



2021 ESG Report

latham

The Pool Company™

3	CEO Letter
4	Corporate Overview
5	Approach to ESG
6	Materiality Assessment
8	Environmental
8	Environmental management system
9	Reducing greenhouse gas emissions
9	Energy management
9	Water management
9	Waste management
9	Environmental impact of products
11	Social
11	Uncompromising focus on quality
11	Promoting pool safety
11	Attracting, developing and retaining great employees
12	Employee Engagement & Satisfaction
12	Encouraging diversity
12	Health & Safety
12	Supply Chain Management
14	Governance
14	Strong oversight of ESG
14	Diversity and independence of the Board
15	Business ethics and compliance
15	Whistleblower program
17	Policies and Statements

CEO Letter

One of the things I love about working at Latham is how much our people love what they do. Because they know that we're not just manufacturing swimming pools, we're helping families create their dream backyards. And whether that's a place to bring their family together, a place to relax, or a place to entertain friends, for us it's about the moments and the memories we're helping to create. This has been more important than ever over the last several years since we changed our strategy to focus on homeowners.

We started out as a family business over 65 years ago, and now we're a family of leading global swimming pool brands. But our success has always been driven by our focus on the highest quality products and truly exceptional service. Quality and service defines everything we do at Latham. Integrity and respect are non-negotiable for us. That's why our ESG strategy is driven by our commitment to doing the right thing by our planet, our people, and our communities.

I am immensely proud of everything we have been able to achieve. And I want to thank our employees for their openness to improving the sustainability of our business. Through their hard work we have already made great progress.

- We have reduced wastewater from our plants to zero.
- We recycle all vinyl and steel scrap. In 2020, this prevented 3,916,763 lb of vinyl waste and 2,817,638 lb of steel waste going to landfill.
- We distributed over 18,000 water safety resources with our pools in 2021.
- We are a sponsor of the National Drowning Prevention Alliance.
- In the last 10 years, we have sold over 175,000 automatic safety covers and 200,000 safety covers, helping to keep family members and pets safe from harm.

As a leading global manufacturer of inground swimming pools, our ambition is to lead the way towards a more sustainable future for our industry. To do that, we'll be setting clear goals, measuring our progress against these goals and reporting transparently to our stakeholders. Over the course of 2022, we will continue to increase our transparency by expanding our disclosures ahead of the release of our next ESG report.

We know the work towards better sustainability will never be 'done'. There will always be more we can do. And we are committed to leaning into that task and challenging ourselves to constantly improve.

Sincerely,



Scott Rajeski
President and Chief Executive Officer
Latham, New York



Highlights

Over

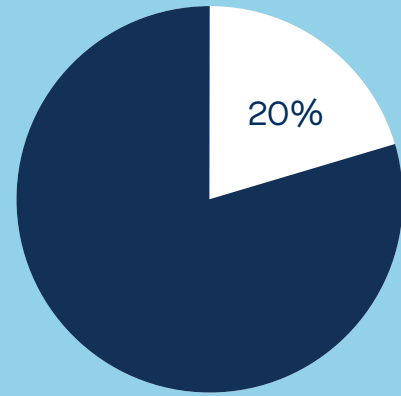
500,000

pools installed to date

More than

2,400

team members worldwide and growing



Approximately 1 in 5 pools in North America is a Latham Pool

Corporate Overview

Latham is the largest designer and manufacturer of in-ground residential swimming pools in North America, Australia and New Zealand. With over six decades of experience in creating the backyard lifestyles of our customers' dreams, Latham is an established provider with a proven history of quality and exceptional service.

Having started as a family-owned business in 1956, Latham's family of products and brands has grown over time to bring together the best in fiberglass, vinyl liners, automatic safety covers, winter safety covers and accessories. Our mission is to provide top quality products, competitive lead times, and customer-centric service, making us 'easy to do business with' and the preferred manufacturer in the swimming pool industry.



Approach to ESG

Everything we do at Latham centers around quality, whether manufacturing pools from premium materials or offering the longest and strongest warranties in the industry. We want our customers to feel great about their decision to invest in one of our pools. We have achieved this level of quality in our products and service by creating a working environment where we prioritize respect, integrity and doing the right thing.

Compliance and safety are extremely important to us. We operate responsibly and uphold all our obligations as a member of the global business community. We also want to make a positive impact through the work we do and give back to the communities where we operate.

