

# CORPORATE RESPONSIBILITY

ENVIRONMENTAL,  
SOCIAL, & CORPORATE  
GOVERNANCE

 **POOLCORP**<sup>®</sup>

*Where Outdoor Living Comes to Life<sup>®</sup>*

**2021**

[poolcorp.com](http://poolcorp.com)

# FROM OUR LEADERSHIP

**We are pleased to publish our inaugural Corporate Responsibility Report. In the following pages we highlight our commitment to conducting our business in an ethical, environmentally-friendly, socially-responsible, and sustainable manner. In future reports, we look forward to sharing with you our progress toward meeting our objectives.**

Our swimming pool and outdoor living products enable our customers to create environments “where outdoor living comes to life.” Our products foster enhanced enjoyment of the natural environment and healthy lifestyles, which we believe are well aligned with our commitment to sustaining and improving our local communities. Implementing and executing operating practices that contribute to healthy and safe lifestyles and working experiences is critical to our ongoing long-term success, as a company and an industry.

In this initial report, we are introducing various environmental, social, and governance activities that we believe are important to our future success. In some areas we have established preliminary measurement criteria and improvement goals, and in others we are continuing to develop relevant metrics, measurement processes and reporting procedures. We are examining guidelines developed by several well-respected international organizations and closely monitoring regulatory developments as we move forward with our goal of establishing accurate, meaningful, and transparent reporting processes to measure our future progress.

Pool Corporation has a legacy of ethical, transparent, environmentally-responsible business practices. We are committed to continuing our legacy of responsible corporate stewardship with an increasing focus on ESG principles moving forward. We appreciate your support and will provide updates on our progress in future reports.

Sincerely,

**John E. Stokely**

Chairman of the Board of Directors

**Peter D. Arvan**

President & Chief Executive Officer



# E S G

## ENVIRONMENTAL:

## SOCIAL:

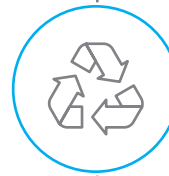
## GOVERNANCE:

POOLCORP® is firmly committed to safe, sustainable work practices. As a company, our goal is to enrich outdoor home life for families while ensuring the best future for our employees, our customers, and the communities in which we live and work.

We are dedicated to appropriately managing environmental, social, and governance matters and believe it is essential to our role as a global industry leader.



**IMPROVE ENERGY EFFICIENCY**



**REDUCE WASTE**



**PROTECT NATURAL RESOURCES**



**EMPLOYEE CARE AND SAFETY**



**DIVERSITY, EQUITY AND INCLUSION**



**GIVE BACK TO COMMUNITY**



**ETHICS AND COMPLIANCE**



**ALIGNED COMPENSATION**



**DATA PRIVACY AND SECURITY**

# COMPANY HIGHLIGHTS

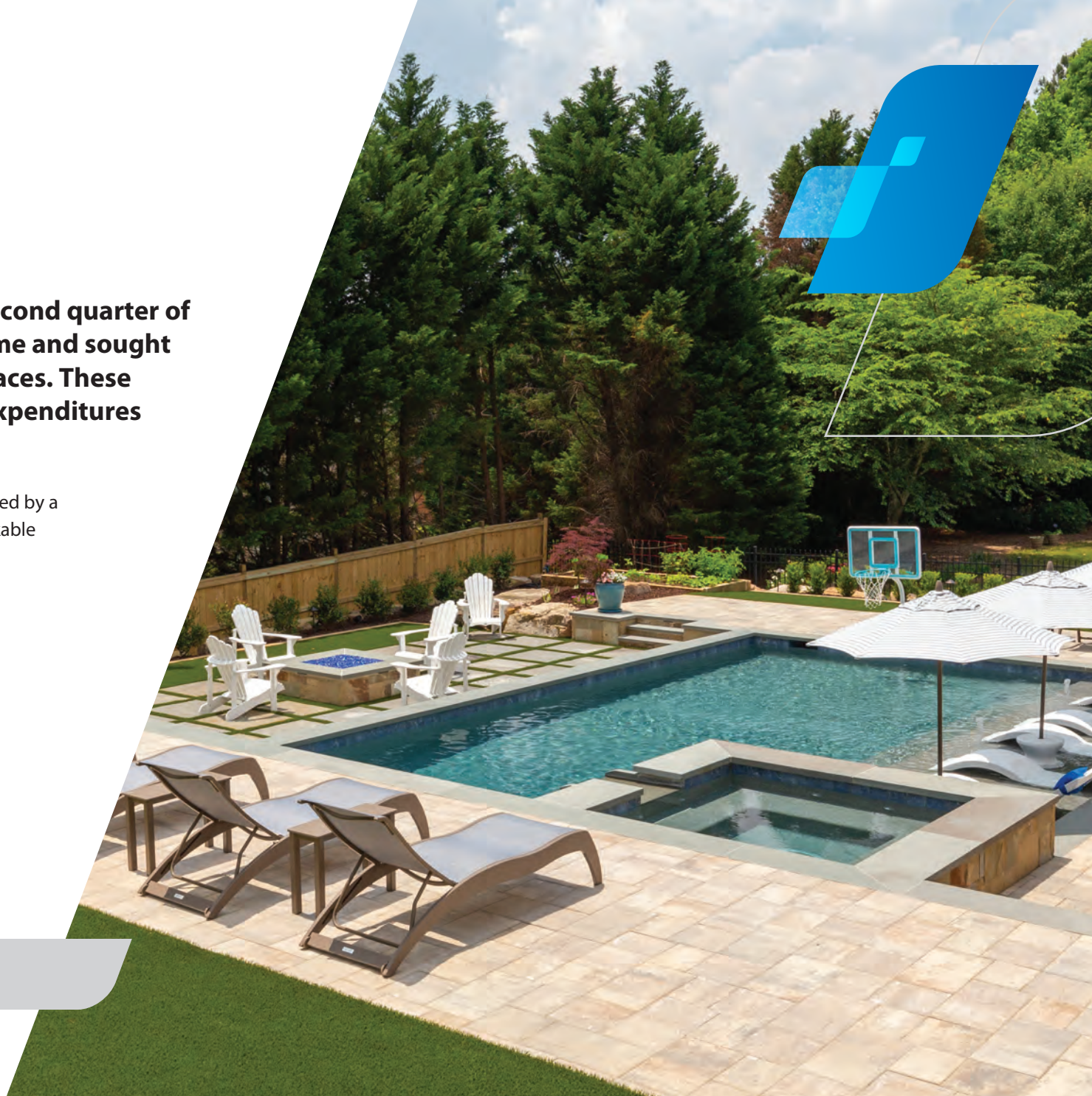
The unprecedented demand we experienced beginning in the second quarter of 2020 continued through 2021 as families spent more time at home and sought ways to create and expand outdoor living and entertainment spaces. These trends drove an increase in new pool construction and greater expenditures for maintenance and remodeling products.

