

**APPENDIX I (STANDARD COPY)  
ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS  
AT LISTED COMPANIES**

**IDENTIFICATION DETAILS OF THE  
ISSUER**

**DATE OF END OF BASELINE BUSINESS YEAR** 2016

**TAX ID.** A-17728593

**Company name:** Fluidra S.A.

**Registered office:** : Avenida Francesc Macià 60, planta 20, 08208, Sabadell

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS AT LISTED COMPANIES

### A COMPANY POLICY ON REMUNERATION IN THE CURRENT BUSINESS YEAR

A.1 Explain the company's remuneration policy. This section should include information about:

- The general principles and features of the remuneration policy.
- The most significant changes made to the remuneration policy as compared to the previous year, as well as any modifications made during the year to the terms and conditions for exercising stock options that have already been granted.
- The criteria used for establishing the company's remuneration policy.
- The relative importance of the variable salary components in comparison with fixed components and the criteria followed to calculate the various components of directors' remuneration package (mixed remuneration).

#### Explain the remuneration policy

On 3 May 2016, the Company approved the Directors' Remuneration Policy of Fluidra, which is valid for 2016 and the following three years, save for any amendments, adaptations, updates or substitutions resolved upon from time to time, which will be submitted to Fluidra's Shareholders' General Meeting for approval.

The general principles and foundations of Fluidra's remuneration policy are as follows:

- The remuneration policy will endeavour to ensure that remuneration that is moderate and in keeping with the remuneration trends and benchmarks followed in the market by comparable companies as regards its structure and overall amount and it will be positioned vis-à-vis the market according to the Company's strategic approach and the situation in the territories in which it operates.
- Remuneration will be aligned with the interests of the shareholders and with the sustainable profitability of the Company.
- The remuneration policy will endeavour to reward quality, dedication, responsibility, knowledge of the business and commitment to the Company.
- Remuneration will take internal fairness into account.
- The rules governing the remuneration will be express, known by the directors and drafted in a clear and concise manner.
- The Company will comply in all cases with the directors' remuneration reporting requirements set out in the Capital Companies Law, as well as in the other applicable legislation.

The general principles and foundations of the remuneration system established for directors seek to ensure that their remuneration is reasonably proportionate to the importance of the Company, its economic situation and the market standards of comparable companies.

In addition, Article 44 of the Articles of Association of the Company, in its current version, establishes the following general principles and foundations of the remuneration policy:

1. *The remuneration of the Directors shall consist of an annual fixed and determined amount and an allowance for attendance of the meetings of the Board of Directors and its advisory and representative Committees. The maximum amount of the annual remuneration that the Company may pay to all of the Directors acting in this capacity for both purposes shall be that determined for this purpose by the Shareholders' General Meeting, which shall remain in force until this body amends it. Unless the Shareholders' General Meeting determines otherwise, the establishment of the exact amount to be paid within this limit and its distribution between the different Directors, as well as the schedule of payments, shall be the responsibility of the Board of Directors, in the proportion that it freely determines. For the determination of the amount of the remuneration to be received by each of the Directors, the criteria used shall be that the amount should be a reflection of the*

actual professional performance of each of them and must take into account the duties and responsibilities attributed to each Director and their membership of committees of the Board of Directors.

2. Additionally and apart from the remuneration contemplated in the preceding paragraph, remuneration systems may be established that are linked to the share price or that involve giving shares or stock options to the Directors. The application of these remuneration systems must be decided by the Shareholders' General Meeting. The resolution of the General Meeting must include the maximum number of shares that can be assigned in each business year to this remuneration system, the value of the shares that is taken as a reference, the number of shares to be given to each Director, the price of exercise or the system for the calculation of the price of exercise of the stock options, the period of duration of this remuneration system and any other conditions that are considered appropriate.

3. The remuneration envisaged in the preceding paragraphs, resulting from membership of the Board of Directors, must be compatible with any other professional or labour income that the Directors receive for any other executive or consulting duties that they may carry out for the Company apart from those of supervision and decision related to their capacity as Directors, which shall be subject to the legal regime that is applicable."

On 5 June 2009, the Shareholders' General Meeting of Fluidra resolved to set, for the purposes of article 44.1 of the Articles of Association, the maximum annual gross amount of remuneration that the Company will pay to its directors taken as a whole, at one million two hundred thousand (1,200,000) euros. This amount, as established in the above-mentioned article, will be in force until the Shareholders' General Meeting resolves to amend it.