To that end, we've been hard at work to mature our approach to ESG within our business. We have appointed independent consultants to assess our ESG performance, benchmark our efforts against our competitors and support us in establishing a comprehensive strategy to manage ESG risks and opportunities effectively. This work is well underway, including plans to launch a new ESG hub on our website during 2022. The drive towards greater sustainability will be an ongoing journey for us, we will monitor our ESG performance and always look for ways to improve.

This report is part of our effort to demonstrate our commitment to our ESG ambitions. To ensure we follow best practice, we have referenced globally recognized reporting frameworks, including the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) reporting standards.

Highlights

0

wastewater produced in
manufacturing

50,000

pounds of plastic waste diverted from
landfill annually due to recycle colored
thermoforming scrap

100%

compliance with environmental
regulations

Materiality Assessment

In 2021, we assessed the materiality of environmental, social and governance issues to identify priority topics and focus our ESG efforts on the areas that are most relevant to our business and our stakeholders.

To do this, we followed a structured process that captured inputs from across the organization. We surveyed colleagues at all levels of leadership, including executive team members, directors, VPs and managers. Collectively, they represented all departments and levels, giving us a broad perspective on the importance of different matters.

Topics were ranked according to their importance to external stakeholders – investors, ratings agencies, and ESG reporting frameworks – as well as their potential to impact the business. The result was a materiality matrix that identifies high and medium priority topics to help steer our ESG efforts going forward. This report addresses the high priority topics identified. We will conduct an annual review of our material topics as our ESG program evolves to ensure we stay focused on the things that matter most to our stakeholders.



Consistent use of a safety cover offers:

90%

reduction in evaporation

70%

reduction in pool heating costs

50%

reduction in electricity costs

70%

reduction in chemical use

Environmental

Our products and services focus on helping our customers enjoy the great outdoors by creating the backyard lifestyles of their dreams. So it's understandable that our people share a respect and love of the natural world. We work hard to minimize the environmental impact of our operations, and we are always looking for innovative ways to do even more. Every pool we make means one less concrete pool is installed, reducing the environmental impact of concrete production.

Environmental management system

Our manufacturing plants fully comply with environmental regulations. As we're expected to maintain 100% compliance with regulations, we set clear KPIs in January 2020 to measure and monitor our compliance. We conduct monthly reviews of our performance on these KPIs during our operations review. The results of these reviews are posted on an Environmental, Health and Safety scorecard. We use specialized software that tracks and logs compliance with these environmental obligations and generates metrics that are reported and reviewed monthly. We employ a dedicated Environmental Compliance Leader and have an escalation process in place to address any issues that need further attention. Specialized software is used to coordinate our environmental permits, with our requirements loaded into the calendar to be monitored over the course of a year.

Reducing greenhouse gas emissions

We recognize the urgent need to minimize the impact of climate change, and in 2022 we commenced an audit of our greenhouse gas emissions. The results of this audit will help us identify where we can make the most impact by reducing our emissions. In 2022, we plan to commence an audit of our greenhouse gas emissions. We plan to publish results in 2023 and use our baseline to develop a Greenhouse Gas Mitigation strategy.

Energy management

As part of our greenhouse gas emissions audit, we have also commenced an assessment of our energy consumption across facilities. This information will feed into our broader ESG strategy as we identify operational efficiency enhancements. We are in the process of implementing LED lighting throughout our plants and have established a goal of moving 5% of all lighting across our operations to LED each year.

Water management

We produce no industrial wastewater through our operations. In fact, the only water used at our facilities is for sanitary purposes or for fire suppression systems.

Waste management

Our comprehensive Waste Minimization and Management Plan sets out processes for reducing managing waste across all our facilities. We measure and track any hazardous waste generated in the manufacturing process. We also track any emissions of pollutants as part of our compliance with Title V permits and have installed two Regenerative Thermal Oxidizers with a destruction efficiency of more than 90% of emissions.

Where possible, we also look for opportunities to reuse or recycle waste. We expanded our recycling program in 2021, and more than doubled the amount of lighting ballasts, batteries, and aerosol cans recycled during the year. Our plastic scrap is reground so it can be reused in structural foam to produce panels, braces and step tread. In 2020 alone, this resulted in 37,794 lb of HDPE (Ethylene) and 230,650 lb of HIPS (Styrene) diverted from landfill. We have also introduced a goal for each of our sites to find one additional waste stream (that was previously being thrown away) to be recycled or reused each year.