Our employees rose to the occasion, successfully serving our customers in an environment marked by a sharp rise in demand coupled with historic supply chain disruptions. Their efforts yielded remarkable results, and our annual net sales rose to a historic \$5.3 billion. Our employees accomplished this while remaining focused on protecting the health and well-being of our customers, employees, and other stakeholders.

## OUR FINANCIAL ACCOMPLISHMENTS FOR FISCAL 2021 INCLUDED:

- record annual sales of \$5.3 billion, up 35% over 2020;
- record operating income of \$832.8 million, up 79% over 2020;
- record operating margin of 15.7%, a 390 basis point increase over 2020; and
- record 2021 diluted EPS of \$15.97, an increase of 78% over 2020.

2021: **\$5.3 BILLION** in annual net sales



# OUR INDUSTRY

*From the benefits of recreation and exercise, to the joy and beauty of having one's own backyard oasis, pools enhance the lives of homeowners and their families on a daily basis.*

Thanks to a renewed desire to spend more time outside in the comfort and safety of one's own backyard pool and outdoor living space, swimming pools are now regarded as a highly desirable feature according to the National Association of Realtors.

As people continue to move away from urban living areas to more suburban housing and populations migrate south to more pool-friendly markets, we believe the future of the pool industry indeed looks bright.

At POOLCORP®, we provide the products, services, and commitment to enhance the quality of outdoor home life for families worldwide.



# INDUSTRY TRENDS



**Favorable demographic and socioeconomic trends have positively impacted our industry, and we believe these trends will continue to do so in the long term.**

## THESE FAVORABLE TRENDS INCLUDE THE FOLLOWING:



long-term growth in housing units in warmer markets due to the population migration toward warmer areas, where use of the outdoor home environment is more prevalent and extends longer throughout the year



increased homeowner spending on outdoor living spaces for relaxation and entertainment



consumers bundling the purchase or remodel of a swimming pool with other key components of outdoor living including efficient irrigation systems, low-water landscaping, accessories, etc.



consumers using more automation and control products, higher quality materials, and other pool features that add to our sales opportunities over time



consumers' increasing focus on environmentally-sustainable, energy-efficient products



increased consumer spending driven by stay-at-home and remote work trends as homeowners seek to create attractive areas in their backyards as an extension of their home space

Non-financial references throughout this report, including carbon emissions, fleet metrics, water usage, and recycling impacts generally reflect data related to our U.S. operations, as it is more readily available for analysis and represents the largest component of our business.

**ENVIRONMENTAL:**

- Improve Energy Efficiency
- Reduce Waste
- Protect Natural Resources

**SOCIAL:**

- Employee Care & Safety
- Diversity, Equity & Inclusion
- Give Back to Community

**GOVERNANCE:**

- Ethics & Compliance
- Aligned Compensation
- Data Privacy & Security

# ENVIRONMENTAL

**IMPROVE ENERGY EFFICIENCY**

**REDUCE WASTE**

**PROTECT NATURAL RESOURCES**



### **ENERGY EFFICIENCY IN OUR FLEET**

**Maximizing the efficiency of our fleet is an important step in reducing our carbon emissions.**

We actively monitor metrics such as vehicle utilization, speed, idle time, miles per gallon, and historical maintenance, and we use this data to make decisions regarding when and where to use a vehicle and when to retire a vehicle.

In 2021, orders delivered by POOLCORP® fleet vehicles yielded ratios of 1:2 for orders per gallon and 1:30 for orders per mile driven.

We also recently completed a baseline fleet fuel consumption study noting that our commercial vehicles consumed 3.4 million gallons of fuel in 2021. This benchmark serves as a guide to our 2022 initiative to increase our fuel efficiency by improving miles per gallon and reducing idling time. Currently, we are working to reduce our idling time to 10% or less throughout our fleet by identifying sales centers with vehicles above this target and working with them to implement best practices.

Additionally, we continue to explore alternative fuel vehicles, including natural gas, electric, and propane.



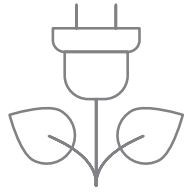
### **ENERGY EFFICIENCY AT OUR FACILITIES**

**We are actively exploring opportunities to reduce our energy consumption at our facilities, including testing alternative energy sources.**

We are also piloting more opportunities to reduce our power grid energy consumption by installing solar panels and skylights at our warehouses.





