidra are summarized in:

- **Water and development:** is the set of activities and projects aimed at meeting basic needs in the use of water, and – through this – allow human and economic development in depressed areas. The basis of this action stems from the conviction that the availability and good use of water is an essential engine in the development of economic activity and the social good. Fundació Fluidra is the promoter of the **KAG-25 project** developed in Senegal together with an agricultural school run by **Escuelas Pias**, located in the Karang area. This initiative aims to turn a farm of 25 hectares in the south of the country into a profitable horticultural farm and distribution, where the benefits can be invested in the task of training and preparation of its young students in this agricultural school, children and young people receive for 4 years vocational training in agriculture. All this in addition to seeking food autonomy and entrepreneurial and economic capacity of students.
- **Culture and music:** it brings together a set of contributions to the development of culture and music, convinced that they have an intrinsic value, which dignifies people and society in general. The interest in promoting these actions, along with the other chapters, seeks a balance towards the excellence of the foundation's social purpose.
- **Pool and swimming:** aware of the sector where Fluidra operates, the foundation will begin to allocate specific resources to this area “no child without swimming”. These resources will be directed to places, social settings or cultures where learning to swim can be a matter of survival, where it provides enjoyment for disadvantaged children, or where it is therapeutic.
- **Other social actions:** like any foundation, Fundació Fluidra is attentive to specific social demands or emergencies that require local or global Assistance.

The foundation is also a supporting member of the Palau de la Música Catalana and the Gran Teatre del Liceu, which promote the artistic culture of Barcelona. It also collaborates with the Orquestra Simfònica del Vallès, the Fundació Abadia de Montserrat, the Gio Orquestra and the Fundació Catalunya Cultura to promote different cultural initiatives. Likewise, Fundació Fluidra supports the wellbeing of people and the protection of animal species, so it cooperates with the Sanitària Mollet





Foundation, CRAM Foundation and the Banc d'Acció Social.

#### **13.4.2 SPONSORSHIP AND PATRONAGE**

Fluidra's activities revolve around water and its sustainable and responsible use, serving the well-being and health of people.

Fluidra wants to provide society and, in particular, the people who need it most, with all the knowledge it has acquired about this vital resource in its 50 years of history.

##### **Water and environment**

Fluidra is actively involved in advancing the 17 Sustainable Development Goals of the United Nations and has been collaborating for several years on various water and sanitation projects around the world. Now it has proposed its own important project through Fundació Fluidra, in collaboration with Escola Pia.

##### **FUNDACIÓN EMPRESA & CLIMA**

Fluidra, as an active part of sustainable development of the society in which it operates, Fluidra works with this foundation which offers businesses the necessary tools to meet the commitments and challenges posed by climate change, as well as the guidelines necessary to improve efficiency in reducing emissions.

##### **CWP – CATALAN WATER PARTNERSHIP**

The Catalan Water Cluster (Catalan Water Partnership) is a strategic cluster in which consultants, knowledge centers, equipment manufacturers, engineering companies and other entities related to the water cycle, work together to promote multi-level collaborations aimed at using a sustainable approach to achieve innovative solutions to meet the global needs of water quality solutions, anywhere in the world.

##### **THE ASSOCIATION OF POOL & SPA PROFESSIONALS (APSP)**

The Association of Pool and Spa Professionals (APSP) is the world's oldest and most important Association in the pool, spa and hot tub manufacturing industry. It is also the only organization in the industry recognized by the American National Standards Institute, which develops and promotes national standards for swimming pools and spas.

##### **CALIFORNIA POOL & SPA ASSOCIATION (CPSA)**

The California Pool and Spas Association (CPSA) serves as an advocate for members of the pool and spas industry before the California Legislature and state and local regulatory agencies. CPSA provides professional and consumer training and promotes the highest standards of business conduct in the construction, maintenance and repair of swimming pools in the state of California.

##### **THE FOUNDATION FOR POOL AND SPA INDUSTRY EDUCATION (FPSIE)**

The purpose of the foundation for the formation of the pool and spa industry (FPSIE) is to raise the level of design, functionality and safety knowledge in recreational and decorative aquatic elements. The foundation's accredited training and courses programme offers training, motivation and accreditation to pool and spa professionals. FPSIE also organizes training sessions certified by the PSP and the National Swimming Pool Foundation (NSPF) and conducts seminars on water chemistry, new products and maintenance, among others.