Environmental impact of products

We think carefully about the environmental impact of our products and explore ways to minimize any harm on the environment. For example, we have procedures in place to reduce the use of harmful chemicals, such as styrene, in the manufacturing process. We have a robust R&D product development processes and are always looking for ways to be more efficient with our material use and ways to reduce the environmental impact of our products. All design changes are subject to review by the EHS team to ensure our products remain environmentally compliant.

By encouraging our customers to use Latham pool covers, we help them realize savings in heating costs and electricity costs. Using Latham's Coverstar automatic safety covers is the best way for users to conserve energy, minimize maintenance time, and reduce overall costs. These covers act as a passive solar heater, increasing the temperature of the water by 8 to 10 degrees, helping users save on heat, water, electricity, and chemicals. A cover will also reduce evaporation of water and consumption of chemicals over time.



Highlights

18,000

water safety flyers distributed in 2021

100%

100% fiberglass pools in North America ICC-ES certified

22.7%

drop in LTIR in 2021

Social

As a leading designer and manufacturer of swimming pools, we have been helping families create the backyard of their dreams for over six decades. Investing in a pool is a big decision, and we want our customers to feel confident in the quality, range, and support offered by Latham. Having started as a family-owned business, we know that our reputation for exceptional quality relies on our exceptional people. We ensure that our team is rewarded, engaged and developed to build dream careers while building dream pools for our customers.

Uncompromising focus on quality

We are committed to manufacturing the highest quality products and back up this claim by offering the best warranties in the industry. We adhere to all relevant safety standards and use top quality materials to ensure durability. In the rare event of a quality concern, our dedicated Customer Service and Warranty teams are standing by to resolve the issue and schedule any repairs. We monitor quality issues closely by measuring the number of claims for different products and returned products. We review this data regularly to identify any underlying issues to be addressed and driving down the number of warranty claims is a key priority for us.

Promoting pool safety

We encourage the purchase of a safety cover with every pool so families can enjoy their pools safely. Our pools also come with water safety and educational materials to help homeowners use their pool safely. As a sponsor of the National Drowning Prevention Alliance, we also help to spread water safety messages more broadly. We are highly engaged with the Colin's Hope organization that distributes water safety resources.



Attracting, developing and retaining great employees

Our talented employees are central to driving our mission and delivering outstanding quality and service to our customers. When recruiting, we look for candidates who share the values that define our culture and contribute to our success.

To attract new talent, we offer competitive salaries and comprehensive benefits that are in line with local practices and statutory requirements where we operate. We also offer internships throughout our various departments to provide entry-level opportunities to promising candidates. We benchmark our benefits plan annually to ensure our employee value proposition remains competitive. To help retain employees, we offer many engaging workplace programs including employee recognition programs, wellness challenges, teambuilding events, celebrations and opportunities to participate in special projects and initiatives.

We have a dedicated Learning & Development team, and our employees receive comprehensive training when they are onboarded. This training covers our Code of Conduct & Business Ethics, Health & Safety, Anti-Harassment and other core policies. We encourage employees to steer their career development through learning, and we offer a tuition reimbursement program for employees who would like to go back to college. Leaders within the business attend our Leadership Academy, which offers three levels of leadership training. Our learning management system records all training completed and provides metrics to monitor levels of compliance and to track learning hours for career development programs.

Employee Engagement & Satisfaction

To monitor employee engagement, we have commissioned a third-party vendor to conduct annual engagement surveys on our behalf. We have used the same vendor for six consecutive years, giving us detailed insight into the trends and drivers impacting employee engagement. After many years of strong results, in 2021 we saw a fall in our employee engagement scores overall. In response, we have conducted focus groups and created a comprehensive plan to address any issues raised by team members in the survey. This plan includes quarterly pulse surveys to gain greater, real-time insights.

Encouraging diversity

We seek to provide a workplace where all our employees feel they belong and can thrive. Our recruitment processes are inclusive, and we recruit from a range of sources to attract candidates from diverse groups within our society. Nearly 50% of Latham's workforce is comprised of underrepresented minorities. We welcome and embrace the differences that make our employees unique. The principles of diversity are reflected throughout our HR policies and practices. We collect equal employment opportunity data to monitor the diversity of our workforce and effectiveness of our diversity initiatives.

Health & Safety

The health and safety of our people is a primary concern for us, so we have established a comprehensive program to manage workplace safety hazards and protect our employees. We provide regular training and competency development to verify and encourage compliance with health and safety procedures and regulations.