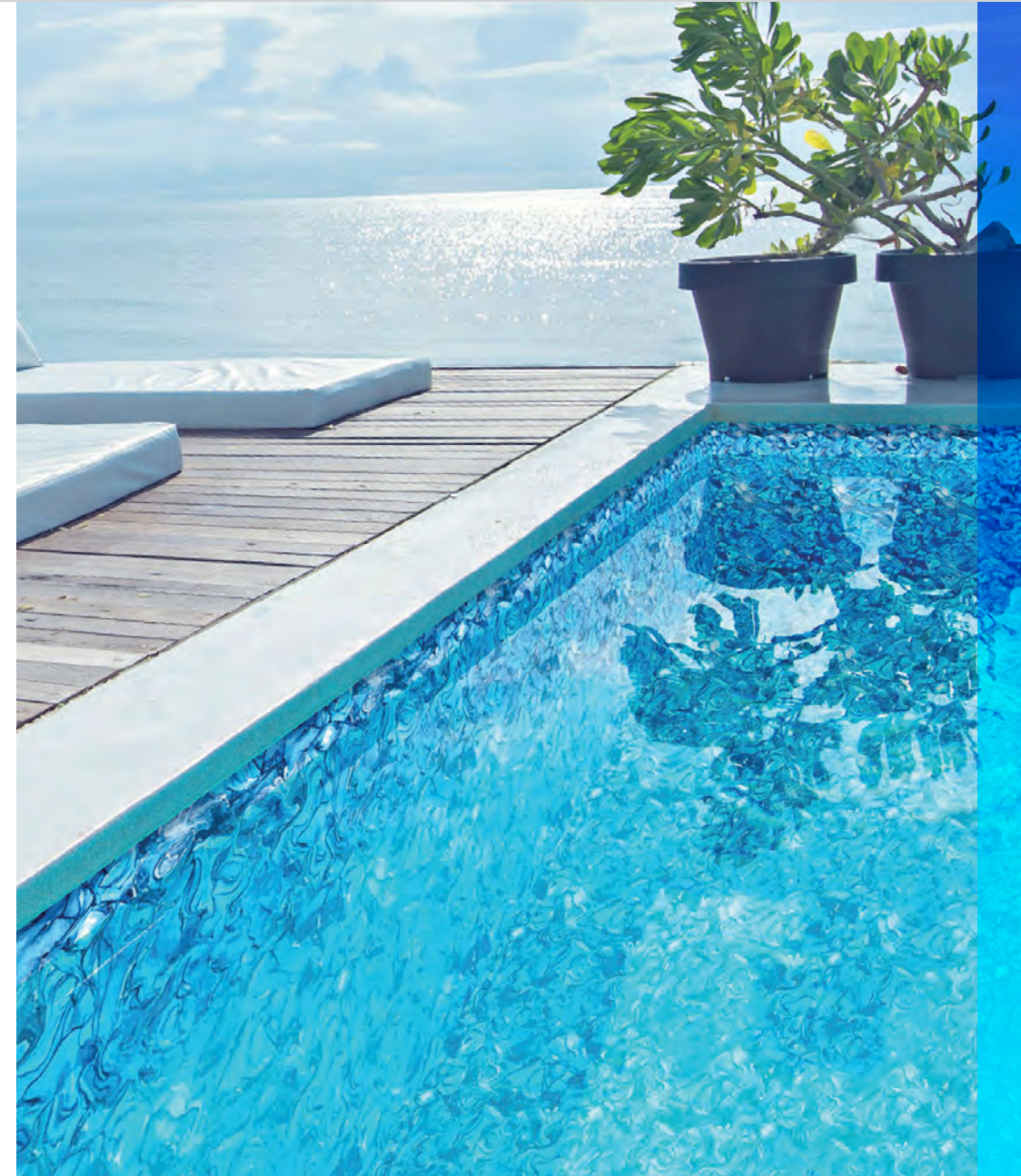


## **PROMOTING ENERGY-EFFICIENT AND ENVIRONMENTALLY-FRIENDLY PRODUCTS**

**We make an impact by promoting and selling energy-efficient and environmentally-friendly products.**

- Energy Star® certified pool and spa pumps meet strict energy efficiency criteria and provide up to 80% energy savings per year.
- Variable speed pumps require less energy, and we work collaboratively with local electric companies to promote rebates associated with these eco-friendly pumps.
- Eco Select® products save energy, conserve water, eliminate or reduce noise, or otherwise contribute to a more environmentally-responsible equipment system.
- Cartridge filters allow pool owners to efficiently filter out even the smallest particles without using water to backwash.
- Robotic pool cleaners can be up to 90% more efficient than suction and pressure cleaners.
- High-efficiency pool and spa heaters heat water using less energy, more cost-effectively, and with lower noise levels.
- ReNew™ vinyl liners contain 51% recycled content and are made from the first high-performance pool vinyl to be certified as a sustainable product.
- Pool covers prevent heat, water, and chemical loss, allowing homeowners to conserve energy and water.
- Solar pool heating systems boast extremely low annual operating costs and typically pay for themselves in a few years.
- LED and solar landscape lighting significantly reduce energy usage and costs.
- Battery-operated power equipment and propane gas zero-turn mowers reduce greenhouse gas emissions and harmful noise.
- Propane, natural gas, and solar-powered heaters with auto shut-off capabilities produce lower emissions than other comparable products and do not require the use of ozone-depleting chemicals.

*The Energy Star® certification mark, EcoSelect® certification mark, and ReNew™ trademarks are third-party marks unaffiliated with POOLCORP®.*





## REDUCING PAPER DOCUMENTATION

Over the years, we have progressed in the conversion of purchase orders and invoices from paper to electronic.

In 2019, we eliminated one million pieces of paper to achieve our goal of 45% electronic documentation. In 2020, we significantly increased our electronic processing to achieve our goal of 60%, and in 2021, we achieved our goal of 65% electronic documentation.

2021: Increased electronic documentation to **65%**



## INCREASING RECYCLING IMPACT

POOLCORP® participates in a diverted refuse project to reduce our carbon footprint and keep recyclable items out of landfills.

In 2021, we diverted nearly 4,000 tons of waste materials, reducing our waste content going to landfills by over 13%. We continue exploring innovative ways to increase recycling to further reduce our carbon footprint.

IN 2021, WE DIVERTED THE FOLLOWING:

**1,715 TONS**  
Mixed recyclables

**548 TONS**  
Cardboard

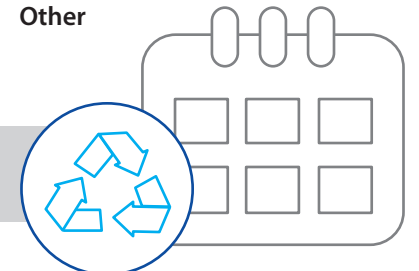
**814 TONS**  
Construction/demolition

**339 TONS**  
Wood

**241 TONS**  
Trash

**300 TONS**  
Other

2021: Diverted **4,000** tons of material





## REDUCING PACKAGING

**Our returnable container and bulk chemical programs significantly reduce waste.**

These two programs are having a powerful impact on our waste reductions efforts. In 2021, our bulk bleach chemical sales prevented 14.5 million plastic bottles (1,700 tons of plastic) and 3.8 million boxes (2,100 tons of cardboard) from entering landfills.