##### **INDEPENDENT POOL & SPA SERVICE ASSOCIATION (IPSSA)**

The Independent Pool and Spas Services Association (IPSSA) encourages professional improvement of pool technical staff and supports the continued advancement of the pool and spas sector.

### **MASTER POOLS GUILD**

The master pools Guild is a global network of the best pool constructors, with a strong commitment to quality, customer service and business ethics.

### **NORTHEAST SPA & POOL ASSOCIATION (NESPA)**

The Northeast Pool and Spas Association (NESPA) provides training, networking and business support to members of the pool and spas sector in the northeast of the United States. The Nespa also organizes and manages the Pool & Spa Show, one of the most important annual events in the pool sector that attracts professionals from all over the country.

### **PARAMOUNT ADVISORY COMMITTEE ENTERPRISE (PACE)**

Soil cleaning technology manufacturers, Paramount Pool & Spa Systems, founded the superior Business Advisory Council (PACE) to act as a product development advisory council. PACE brings together pool builders from around the country to plan future developments in the automatic pool cleaning industry.

### **UNITED POOL ASSOCIATION (UPA)**

The United Pool Association (UPA) provides pool maintenance technicians with information about the industry as well as insurance programs from one of the best insurance companies.

### **GROUP OF YOUNG WAVE PROFESSIONALS**

WAVE is a group of young APSP professionals who have come together to educate and train future leaders in the pool and spas sector.

### **ASSOCIACIÓ DELS AMICS DE L'AIGUA**

The association was born with the desire to improve the relationship of the Catalan population with water and its natural environment.

### **Sports Area**

#### **CLUB NATACIÓ SABADELL Y CLUB NATACIÓ ATLÈTIC-BARCELONETA**

Fluidra sponsors various local sports associations and clubs. These include the water polo teams "AstralPool Sabadell" of the Natació Sabadell club and the Natació Atlètic-Barceloneta Club.

#### **REAL FEDERACIÓN ESPAÑOLA DE NATACIÓN (RFEN)**

Fluidra is the platinum sponsor of the RFEN until the Olympic year 2020. With this agreement, the RFEN gives Fluidra the naming rights of the Spanish Swimming Championships in spring, summer and winter.

#### **OSA OCEANIA SWIMMING ASSOCIATION**

With the collaboration agreement, Fluidra contributes by providing OSA with know-how in the swimming pool sector.

#### **UANA AMERICAN SWIMMING UNION**

Fluidra has concluded a sponsorship agreement with the American Swimming Union (UANA), which brings together the swimming Federations of all the countries of the American continent.

### **AASF ASIA SWIMMING FEDERATION**

Fluidra also supports competitive water sport in the Asian zone through the agreement reached with the Asian Swimming Federation (AASF). This federation, created in 1978, comprises the national federations of 45 Asian countries.

### **INDESCAT**

Since its incorporation, Fluidra is an active member of the Catalan sports industry cluster Indescat. This association, with more than 70 member companies, aims to bring together companies, sports events and research centers linked to the world of sport in Catalonia to promote actions that allow an effective improvement of the competitiveness of companies, favouring the development of innovative products and services, as well as its international projection.

### **Social area**

#### **FUNDACIÓ ‘CREATIVACIÓ’**

Collaboration as a founding company in this innovative initiative whose mission is to develop and disseminate creativity and innovation in education with the aim of providing new generations with the capacity and motivation to contribute to the change and transformation of society and personal fulfilment.

#### **ESADE**

Through the collaboration with ESADE, Fluidra is involved with institutions that promote educational activities and training of young people and adults.

#### **IESE**

Through the collaboration with IESE, Fluidra is involved with institutions that promote educational activities and training of young people and adults.

#### **AMEC**

Fluidra works with AMEC, a business organization whose members, mainly medium industrial companies, enjoy a high international and innovative vocation.