The remuneration policy has not been amended with respect to the policy applied in the previous year.

Fluidra only has one executive director, Mr Eloy Planes Corts, who was appointed as the Company's Executive Chairman by the Board of Directors at its meeting held on 1 December 2015, with effect on 1 January 2016. From 1 October 2006 until that date, he held the position of CEO. Mr. Eloy Planes Corts also holds the office of General Manager of the Company.

Although Mr Eloy Planes Corts is a member of the managing bodies of other Group companies he does not receive any compensation in this respect.

Mr Eloy Planes Corts, within the framework of his commercial contractual relationship with the Company as its Executive Chairman, earns remuneration for his executive functions in addition to that derived from his status as a Director and pursuant to the Articles of Association.

The Executive Chairman's remuneration for the executive functions that he performs consists of fixed and variable remuneration. The annual variable remuneration, explained in section A.4., is linked to three economic performance indicators used to assess the performance of the Group and the management objectives approved by the Board of Directors. Additionally, the Executive Chairman is the beneficiary of long-term incentive plans implemented by the Company and explained in the section A.4.

involved in setting the remuneration policy. This information must include, if applicable, the term of office of the Appointments and Remuneration Committee, its members and the identity of external advisors whose services have been engaged to decide on the remuneration policy. Likewise, the characteristics of the directors, if applicable, who have been involved in defining the remuneration policy should also be described.

#### **Explain the process for setting the remuneration policy**

The composition, powers and workings of Appointments and Remuneration Committee are contained in Article 14 of the Board Regulations which, with its current text, establish as follows:

Article 14. Appointments and Remuneration Committee. Composition, Powers and Functioning

1. *“Likewise, an Appointments and Remuneration Committee shall be created within the Board of Directors, made up of a minimum of 3 non-executive directors, at least two of which must be independent directors, which shall be appointed by the Board of Directors, without prejudice to the attendance of executive directors or senior executives when this is expressly resolved by the members of the Committee. The members of the Appointments and Remuneration Committee shall be designated taking into account their knowledge, skills and experience as well as the scope of the Committee. Any director may ask the Committee to take into account potential candidates to cover vacancies for directors if they consider them suitable.*

2. *The Chairman of the Appointments and Remuneration Committee must be an independent director, chosen from amongst the independent directors that form part of it. The duties of Secretary of the Committee shall be carried out by the person appointed from amongst its members.*

3. *Without prejudice to other duties that may be assigned to it by Law, the Articles of Association or the Board of Directors, the Appointments and Remuneration Committee has the following basic responsibilities:*

- *To formulate and review the criteria that should be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.*
- *To evaluate the skills, knowledge and experience necessary in the Board and therefore, to define the duties and responsibilities necessary for the candidates that shall cover each vacancy, and to evaluate the time and dedication required so that they can properly carry out their duties.*
- *To inform and submit to the Board of Directors the proposals for the appointments and dismissals of senior executives and executives that the chief executive proposes, as well as the basic conditions of their contracts.*
- *To inform the Board about the matters related to gender diversity and the Directors’ qualifications mentioned in article 6.2 of these Regulations.*
- *It shall propose to the Board of Directors: (i) the remuneration policy for the directors and the CEOs or whoever else carries out the duties of senior executives reporting directly to the Board of Directors, the Executive Committee or the managing directors; (ii) the individual remuneration of the executive directors and any other conditions of their contracts; (iii) the hiring policies and the basic conditions of the contracts of the Company’s senior executives.*
- *To examine and organise, as it sees fit, the succession of the Chairman and of the chief executive and, if appropriate, to make proposals to the Board so that this succession occurs in an orderly and well-planned way.*
- *To ensure the observance of the remuneration policy established by the Company and the transparency of the remuneration.*
- *To establish a target for representation of the least-represented sex in the Board of Directors and establish guidelines regarding how to reach this*

objective.

- To submit to the Board of Directors the proposals for the appointment of independent directors for their designation by cooptation or for their submission to the decision of the AGM, as well as the proposals for the re-election or dismissal of these directors by the AGM.
- To report the proposals for the appointment of the remaining directors for their designation by cooptation or for their submission to the decision of the AGM, as well as the proposals for their re-election or dismissal by the AGM.