**2021:** Prevented **1,700** tons of plastic and **2,100** tons of cardboard from entering landfills



## ENVIRONMENTAL HEALTH SAFETY PROGRAM

**We distribute products and transport chemicals across North America, Europe, and Australia, and protecting the environment and our people and using resources responsibly are foremost concerns.**

All employees have a duty to report any environmentally harmful acts of which they are aware with no threat of negative repercussions. We comply with applicable regulations pertaining to our packaging, labeling, reporting, and transportation, and we expect our suppliers to meet these same standards. We require potential suppliers to complete the POOLCORP® Supplier Profile and Safety Survey, which includes questions regarding supplier environmental practices and safety programs. Using this survey and other due diligence, we determine whether or not a supplier’s environmental and safety values align with our Supplier Code of Conduct.

We extensively train our employees to manage chemicals appropriately, including training on handling, storage, disposal, on-site response management, and recalls. Our corrective action program consists of regular site inspections to identify deficiencies and, if necessary, provide measures for prompt correction. We also review new processes to identify potential hazards and make changes where necessary to ensure that our employees and the environment are protected.

We outline responsibilities in our POOLCORP® Safety Manual and within site-specific evacuation plans. Our North American sales centers have 24/7 access to the POOLCORP® Safety Emergency Line and response management vendors who are available to respond immediately to on-site emergencies, including hazmat and weather-related events. In addition, we also provide our customers 24/7 emergency support through a third party vendor to assist with any product-related emergencies.

When we are notified of a chemical recall, we immediately lock down the sale of the product, quarantine the product, and notify our customers. We then coordinate the product’s disposal from all of our sales centers either through the manufacturer or through hazardous waste disposal.





## CONSERVING WATER

**Our industry revolves around water, and we are committed to protecting this vital resource.**

We recently conducted a water study to understand our current usage patterns. Based on company data for a sample of locations, we estimate that our employees use an average of 36 gallons of water per day for business needs at our sales centers. We believe there is opportunity for improvement in this area, and we are working toward reducing our usage by 5% over the next five years.

We promote products and programs that reduce water consumption. We are a member of the U.S. Environmental Protection Agency’s WaterSense program, which offers a simple way for consumers to identify water-efficient products. WaterSense-labeled products are certified to use at least 20% less water, save energy, and perform as well as or better than other competing models. Our WaterSense-labeled products include irrigation products sold by Horizon™ that reduce a household’s irrigation water usage.

Pool covers fight evaporation and conserve pool water, and we offer consumers many options. Physical pool covers, including safety, solar, and automatic covers, as well as liquid covers, all prevent evaporation and help pool owners conserve water and reduce chemical loss.

In 2021, in celebration of World Water Day, we donated to DIGDEEP, a human rights nonprofit organization working to close the water gap and bring clean, hot and cold running water to every American.



**“Pool covers fight evaporation and conserve water, and we offer consumers many options.”**



## REDUCING OUR CARBON FOOTPRINT

**Reducing greenhouse gas emissions is critical to protecting our environment and slowing climate change.**

Our main source of greenhouse gas emissions comes from the fuel we use in our fleet of company vehicles. Our goal is to reduce our carbon footprint 5% by 2025. We plan to accomplish this through a combination of improving our fleet carbon emissions and increasing our carbon offset efforts through the planting of trees and our landfill diversion program.

In 2021, our company fleet created 8,600 metric tons of carbon emissions (MtCO<sub>2</sub>e). Based on company data, we estimate that we offset 5,700 MtCO<sub>2</sub>e (66%) through our landfill diversion program and tree planting efforts. We donated 5,000 trees through the National Forest Foundation in celebration of Earth Day 2021 and partnered with LightStream™ and American Forests™ to plant a tree with every LightStream™ loan. The two initiatives combined led to the reforestation of over 150 acres.



Reduce our carbon footprint **5%** by 2025

**“POOLCORP® initiatives in 2021 led to the reforestation of over 150 acres.”**

# SOCIAL

**EMPLOYEE CARE & SAFETY**

**DIVERSITY, EQUITY & INCLUSION**

**GIVE BACK TO COMMUNITY**





## **EMPLOYEE CARE AND SAFETY**

**At POOLCORP®, our employees are our greatest asset, and safety is our number one priority. We strive for GOAL ZERO: zero employee injuries, zero preventable vehicle accidents, and zero roadside violations.**

**WE TAKE MANY STEPS TO HELP US REACH OUR GOAL.**

- We provide the safest workplace environments possible, continually working to improve safety in each of our locations. Constant vigilance is key to maintaining a safe work environment.
- We actively engage with employees and demonstrate commitment to an injury-free workplace.
- We maintain strong safety and health policies and procedures, including regular audits and investigations as needed.
- We require extensive in-facility as well as virtual training on safe work practices.
- We continue to modernize our fleet with advanced safety features such as hands-free capabilities and back-up cameras.
- We deliver high quality products along with easily accessible safety data sheets and product manuals.
- We ensure employees understand they have the right and the duty to stop unsafe situations without risk of retaliation.







## **HEALTH AND WELLNESS**

**Engaged and energetic employees make the best workers. In order for our employees to be at their best, they need to be healthy.**

To that end, we offer a vast array of wellness resources to promote a healthy workforce, and we work to develop innovative wellness programs to help our employees improve their overall health.

**OUR DIVING INTO WELLNESS PROGRAM, AVAILABLE TO ALL EMPLOYEES AND THEIR FAMILIES, PROMOTES A HEALTHY, ACTIVE LIFESTYLE. SOME OF THE BENEFITS OF THE PROGRAM INCLUDE:**

- free yearly health screenings that benchmark and track changes in metrics such as weight, body mass index, and cholesterol;
- online training sessions focusing on physical and mental wellness;
- challenge activities throughout the year, allowing our employees to connect with others;
- access for all employees and their families to LifeWorks, an online program providing helpful tools on hundreds of topics such as physical and emotional health, personal finances, people management, addiction and recovery, legal support, retirement guidance, workplace engagement, and parenting;
- a wellness discount program, offering employee discounts on wellness-related products and services such as fitness centers and nutrition counseling; and
- a healthy recipe forum on our Diving Into Wellness website.