### **LOCAL PARTNERSHIPS**

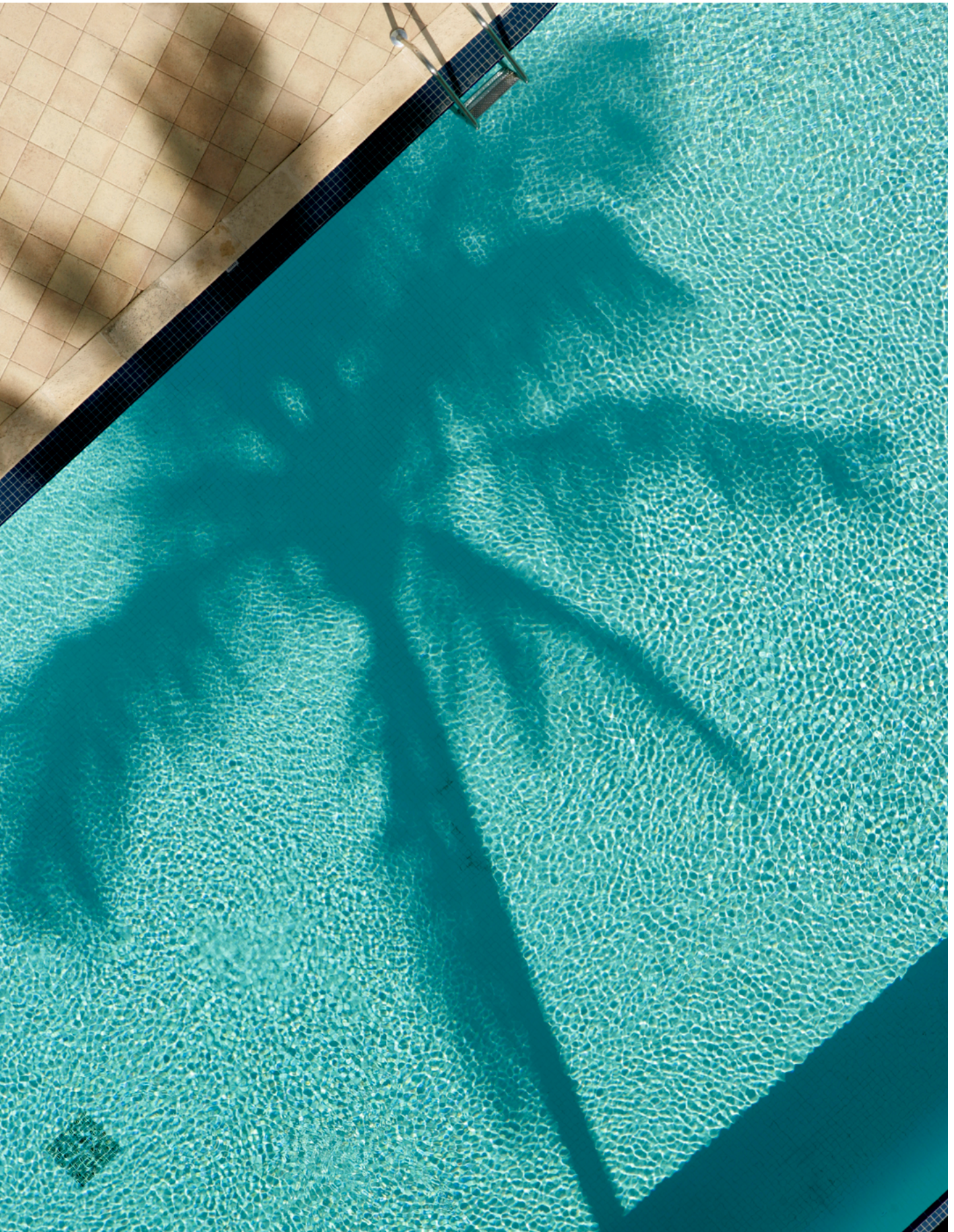
Fluidra also makes financial contributions to local associations that promote sports entities and cultural associations of the populations where their work centers or surroundings are located, worldwide.













