

**Report issued by the Appointments and Remuneration Committee of Fluidra, S.A. on  
the proposal to approve the Directors' Remuneration Policy**

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15 March 2024

## 1. Introduction

Section 529.2 of the Capital Companies Act (“LSC”) stipulates that the Directors’ Remuneration Policy must fall in line with the remuneration system provided for in the Articles of Association and be approved by the AGM. The draft Directors’ Remuneration Policy must be put forward and accompanied by a specific report written by the Appointments and Remuneration Committee (“ARC”). The two documents must be made available to the shareholders on the company’s website when the AGM is called. Shareholders will be entitled to have them sent to them free of charge.

This document is the report issued by the ARC of Fluidra, S.A. (“**Fluidra**” or the “**Company**”) that substantiates the approval of the Company’s Directors’ Remuneration Policy that will remain in force from the date in 2024 on which it was approved by Fluidra’s AGM (“**Meeting**” or “**AGM**”), through to fiscal years 2025, 2026 and 2027 (“**Remuneration Policy**”), which has been submitted to Fluidra’s board of directors (“**Board**” or “**Board of Directors**”) so that it may in turn put it forward for approval by the AGM.

## 2. Report on the Remuneration Policy

The Remuneration Policy for fiscal years 2022 through to the 2024 year-end was approved in 2022. It entered into force on the date of its approval. Therefore, as provided for in section 529.2 of the LSC, the Remuneration Policy approved in 2022 must come up for renewal before the end of the fiscal year in which it remains in force. Following approval by the AGM, the new Policy would come into force from its date of approval for the three following fiscal years, that is, until 31 December 2027.

The Remuneration Policy whose approval is being proposed continues along the same lines as that currently in force insofar the principles, structure and the content of remuneration packages are concerned. It therefore adheres to the same principles and rules as the previous policy, namely, that remuneration should be reasonably commensurate to the size of the Company, its financial position and market standards for comparable companies, and should be geared towards promoting the creation of value sustainable over the long term by linking the remuneration of directors to results and to the shareholders' best interests, while including the necessary safeguards to avoid excessive risk-taking and rewarding of poor results.

However, it was considered timely to make some adjustments to it so that it was closer in line with the interests of stakeholders, the Group's strategy, and the practices in the sector and in comparable companies. In this respect, a new comparative analysis has been undertaken in order to bring the remuneration received by the Directors in respect of their functions as such, and the remuneration of the Executive Directors, into line with that found in companies which

are comparable in terms of their size, sector, and the domestic and international markets in which they operate. This analysis was undertaken by the consulting firm Willis Towers and Watson in relation to the Executive Directors. This analysis used the following criteria to select the baseline group: companies in the same industrial sector and companies considered to be competitors in terms of talent, whose turnover and market capitalization is approximately between 25 and 400% of that of Fluidra, and whose main HQ is in Europe and the USA, in order to reflect Fluidra's geographical context. Consideration has also been given to the information received from institutional investors and proxy advisors, as well as to the provisions of the Good Corporate Governance Code in relation to Directors' remuneration.

Therefore, this Remuneration Policy is in line with the best good governance practices and market trends, as well as being transparent so that the principles on which it is based can be clearly appreciated.

The amendments introduced are described below.

(i) Qualitative amendments

From a qualitative standpoint, the Remuneration Policy follows the same lines as the last policy approved by the AGM, as it remains transparent and clearly sets out the principles on which it is based.

The Policy follows the principles that governed the last policy approved by the AGM. However, in order to improve the transparency of the Remuneration Policy, it was considered advisable to both standardize and give a breakdown of the remuneration items, the criteria for paying them and the amounts each individual is assigned – i.e. the variable remuneration accrued – in every Annual Remuneration Report (“IAR”). The targets of the metrics to which each item is linked will also be published, as well as their degree of attainment and the incentives accrued in percentage terms in respect of each metric, based on the degree of attainment of the targets to which these metrics are linked.

(ii) Quantitative amendments

The main quantitative changes introduced in the Remuneration Policy are as follows:

- An increase in the maximum annual remuneration payable to the Directors for their functions as such, effective as of 8 May 2024, in order to adapt it to the rise in the number of the members of the Board, so it has changed from 2,000,000 euros to 2,200,000 euros.

- The possibility of approving a new long-term incentive for Fluidra's key and executive directors while the Policy still applies, namely, in 2024, which is the first year in the last cycle of the 2022–2026 Plan.

In short, the Remuneration Policy aims to ensure that the Directors' remuneration is proportionally reasonable in terms of the size of the Company, its financial situation and the market standards for comparable companies, in order to attract and retain talent. The remuneration policy in place is intended to encourage long-term sustainable value creation by linking the Directors' remuneration to results and the best interests of shareholders by introducing the measures required to prevent taking on excessive risks and rewarding poor results.

### **3. Term**

Notwithstanding the provisions of the LSC on the remuneration policies of board members, the Remuneration Policy will remain in force from its date of approval in 2024 through to fiscal years 2025, 2026 and 2027, unless it is amended, adapted, updated or replaced at any time, in which case such changes will be submitted to the AGM for approval.

### **4. Conclusions**

Based on the foregoing, the ARC has concluded that the Remuneration Policy that it has put forward for approval to the Board of Directors so that it may, in turn, submit it to the AGM for approval, which has been attached as **SCHEDULE II**, complies with the laws in force and follows the latest recommendations and best practices on remuneration, as well as falling in line with the following principles:

- Contribution to the business strategy and to the long-term interests and sustainability of the Company.
  - Long-term variable remuneration must be subject to a target measurement period of at least three years.
  - Measures are included that are designed to mitigate risks (malus and clawback clauses in respect of long-term variable remuneration, the absence of guaranteed variable remuneration, and the obligation to hold shares received in the settlement of long-term remuneration for a set term and at a set amount).

- Variable remuneration is linked to the achievement of objectives, including, amongst others, ESG targets, that are aligned with the Company's corporate interests, strategic plan and long-term sustainability.
- Fairness commensurate with the pay conditions of the Company's employees as a whole.
- Balance between the various remuneration items.
- The remuneration paid falls in the framework of the principle of prudence and provides incentives, in line with the Directors' levels of responsibility, workload, expertise and performance in the discharge of their duties.
- Remuneration is in keeping with the principles and recommendations adopted by the Company on Corporate Governance matters.
- Remuneration responds to market standards and practices and is consonant with the Company's strategic approach, as a result of which it is effective for attracting, motivating and retaining the best professionals, with the assistance of external advisors should this be necessary..

In view of what has been discussed in this report, the ARC has concluded that the Remuneration Policy is in keeping with the principle of prudence and reflects best market practices, as it is in line with the Directors' levels of responsibility, functions and performance in the discharge of their duties.

In the opinion of the ARC, all of the above allows the Company to have a suitable Directors' Remuneration Policy in place for the coming years that pursues creating value for the Company, through prudent risk management, aligned with the best interests of shareholders and with the guidelines on Corporate Governance, all of which takes account of the current size and position of the Company in the market.

**SCHEDULE**

**Fluidra S.A. Directors' Remuneration Policy**