**THE COMPREHENSIVE WELLNESS PROGRAM ALSO INCLUDES:**

- tobacco cessation support;
- financial planning assistance; and
- remote healthcare provider access through Teladoc.





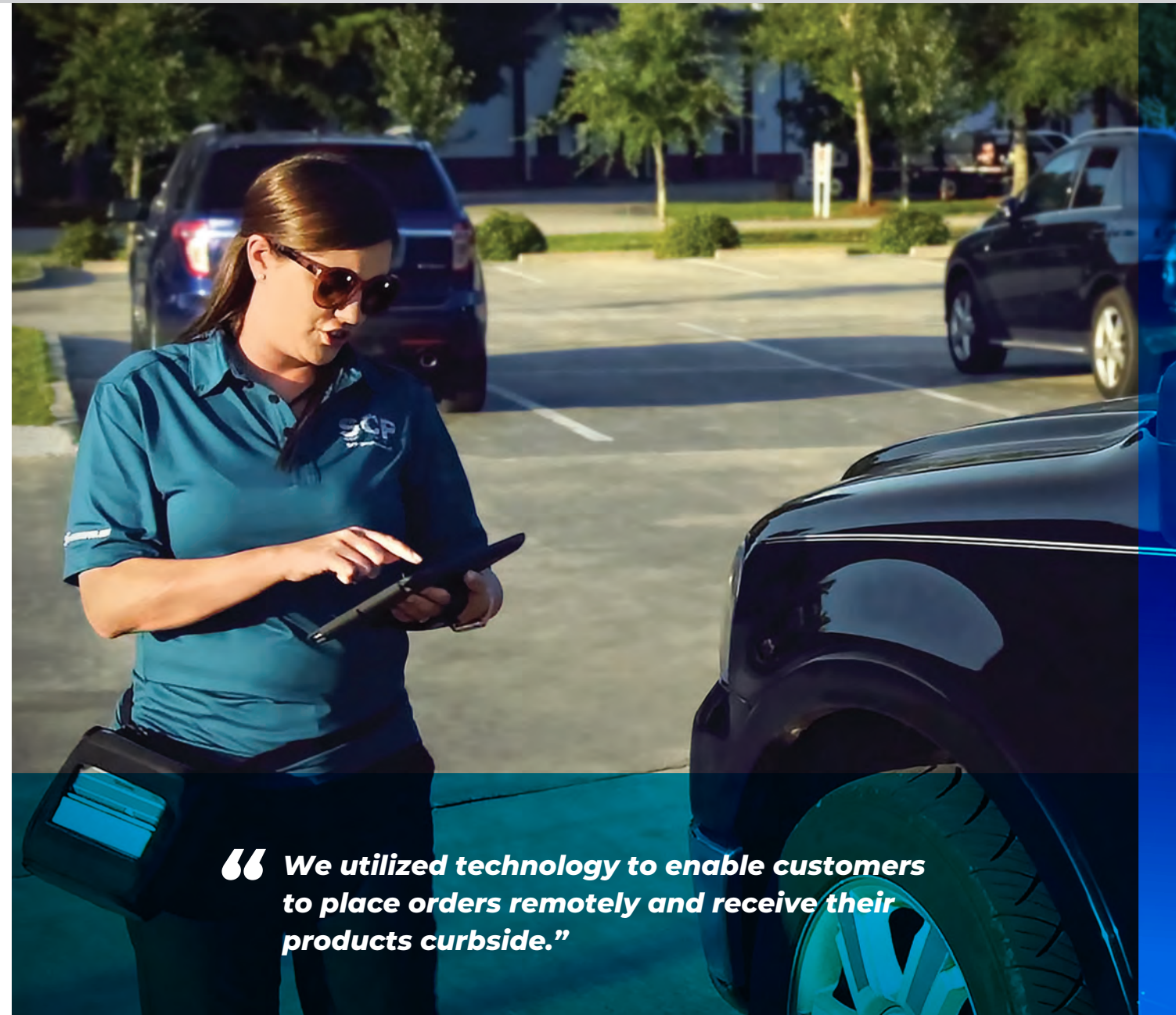
## COVID RESPONSE

### Our employees' response to the COVID-19 pandemic highlights our commitment to safety and service.

As an essential business, our sales centers remained operational throughout the pandemic. The safety of our employees was paramount, and to keep them, their families, and our customers safe, we quickly implemented procedures recommended by the Centers for Disease Control and Prevention in each of our locations including social distancing, the frequent cleaning of surfaces, and enhanced decontamination measures in case of potential exposure. We also provided our employees with gloves and face coverings, installed acrylic barriers, and utilized technology to enable our customers to place orders remotely and receive their products curbside.

We expanded our healthcare coverage and implemented new paid leave benefits for employees who became sick, were quarantined, or needed time off to care for a loved one.

Despite the immense challenges presented by the pandemic, the POOLCORP® team continued to deliver outstanding results while flexibly supporting the needs of their teams, customers and communities – adapting to the changing conditions and supporting the processes that keep people safe.



**“ We utilized technology to enable customers to place orders remotely and receive their products curbside.”**



## EMPLOYEE DEVELOPMENT

**Our employees are our most important asset. When our employees succeed, the company succeeds.**

We strive to be an employer of choice. Our success directly depends on our ability to attract, develop and retain a talented team. To do this, we invest heavily in our employees' safety, training, and development to ensure that each person reaches his or her fullest potential.

To help each of our employees achieve success, we emphasize continuous development opportunities and training that includes safety and security protocols, product and service updates, and technology skills enhancement. In 2021, our employees received approximately 60,000 hours of training including safety, IT, human resources, and product training. These trainings were conducted online, in-person at our EDGEducation training center, and as part of our virtual International Sales Conference.

In-house talent development is vital to our success. In 2021, we rolled out a new and improved performance management process to ensure that all of our employees receive feedback to further their development. This

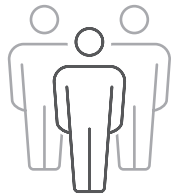
process complements our robust succession planning process. In 2021, nearly 11% of our workforce received a promotion, which is well above the national average.