## 14. About this report

The structure of this 2019 Integrated Report follows the framework established by the **International Integrated Reporting Council (IIRC)** as the most widely used international standard in the preparation of Integrated Reports. Additionally, this report has been prepared in accordance with the **Global Reporting Initiative GRI Standards: Core option**. (GRI 102-54, 102-55)

As for the independent verification of GRI indicators in this report (GRI 102-56), the table in Section 14.2 specifies which have been verified in compliance with **Act 11/2018 of 28 December** and those others that complement them. The independent review and its subsequent report were carried out by **TÜV Rheinland** and forming part of the **Consolidated Annual Accounts and the Consolidated Management Report** of 31 December 2019, of FLUIDRA, S.A. and subsidiaries have been duly made by the Board of Directors held on 25 March 2020. This information is available at [www.fluidra.com](http://www.fluidra.com)

This report has tried to maintain at all times both the **principles of content** (inclusion of stakeholders, sustainability context, materiality and completeness) and the **quality** of the report (accuracy, balance, clarity, comparability, reliability and punctuality). (GRI 101)

In this year 2019, as a novelty compared to the previous year, in the part of the environmental indicators has reached **100%** representativeness on the consolidated turnover (90% in 2018), a year earlier than planned. From the perspective of comparing data from non-financial key indicators with previous years, we must note that the information is not fully comparable as this year is the first to reach 100% coverage after the merger process with the Zodiac group. (GRI 102-10, 102-46)

The comparability of the data is also affected by the European Union's forced sale of AQUATRON ROBOTIC TECHNOLOGY, LTD following the merger with Zodiac where Fluidra was considered to have a dominant position in the robot market.

### 14.1 Material changes, companies and general contents of the report

The biggest impact on the evolution of previous reports is, the already consummate merger with Zodiac and the creation of the new Fluidra in July 2018. (GRI 102-48, 102-49)

The materiality study carried out by Fluidra in 2019 has allowed the identification and analysis of the aspects considered most relevant, which were submitted to consultation of the company's stakeholders for prioritization. The identified stakeholders for this study have been segregated into internal and external and each has been given relative weight. (GRI 102-43)

GROUP	TYPE
CSR Committee + Senior Management	
Investors	Internal
Employees	
Fluidra Foundation	
Customers	
Suppliers	External
Users	

The subsidiaries with environmental data (GRI 102-45) presented in 2019 are those listed in Appendix I to the Consolidated Financial Statements and Consolidated Management Report at 31 December 2019, which is available at [www.fluidra.com](http://www.fluidra.com)



## 14.2 GRI Standards

(GRI 102-55)

**(1) GRI indicator, additionally included in the Non-Financial Information Statement (NFIS, EINF in Spanish) within the Fluidra legal information.**

No. GRI STANDARDS	STANDARD GRI TITLE	CONTENT NUMBER	CONTENT TITLE	EINF (1)	PAGE / OMISSION / REMARKS
GRI 101	Foundations	101	Foundations		121
GRI 102	General content	102-1	Name of company		130
GRI 102	General content	102-2	Activities, brands, products and services	EINF	57
GRI 102	General content	102-3	Headquarters location		130
GRI 102	General content	102-4	Location of facilities		23
GRI 102	General content	102-5	Ownership and legal form		29,130
GRI 102	General content	102-6	Markets served	EINF	23
GRI 102	General content	102-7	Company size		18
GRI 102	General content	102-8	Information on employees and other workers	EINF	95
GRI 102	General content	102-9	Supply chain		113
GRI 102	General content	102-10	Significant changes in the organisation and its supply chain	EINF	113,121
GRI 102	General content	102-11	Precautionary principle or approach	EINF	59,85
GRI 102	General content	102-12	External initiatives	EINF	75,114
GRI 102	General content	102-13	Membership to associations	EINF	75,77,114
GRI 102	General content	102-14	Statement by senior management in charge of decision-making		5
GRI 102	General content	102-15	Main impacts, risks and opportunities	EINF	59
GRI 102	General content	102-16	Values, principles, standards and standards of conduct	EINF	75,76,93,103
GRI 102	General content	102-17	Advisory mechanisms and ethical concerns	EINF	76,77
GRI 102	General content	102-18	Governance structure		64,66
GRI 102	General content	102-19	Delegation of authority		69
GRI 102	General content	102-20	Executive responsibility for economic, environmental and social issues		79

