

**Reasoned report issued by the Board of Directors of Fluidra, S.A. on the proposal for approval of the Directors' Compensation Policy**

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In Sabadell, on March 25, 2021

## **1. Introduction**

Article 529 novodecies of the Capital Companies Law (“**LSC**”) requires the Shareholders’ Meeting to approve the directors’ compensation policy every three years at least. The Director’s compensation policy proposed by the Board of Directors must be reasoned and must be accompanied by a specific report issued by the Appointments and Compensation Committee (“**ACC**”). Both documents must be made available to the shareholders on the company’s website as from the issue of the notice calling the Shareholders’ Meeting, and express mention must be made of the shareholders’ right to request that they be delivered or sent to them free of charge.

In accordance with article 529 novodecies of the LSC, the Board of Directors of Fluidra, S.A. (“**Fluidra**” or the “**Company**”), following a report by the Appointments and Compensation Committee, has approved this reasoned proposal for approval of the directors’ compensation policy of Fluidra for the years 2022, 2023 and 2024 (“**Compensation Policy**”) which shall be submitted for approval by the Company’s Shareholders’ Meeting on May 6, 2021.

## **2. Justification for the proposal**

Given that the term of the Compensation Policy approved by the Fluidra Shareholders’ Meeting in 2018 ends in 2021, the ACC has carried out a thorough overall review of such policy in order to present the Compensation Policy for 2022 to 2024 inclusive to the Fluidra Shareholders’ Meeting for approval.

The Compensation Policy proposed for approval continues along the same lines as the Compensation Policy approved in 2018, which is valid through to 2021 inclusive, the understanding being that it contributes to the business strategy and the long-term interests and sustainability of the Company and its shareholders, and is fully aligned with the targets set by Fluidra for both the short and long terms. It therefore adheres to the same principles and bases as the previous policy, i.e. that compensation should be reasonably commensurate to the importance of the Company, its financial position, and market standards among comparable companies, and should be geared towards promoting the creation of value sustainable over the long term, linking the compensation of directors to results and to shareholders’ interests, while including the necessary safeguards to avoid excessive risk-taking and the rewarding of poor results. Similarly, consideration has been given to the economic environment, the Company’s results, the Group’s strategy, best market practices and Corporate Governance recommendations in relation to compensation.

It has nevertheless been considered appropriate to update the general principles governing the Compensation Policy approved in 2018, clarifying or expanding upon certain aspects and introducing new principles to reflect best practice, market standards, and the new recommendations of the CNMV’s Good Governance Code for listed companies.

### **3. Term**

Without prejudice to the provisions of the LSC as regards compensation policies for board members, the Compensation Policy will be valid for the years 2022, 2023 and 2024, save for any modifications, adaptations, updates or replacements agreed from time to time, which shall be submitted for approval to the Fluidra Shareholders' Meeting.

### **4. Conclusion**

Based on the above, the conclusion reached by the Board of Directors of Fluidra is that the Compensation Policy presented to the Fluidra Shareholders' Meeting for approval, which is attached hereto as an **APPENDIX**, complies with the current legislation and follows the latest recommendations and best practice in compensation matters, while also complying with the following principles:

- It contributes to the business strategy and to the long-term interests and sustainability of the Company.
- It is clear and comprehensible and describes the different components of fixed and variable compensation which can be awarded to directors.
- The amount of compensation complies with the principle of prudence, serves as an incentive, and is in keeping with the level of responsibility, dedication, qualifications and degree of professional involvement of the directors in their functions.
- It complies with the principles and recommendations assumed by the Company in relation to Corporate Governance.
- It is in keeping with market standards and practices and with the Company's strategic planning, and is effective as a means of attracting, motivating and retaining the best professionals.

In accordance with the foregoing, the Fluidra Board of Directors, following a favorable report by the ACC, concludes that the Compensation Policy is in keeping with the principle of prudence and with best market practices, bearing a relation to the level of responsibilities, functions assumed and professional performance of the directors. All of the foregoing, in the Board of Directors' view, provides the Company with a compensation policy for its directors that is suitable for the coming years, aimed at creating value at the Company, through prudent risk management, aligned with shareholders' interests, and respecting the recommendations assumed in relation to Corporate Governance.