We provide an entry level program to prepare manager trainees (MITs) for sales and operations management opportunities. In addition, we offer a professional development program (PDMIT) for existing employees to encourage and cultivate their professional growth. Programs include projects, role play scenarios, and lectures by industry experts to provide participants with industry knowledge, leadership skills, and the tools necessary to succeed in our organization.

We use a variety of channels to facilitate open and direct communication with our employees, including open forums with executives and employee experience surveys.

2021: **60,000** hours of employee training





# COMMITTED TO DIVERSITY, EQUITY AND INCLUSION

**We are committed to fostering a diverse and inclusive workplace.**

We believe that a diverse and inclusive workforce delivers the best solutions to complex problems, and we are proud of our culture where differences are welcomed and valued.

We are committed to expanding the diversity of our workforce through the hiring, retention, and advancement of underrepresented populations. In 2021, we furthered these goals by establishing a diversity and inclusiveness team and began our efforts by conducting interviews with a diverse cross-section of our employee population. These interviews provided critical insights that were used to build a detailed DE&I plan that clearly reflects the needs and perspectives of our diverse employees.



**“ In 2021, we established a diversity and inclusiveness team.”**

ENSURING EQUITY AND INCLUSIVITY

It isn't enough to have a diverse workforce; it is critical that each of our employees feels valued, appreciated, and accepted.

We are committed to promoting an inclusive environment and ensuring equal treatment of all employees. In 2021, we expanded our existing content in core employee development programs, adding a DE&I module to all new manager training. We also established the Women's Interactive Network (WIN) to cultivate the growth and development of our female employees and to strengthen our leadership diversity.

2021: Established WIN to support growth and development of female employees



COMMITTED TO EQUAL OPPORTUNITY

We base employment decisions on merit, considering qualifications, skills, and achievements.

We are committed to equal opportunity and will not tolerate discrimination and harassment on the basis of sex, race, color, ethnicity, age, religion, sexual orientation, disability, or any status protected by applicable law.





## RESPONSIBLE LABOR PRACTICES

**We strive to provide market-competitive compensation, benefits, and services to our employees.**

Our performance-based compensation philosophy is based on rewarding each employee’s individual contributions regardless of gender, race, or ethnicity. Our total compensation package includes cash compensation (base salary and incentive or bonus payments), company contributions toward additional benefits (such as health and disability plans), retirement plans with a company match, and paid time off. We also offer the opportunity to become a shareholder through equity grants for management and our employee stock purchase plan which is available to all employees who work a minimum number of hours per year. Our employees can take advantage of a range of benefits, including healthcare and wellness programs, tuition reimbursement for eligible employees and multi-year scholarships to their dependents, and financial wellness programs to provide education and tools to assist in improving and maintaining our employees’ financial futures. We closely monitor employee turnover and conduct exit interviews to gain insight and adapt our engagement and retention strategies as appropriate.

Across our operations and through our supply chain, our expectations of ethical practice with regard to labor conditions remain as stringent as ever. We operate in full compliance with wage, work hours, overtime, and benefits laws. However, our commitment to good labor practices is not limited to minimum standards as we strive to create an environment where the best people want to work.



**“ We strive to create an environment where the best people want to work.”**



## MAKING A DIFFERENCE

**POOLCORP® employees actively volunteer in a multitude of efforts that positively impact our communities.**

Whether it is an event to support a local or global charity, performing work for Habit for Humanity, or assisting in the refurbishment of community swimming pools, our employees make our local communities better places to live, work, and play.

Twenty years ago, a group of employees at our corporate office formed the POOLCORP® Stewardship Committee, which through the years has supported numerous organizations with employee volunteer hours and monetary donations. In addition, our sales center employees are engaged in their communities through the support of local causes. Our company’s matching donation program encourages our employees to get involved and make an impact.

**ORGANIZATIONS WE ARE PROUD TO SUPPORT INCLUDE THE FOLLOWING:**

- Special Olympics
- National Forest Foundation
- Hope & Heroes
- Northshore Food Bank
- Junior Achievement
- YMCA
- DIGDEEP



*The logos pictured above are third-party trademarks unaffiliated with POOLCORP®.*



# DISASTER RELIEF

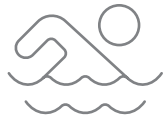
**It is in our company DNA to rally around each other and provide support in times of crisis.**

We have a long history of supplying humanitarian relief to communities following natural disasters such as hurricanes, earthquakes, and fires. We know that the physical and emotional toll of these disasters can be overwhelming, and the related financial impact from a devastating natural disaster can be difficult to bear.

In 2021, we were proud to announce a new program to support employees experiencing a financial hardship due to natural disasters and other catastrophic events. The POOLCORP® Employees 1st Fund provides cash grants to employees in the U.S., Mexico, and Canada who meet the program criteria. Employees, vendors, and others may also make donations to help POOLCORP® employees facing extreme hardship.







# EVERYONE SHOULD KNOW HOW TO SWIM

We believe that every child, regardless of his or her economic situation, deserves to learn how to swim.



Our newly-launched program, A Splash of Joy™, provides swimming lessons to children who otherwise might not have the opportunity to learn basic water safety skills. Recently, we partnered with several YMCAs across the country to provide

these lessons to over 9,000 children and to train more than 450 lifeguards. Recognizing that the lack of necessary apparel and accessories can be a barrier to many families, our employees also successfully coordinated donations of new swimsuits, towels, and goggles to help ensure that children are properly equipped and ready to learn to love the water. We are currently coordinating plans for additional donations in 2022 and beyond.