No. GRI STANDARDS	STANDARD GRI TITLE	CONTENT NUMBER	CONTENT TITLE	EINF (1)	PAGE / OMISSION / REMARKS
GRI 102	General content	102-21	Stakeholder consultation on economic, environmental and social issues		79
GRI 102	General content	102-22	Composition of the highest governing body and its committees		66
GRI 102	General content	102-23	Chairman of the highest governing body		66
GRI 102	General content	102-24	Appointment and selection of the highest governing body		64
GRI 102	General content	102-25	Conflict of interests		69
GRI 102	General content	102-26	Role of the highest governing body in the selection of objectives, values and strategy		64
GRI 102	General content	102-27	Collective knowledge of the highest governing body		63
GRI 102	General content	102-28	Performance evaluation of the highest governing body		63
GRI 102	General content	102-29	Identification and management of economic, environmental and social impacts		59,64
GRI 102	General content	102-30	Effectiveness of risk management processes		59
GRI 102	General content	102-31	Review of economic, environmental and social issues	EINF	81
GRI 102	General content	102-32	Role of the highest governing body in the preparation of sustainability reports		63
GRI 102	General content	102-33	Communication of critical concerns		63
GRI 102	General content	102-34	Nature and total number of critical concerns		59
GRI 102	General content	102-35	Remuneration policies	EINF	75,95
GRI 102	General content	102-36	Process for determining remuneration	EINF	75,102
GRI 102	General content	102-37	Stakeholder involvement in remuneration	EINF	102
GRI 102	General content	102-38	Annual total remuneration Ratio	EINF	95,102
GRI 102	General content	102-39	Percentage increase ratio of total annual remuneration		64,102

<b>No. GRI STANDARDS</b>	<b>STANDARD GRI TITLE</b>	<b>CONTENT NUMBER</b>	<b>CONTENT TITLE</b>	<b>EINF (1)</b>	<b>PAGE / OMISSION / REMARKS</b>
GRI 102	General content	102-40	List of stakeholders	EINF	25
GRI 102	General content	102-41	Collective bargaining agreements	EINF	103
GRI 102	General content	102-42	Identification and selection of stakeholders	EINF	25
GRI 102	General content	102-43	Approach to stakeholder engagement	EINF	79, 103, 121
GRI 102	General content	102-44	Key issues and concerns mentioned		25
GRI 102	General content	102-45	Entities included in the consolidated financial statements	EINF	121
GRI 102	General content	102-46	Definition of report contents and topic coverage		121
GRI 102	General content	102-47	List of material topics	EINF	79
GRI 102	General content	102-48	Restatement of information		121
GRI 102	General content	102-49	Changes in reporting		121
GRI 102	General content	102-50	Reporting period	EINF	130
GRI 102	General content	102-51	Date of last report		130
GRI 102	General content	102-52	Reporting cycle		130
GRI 102	General content	102-53	Contact information for questions about the report		130
GRI 102	General content	102-54	Statement of compliance with GRI standards		121
GRI 102	General content	102-55	GRI table of contents		121, 122
GRI 102	General content	102-56	External verification		121
GRI 103	Management approach	103-1	Explanation of the material topic and its coverage	EINF	25, 35, 38, 79, 83, 92, 108, 114
GRI 103	Management approach	103-2	Management approach and its components	EINF	25, 35, 38, 83, 92, 108, 114
GRI 103	Management approach	103-3	Evaluation of the management approach	EINF	25, 35, 38, 83, 92, 108, 114
GRI 201	Business performance	201-1	Direct business value generated and distributed	EINF	32
GRI 201	Business performance	201-2	Financial implications and other risks and opportunities as a result of climate change	EINF	59



<b>No. GRI STANDARDS</b>	<b>STANDARD GRI TITLE</b>	<b>CONTENT NUMBER</b>	<b>CONTENT TITLE</b>	<b>EINF (1)</b>	<b>PAGE / OMISSION / REMARKS</b>
GRI 201	Business performance	201-3	Defined benefit plan obligations and other retirement plans		Not applicable: Fluidra has no obligations and retirement plans
GRI 201	Business performance	201-4	Financial assistance received from the government		32
GRI 202	Market presence	202-1	Ratio of standard starting salary by sex to local minimum wage		Information not available
GRI 202	Indirect economic impacts	202-2	Proportion of senior executives recruited from the local community		Almost all of the top executives in each of the countries are local
GRI 203	Indirect economic impacts	203-1	Investments in supported infrastructure and services		Non-material
GRI 203	Indirect economic impacts	203-2	Significant indirect economic impacts		Information not available
GRI 204	Procurement practices	204-1	Proportion of expenditure on local suppliers	EINF	113
GRI 205	Anti-corruption	205-1	Operations assessed for corruption-related risks	EINF	77
GRI 205	Anti-corruption	205-2	Communication and training on anti-corruption policies and procedures	EINF	77
GRI 205	Anti-corruption	205-3	Confirmed cases of corruption and measures taken	EINF	77
GRI 206	Unfair competition	206-1	Legal actions related to unfair competition and monopolistic practices and against free competition		Non-material
GRI 301	Materials	301-1	Materials used by weight or volume	EINF	110
GRI 301	Materials	301-2	Recycled inputs	EINF	110
GRI 301	Materials	301-3	Reused products and packaging materials		110
GRI 302	Energy	302-1	Energy consumption within the organization	EINF	86
GRI 302	Energy	302-2	Energy consumption outside the organisation		86
GRI 302	Energy	302-3	Energy intensity	EINF	86
GRI 302	Energy	302-4	Reducing energy consumption		86
GRI 302	Energy	302-5	Reduction of energy requirements for products and services		42