We are proud of our safety record and comply fully with Department of Transportation regulations and have processes in place to ensure all drivers hold the appropriate Commercial Driver's License.

Employees who handle chemicals are trained in hazardous chemicals procedures and must sign off to acknowledge that training. We aim to minimize the use of hazardous materials where possible and use a Chemical Approval Process to sign off on all hazardous materials and chemicals. If there is a safer option available, the system will direct employees to use it.

We have an Emergency Action Plan in place to guide our response to a range of scenarios, including chemical spills. Employees are trained comprehensively on their responsibilities as part of the Emergency Action Plan. They are also trained in the first aid needed to respond to such events. We conduct drills annually to test the effectiveness of our Emergency Action Plan, with recent drills covering incidents such as medical emergencies and natural disasters.

Supply Chain Management

We want to be sure our partners and suppliers share our values, so we ask that businesses we work with also comply with our Code of Conduct and we screen new suppliers for health and safety concerns. We are currently in the process of developing a supplier monitoring program to create a standardized process for onboarding and reviewing their compliance every two years.



Highlights

1st

Nasdaq Diversity goal achieved

5,000

hours of mandatory training completed in 2021

66%

Independent Board members

Independent Chairman of the Board

Governance

Strong oversight of ESG

Our commitment to quality extends to our approach to operating responsibly. We strive to uphold all our responsibilities as a member of the global business community, and we monitor our ESG performance to continuously improve.

To ensure ESG risks and opportunities are managed effectively, our management team has developed an ESG strategy, which is overseen by an ESG working group. The ESG working group reports to the Board Nominating and Corporate Governance Committee on a quarterly basis, sharing performance metrics and recommending strategies.

Diversity and independence of the Board

We have already achieved the first milestone of Nasdaq's board diversity rule, and the Board is committed to achieving the second diversity goal within the three-year timeframe suggested. We have also taken the Board Challenge Charter Pledge to improve the representation of Black directors in the boardrooms of US companies. Independence and diversity are considered as part of the board nomination process, as stated in the Nominating and Corporate Governance Committee charter. Currently, one member of our board of directors self-identifies as a female of two or more races or ethnicities, while eight directors self-identify as white males. Six of our nine directors are independent.



Business ethics and compliance

We ask our people to comply with the highest standards of professional and ethical conduct. All employees are trained in our Code of Conduct and Business Ethics as part of the onboarding process, and then required to complete the training again annually. This training also covers insider trading, regulatory compliance, anti-discrimination and prevention of sexual harassment. A third-party organization provides the training, and attendance and certification is tracked. As of December 31, 2021, over 5,000 hours of mandatory compliance training were completed by our workforce. We have recently published a standalone policy on Bribery & Anti-Corruption that reinforces our strong stance against corruption.

Whistleblower program

We promote ethical behavior and take compliance with our Code of Conduct and Business Ethics very seriously. We encourage all employees, officers and directors to report any illegal or unethical behavior promptly. Employees can report any concerns in multiple ways, including via an independent online reporting tool www.lighthouse-services.com/lathampool that is available 24 hours a day in several languages. Reports can be made anonymously, and our reporting channels are highlighted in our Code of Conduct and Business Ethics as well as shared on our company intranet.

Once a report has been made, we investigate promptly, and all employees are expected to cooperate in full with any investigation. Appropriate remedial action may be taken, based on the outcome of an investigation, and we have a zero-tolerance policy for any retaliation against complainants. We have detailed policies and procedures for handling complaints, all of which are logged in a central system that provides an audit trail and metrics to track the status of each case. The Board Audit Committee is updated quarterly on any material ethics matters.



Policies and Statements

This inaugural ESG Highlights report marks the beginning of our commitment to increasing transparency of our environmental impacts, social outcomes, and business practices. We will continue to expand our reporting efforts to help investors better understand our long-term sustainability strategy and impact. Over the course of next year we will use SASB standards that are relevant for our business: Toy & Sporting Goods as well as Building Products. Unless otherwise noted, all data and descriptions apply to our entire company and are as of or for the year ended December 31, 2021. For additional information about the our financial performance, please refer to our quarterly earnings materials as well as quarterly and annual reports on [Form 10-Q](#) and [Form 10-K](#), respectively. Access to our Corporate Governance Overview, Code of Conduct, policies and committee charters can be found [here](#).



Latham Group, Inc. 787 Watervliet
Shaker Road Latham, NY 12210
www.lathamgroup.com