Funded lessons for over **9,000** children and training for **450** lifeguards

# GOVERNANCE

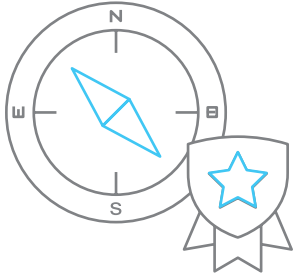


**ETHICS & COMPLIANCE**

**ALIGNED COMPENSATION**

**DATA PRIVACY & SECURITY**





**At POOLCORP®, we are guided by core values that define our moral compass and how we conduct business around the world.**



## **Ethics are deeply embedded in our culture and in the POOLCORP® Code of Conduct.**

We adhere to a high standard of integrity and transparency in financial reporting, requiring honest and accurate recording and reporting of information. We expect and require our employees to report illegal or unethical behavior. All employees have access to a toll-free hotline whereby they may anonymously report an ethical issue and/or possible violation of our Code of Conduct. Our legal and human resources teams review these reports and disclose them quarterly to the Audit Committee of our Board of Directors. Additionally, our employees complete annual ethics and compliance training to ensure that they understand our expectations and their responsibilities.

Public policy issues have the potential to impact our business, employees and the communities in which we operate. Our policies prohibit any director, officer or employee from using company funds or assets as political contributions to any political party or committee in or outside of the United States or to any candidate for, or holder of, any office of any national, state or local government, including purchases of tickets to fundraising activities.

Given our international presence, we adhere to various global and country-specific laws and regulations, including the Foreign Corrupt Practices Act and UK Anti-Bribery Act. We conduct annual employee trainings on these rules to prepare our employees to ethically represent our business.

## **Supplier Code of Conduct**

Our suppliers play an important role in our operations and as such, we expect our supply chain partners to share our values and commitment to ethics, safety and health and environmental stewardship. Importantly, we expect suppliers to uphold the human rights of workers, to treat them with dignity and respect, and to conduct responsible business with integrity, honesty, and transparency. Our Supplier Code of Conduct provides details on these requirements and outlines our compliance monitoring activities.



## DEFENDING HUMAN RIGHTS GLOBALLY

**We are committed to the protection and advancement of human rights.**

We conduct our business in an ethical and responsible manner that supports and respects the protection of human rights. We identify and do business with partners who aspire to conduct their business in a similar manner. Compliance to our Human Rights policy and applicable laws is the responsibility of every employee and contractor acting on our behalf and is a condition of their employment or contract.

While it is the duty of governments to protect the rights of their citizens, we recognize that businesses also have a critical role to play. As a global distributor of swimming pool and outdoor living products, POOLCORP® is committed to respecting human rights in our own operations and to complying with the laws of the countries in which we do business. Moreover, we believe we have an opportunity to positively impact the protection of human rights within our sphere of influence. As such, we encourage and support our suppliers and other business partners in their efforts to act in accordance with internationally recognized human rights standards. We comply with the California Transparency in Supply Chains Act and the requirements of the Securities and Exchange Commission regarding annual product reviews for conflict minerals and related reporting.





## **STRONG GOVERNANCE SYSTEM**

### **An independent Board of Directors is the foundation of a strong governance system.**

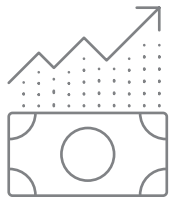
Our Board of Directors is the highest governing body at our company, and seven of our nine directors are independent. Peter D. Arvan, our President and CEO, and Manuel J. Perez de la Mesa, our former President and CEO, also serve on our Board.

Our employees, managers and officers conduct our business under the direction of our CEO and the oversight of our Board to enhance our long-term value for our shareholders. The core responsibility of our Board is to exercise its fiduciary duty to act in the best interests of our company and our shareholders. In exercising this obligation, our Board and committees perform a number of specific functions, including risk assessment, review and oversight. Our management team is responsible for the day-to-day management of risk. Our Board is responsible for oversight of our risk management programs, ensuring that an appropriate culture of risk management exists within the company, and assisting management in addressing specific risks, such as strategic, financial, regulatory, cybersecurity, compensation, and operational risks.

### **BOARD DIVERSITY**

Our directors are a balanced and diverse group, with members who bring a variety of skills, expertise, experiences, perspectives, and personal characteristics, including with regard to race, gender, age, and ethnicity. As of December 31, 2021, we were in compliance with Nasdaq Rule 5605(f), which requires companies to have at least two diverse board members.





## PAY-FOR-PERFORMANCE PHILOSOPHY

Our Compensation Committee and management have designed compensation programs intended to create a performance culture. The primary objectives of our compensation program are to attract, motivate, reward, and retain talented executives who are critical to our success. We believe that compensation must be firmly linked to continuous improvements in company performance and sustained increases in stockholder value. Our executive compensation plans are designed so that a substantial portion is at-risk based on performance, and the majority of the at-risk compensation opportunity is predicated on medium- and long-term, rather than short-term results. We strive to develop our executives' capabilities and reward superior long-term returns for our stockholders, while assuring that our programs do not lead to unnecessary risk taking.

### Our executive compensation is closely aligned with shareholders' interests.

A summary of our executive compensation is included within our annual proxy statement.





# STOCK OWNERSHIP REQUIREMENTS FOR OFFICERS & DIRECTORS

The Compensation Committee believes that our executives and directors should have a significant equity interest in the company to create an owner’s perspective in managing our company and to further align their interests and actions with the interests of our shareholders.

Our Board maintains stock ownership guidelines that generally require within certain specific time limits, our senior executives and directors to obtain and hold shares of our common stock or stock equivalents with a market value as follows:

### POSITION EQUITY OWNERSHIP GUIDELINES:

- CEO 5x base salary
- Vice presidents 2x base salary
- Directors (other than the CEO) 3x annual cash retainer

The Compensation Committee reviews compliance with the stock ownership guidelines annually, and all senior executives and directors are presently in compliance with the guidelines.