No. GRI STANDARDS	STANDARD GRI TITLE	CONTENT NUMBER	CONTENT TITLE	EINF (1)	PAGE / OMISSION / REMARKS
GRI 303	Water	303-1	Water extraction by source	EINF	91
GRI 303	Water	303-2	Water sources significantly affected by water extraction	EINF	91
GRI 303	Water	303-3	Recycled and reused water	EINF	91
GRI 304	Biodiversity	304-1	Owned, leased or managed operations centers located within or next to protected areas or areas of high biodiversity value outside protected areas		Not applicable: Fluidra has no production centers in protected areas
GRI 304	Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity		Not applicable: Fluidra has no production centers in protected areas
GRI 304	Biodiversity	304-3	Protected or restored habitats		Not applicable: Fluidra has no production centers in protected areas
GRI 304	Biodiversity	304-4	Species listed on the IUCN Red List and in national conservation lists whose habitats are in areas affected by operations		Not applicable: Fluidra has no production centers in protected areas
GRI 305	Emissions	305-1	Direct GHG emissions (Scope 1)	EINF	86
GRI 305	Emissions	305-2	Indirect GHG emissions from power generation (Scope 2)	EINF	86
GRI 305	Emissions	305-3	Other indirect GHG emissions (scope 3)	EINF	86
GRI 305	Emissions	305-4	GHG emission intensity		86
GRI 305	Emissions	305-5	Reduction of GHG emissions	EINF	86
GRI 305	Emissions	305-6	Emissions of ozone-depleting substances (ODS)		86
GRI 305	Emissions	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	EINF	86
GRI 306	Effluent and waste	306-1	Discharge of water according to its quality and destination	EINF	91
GRI 306	Effluent and waste	306-2	Waste by type and method of disposal	EINF	90
GRI 306	Effluent and waste	306-3	Significant spills	EINF	91

No. GRI STANDARDS	STANDARD GRI TITLE	CONTENT NUMBER	CONTENT TITLE	EINF (1)	PAGE / OMISSION / REMARKS
GRI 306	Effluent and waste	306-4	Transport of hazardous waste		91
GRI 306	Effluent and waste	306-5	Water bodies affected by water discharges and/or runoff	EINF	91
GRI 307	Environmental compliance	307-1	Non-compliance with environmental legislation and regulations		85
GRI 308	Environmental assessment of suppliers	308-1	New suppliers who have passed evaluation and selection filters according to environmental criteria	EINF	113
GRI 308	Environmental assessment of suppliers	308-2	Negative environmental impacts on the supply chain and measures taken	EINF	113
GRI 401	Employment	401-1	New employee hires and staff turnover	EINF	95
GRI 401	Employment	401-2	Benefits for full-time employees that are not given to part-time or temporary employees		All employees have equal rights to social benefits
GRI 401	Employment	401-3	Parental leave	EINF	95
GRI 402	Worker/ Company relations	402-1	Minimum notice periods for operational changes		99
GRI 403	Health and safety at work	403-1	Workers' representation in formal worker-employer health and safety committees	EINF	95,105
GRI 403	Health and safety at work	403-2	Types of accidents and accident frequency rate, occupational illnesses, lost days, absenteeism and number of deaths due to occupational accidents or illnesses	EINF	95,105
GRI 403	Health and safety at work	403-3	Workers with high incidence or high risk of diseases related to their activity		95,105
GRI 403	Health and safety at work	403-4	Health and safety issues addressed in formal agreements with trade unions		105,107
GRI 404	Training and education	404-1	Average hours of training per year per employee	EINF	104



No. GRI STANDARDS	STANDARD GRI TITLE	CONTENT NUMBER	CONTENT TITLE	EINF (1)	PAGE / OMISSION / REMARKS
GRI 404	Training and education	404-2	Employee skill enhancement and transition assistance programmes		104
GRI 404	Training and education	404-3	Percentage of employees receiving periodic performance and professional development evaluations		94,105
GRI 405	Diversity and equal opportunities	405-1	Diversity in governing bodies and employees	EINF	66,95
GRI 405	Diversity and equal opportunities	405-2	Ratio of basic salary and remuneration of women to men	EINF	95
GRI 406	Non-discrimination	406-1	Cases of discrimination and remedial action taken	EINF	77
GRI 407	Freedom of association and collective negotiation	407-1	Transactions and suppliers whose right to freedom of association and collective bargaining could be at risk		113
GRI 408	Child labour	408-1	Operations and suppliers with significant risk of child labour cases		103,113
GRI 409	Forced or compulsory labour	409-1	Operations and suppliers with significant risk of forced or compulsory labour cases		103,113
GRI 410	Security practices	410-1	Security personnel trained in human rights policies or procedures		Not applicable: Fluidra does not have its own security personnel
GRI 411	Rights of Indigenous Peoples	411-1	Cases of violations of the rights of Indigenous Peoples		Not applicable: Fluidra does not operate in areas with Indigenous communities
GRI 412	Human rights assessment	412-1	Operations subject to human rights impact reviews or assessments	EINF	104
GRI 412	Human rights assessment	412-2	Training of employees in human rights policies or procedures	EINF	104
GRI 412	Human rights assessment	412-3	Significant investment agreements and contracts with human rights clauses or subject to human rights assessment		Non-material

No. GRI STANDARDS	STANDARD GRI TITLE	CONTENT NUMBER	CONTENT TITLE	EINF (1)	PAGE / OMISSION / REMARKS
GRI 413	Local communities	413-1	Operations with local community participation, impact assessments and development programmes		Non-material
GRI 413	Local communities	413-2	Operations with significant negative impacts –real and potential – on local communities	EINF	85
GRI 414	Social evaluation of suppliers	414-1	New suppliers who have passed selection filters according to social criteria		113
GRI 414	Social evaluation of suppliers	414-2	Negative social impacts on the supply chain and measures taken		113
GRI 415	Public policy	415-1	Contributions to political parties and/or representatives		Not applicable: Fluidra does not contribute to political parties or their representatives
GRI 416	Customer Health and Safety	416-1	Assessment of Health and safety impacts of product or service categories		109
GRI 416	Marketing and labelling	416-2	Non-compliance of Health and safety impacts of product or service categories	EINF	109
GRI 417	Marketing and labelling	417-1	Requirements for information and labelling of products and services		111
GRI 417	Marketing and labelling	417-2	Incidents of non-compliance concerning product and service information and labeling		111
GRI 417	Marketing and labelling	417-3	Incidents of non-compliance concerning marketing communications		111
GRI 418	Customer privacy	418-1	Substantiated claims regarding violations of customer privacy and loss of customer data		111
GRI 419	Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic fields		114

## 14.3 Additional information and contact

**NAME OF COMPANY** *(GRI 102-1)*

FLUIDRA

**OWNERSHIP AND LEGAL FORM** *(GRI 102-5)*

Parent Company of the Fluidra Group: Fluidra, S.A.

**LOCATION OF HEADQUARTERS** *(GRI 102-3)*

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**REPORTING PERIOD** *(GRI 102-50)*

Year 2019

**DATE OF LAST REPORT** *(GRI 102-51)*

Dec 2018

**REPORTING CYCLE** *(GRI 102-52)*

Annual

**CONTACT INFORMATION FOR QUESTIONS ABOUT THE REPORT** *(GRI 102-53)*

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The background of the entire page is a vibrant blue with a pattern of light-colored, irregular, interconnected shapes that resemble ripples on water or a cellular structure. The text is centered in white, bold, uppercase letters.

**FLUIDRA**

**INTEGRATED  
REPORT  
2019**