### Position Equity Ownership Guidelines:

**CEO**

**5x**  
base salary

**VPs**

**2x**  
base salary

**Directors**

**3x**  
annual cash retainer



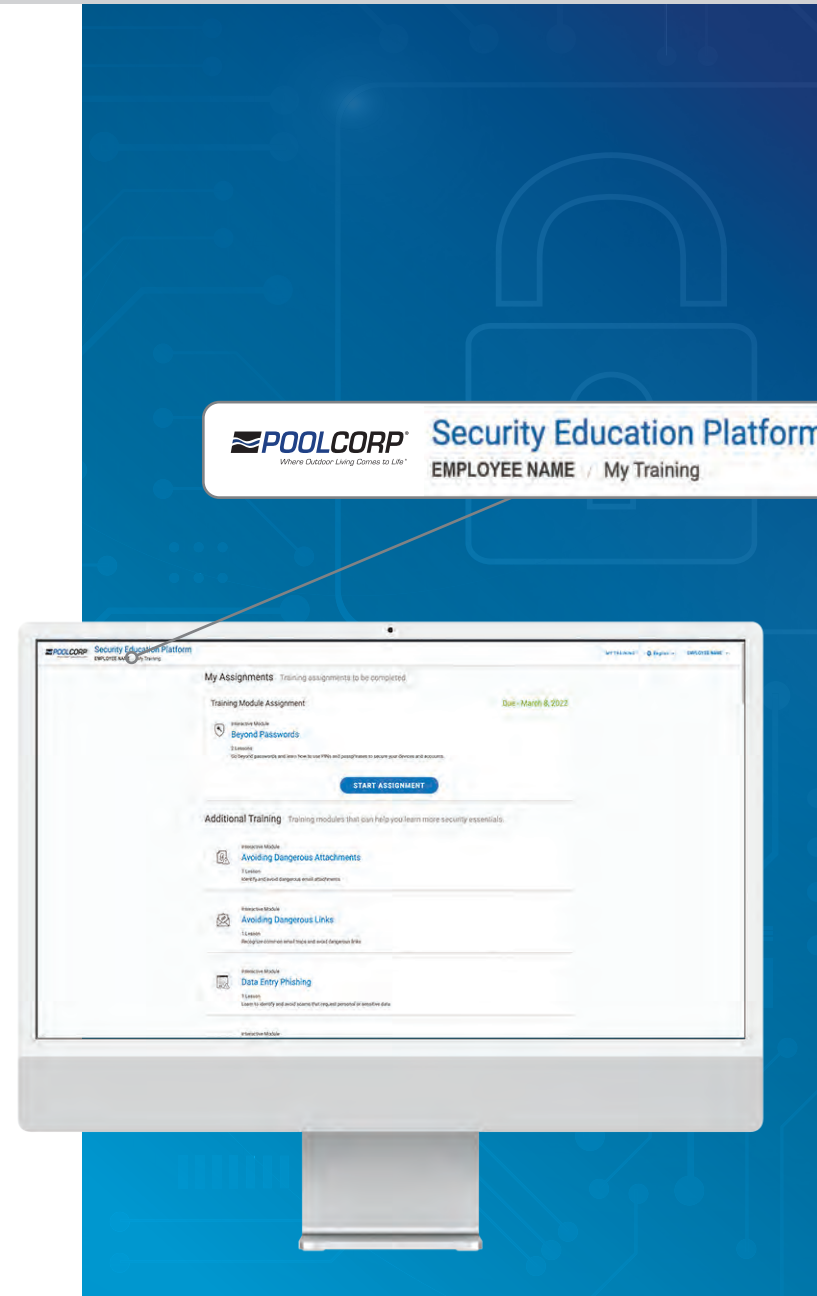
# ENSURING DATA REMAINS SECURE

**We are committed to ensuring that our company, customer, consumer, and employee data are secure.**

Our Chief Information Officer (CIO), along with a supporting team of both dedicated internal resources and third-party experts, is responsible for our data security. Our Director of Network Security, reporting to our CIO, oversees security operations, our regulatory compliance, and our rigorous employee training program with company-wide certifications required quarterly.

We evaluate our network against the National Institute of Standards and Technology (NIST) Center for Information Security (CIS) framework. Our Board of Directors considers data security to be of the utmost importance. As such, management provides a full report to the Board at least twice a year.

We deliberately store the minimum personal identifiable information (PII) required for business functions. All data is encrypted both in place and in motion. We conduct routine adversarial cybersecurity engagements to test readiness and protection of data. We leverage an independent consulting firm for our managed detection and response program, including security incident event management (SIEM) and multiple levels of both internal and external security operations centers (SOC).



We require minimum personal identifiable information (PII) for business functions.



Employees participate in a rigorous training program requiring quarterly company-wide certifications.



We routinely perform adversarial cybersecurity engagements to test readiness and protect data.





## MAINTAINING CLEAR POLICIES ON PRIVACY COMPLIANCE

**We fully protect our customers' and consumers' right to privacy.**

Our published Privacy Policy both protects the right to privacy and provides transparency on our approach to data. We comply with the EU's general data protection regulation (GDPR) and with the California Consumer Privacy Act. We have also invested in additional compliance auditing to ensure compliance and governance in deleting unused data.

### KEY POINTS IN OUR PRIVACY POLICY:

- Personal information will not be sold or transferred to unaffiliated third parties.
- We retain personal information only for the length of time required for the specific purpose or purposes for which it was collected.
- Customers and consumers can unsubscribe from marketing communications at any time and can request that we delete their information.



# FORWARD-LOOKING STATEMENTS

This report includes “forward-looking” statements regarding the future made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements about our expectations, projections and assumptions concerning our environmental, social and governance program and goals and business outlook, priorities, expectations and intentions. Such statements involve risks and uncertainties and we can give no assurance that they will prove to be correct. Actual results may differ materially due to a variety of factors, including those discussed in this report and in our 2021 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC), as may be updated by our subsequent filings with the SEC. Our forward-looking statements, and all other information included in this report, speak only as of the date of this report, and we undertake no obligation to update any of these statements or information.

While certain matters discussed in this report may be significant and relevant to our investors, you should not assume that these matters are material to our business or rise to the level of materiality for purposes of complying with the U.S. federal securities laws or the disclosure requirements of the SEC. The goals and projects described in this report are aspirational, and are likely to change if our business strategies change. As such, no guarantees or promises are made that these goals and projects will be met or successfully executed and they are not intended to create legal rights or obligations. Unless otherwise indicated, information contained in this report concerning our views and expectations regarding the industries in which we operate are based on estimates made by us using data from industry sources and assumptions based on our industry knowledge and experience. We have not independently verified data from industry or other third-party sources and cannot guarantee its accuracy or completeness. The ESG data, statistics and metrics included in this report are neither audited nor prepared in accordance with generally accepted accounting principles, and it is possible that other companies calculate or disclose their data in a manner different from us.