At present, the Appointments and Remuneration Committee is composed of:

First and last names	Office	Appointment date
Richard J. Cathcart	Chairman	05/06/2013
ANIOL (Mr Bernat Garrigós Castro)	Member*	06/06/2012
Oscar Serra	Member	2/12/2014
Jorge Valentín Constans	Member	05/05/2015

(\*) Holding the office of Committee Secretary

### Meetings

The Committee will ordinarily meet each quarter. It will also meet whenever its Chairman calls a meeting, which must happen whenever the Board or its Chairman requests a report to be produced or proposals to be adopted and, in any case, whenever it proves necessary for the successful performance of its functions. In 2016, the Committee has met six times. For 2017, the Committee is expected to meet six times.

### Main aspects scheduled for 2017

In addition to reviewing all aspects relating to its basic responsibilities, as described above, in 2017 the Appointments and Remuneration Committee will focus its activities on the following aspects:

- Assessment of the professional performance of the Executive Chairman and Corporate Committee.
- Set up the strategic objectives 2017 for the Executive Chairman.
- Follow-up of the Executive Chairman Succession Contingency Plan.
- Review and follow-up of the Incentive Plan 2017, and design and establishment of Plan 2018.
- Follow-up of the 2015–2018 long term incentive plan for the executive management team.
- Review and establishment of the Remuneration Plan for the Board 2017.
- Review and establishment of the remuneration plan for the Corporate Committee.
- Assessment of the Board and follow-up of the action plan as a result of

the Board's self-assessment.

- To report and submit to the Board of Directors the proposals for appointments and dismissals of executives that the chief executive proposes.
- To propose to the Board of Directors the remuneration policy for the CEOs or whoever else carries out senior executive duties reporting directly to the Board, the Executive Committee or the managing directors, as well as the hiring policies and the basic conditions of their contracts.
- Monitoring of the talent management plan and succession plans for the executive management team.

A.3 State the amounts and the nature of the fixed components, with a breakdown, if applicable, of the remuneration paid to executive directors for performing their duties as senior managers, the additional remuneration paid to the chairperson and to the members of any of the Board's committees, the attendance fees paid for sitting on the Board and any of its committees, and any other fixed remuneration paid to directors, in addition to an estimate of the fixed annual remuneration paid out. Describe any other benefits that are not paid in cash and the basic parameters for granting them.

#### Explain the fixed components of remuneration

Fixed components of the remuneration for the Executive Chairman

For 2017 at the proposal of the Appointments and Remuneration Committee, the Company's Board of Directors decided to set the financial and professional conditions to which Mr Eloy Planes Corts is entitled within the framework of his commercial contractual relationship with the Company as its Executive Chairman, which are in addition to the remuneration to which he is entitled as a member of the Company's Board of Directors.

His fixed remuneration for his executive functions at Fluidra is 260,100 euros for 2017. His fixed remuneration in 2016 was 255,000 euros and, accordingly, his remuneration has increased by 2%, which is lower than the maximum increase of 20% provided for in Fluidra's Remuneration Policy for the entire term of the Policy. Mr Eloy Planes Corts is entitled to attendance fees and other remuneration paid to members of the Board of Directors of FLUIDRA as a result of his office as a member of the Board. In 2017, he is entitled a remuneration of 118,000 euros (which can be broken down into 110,000 euros in his capacity as a board member and 8,000 euros in attendance fees).

Fixed components of the remuneration for nonexecutive directors

The remuneration to be received by the nonexecutive directors of the Company in 2017 for their membership of the Board of Directors and of the various Committees at the Company, Appointments and Remuneration Committee, and Audit Committee, is as

follows:

<b>Remuneration BoD 2017</b>					
<b>Director</b>	<b>Fixed rem. BoD</b>	<b>Attendance fees</b>	<b>Appments. &amp; Remuneration Committee</b>	<b>Audit Committee</b>	<b>Total</b>
Oscar Serra	76,000	8,000	10,000	-	94,000
Gabriel López (2) (3)	86,000	8,000	-	12,000	106,000
Bernat Corbera	76,000	8,000	-	10,000	94,000
ANIOL	76,000	8,000	10,000	-	94,000
BIDSA	76,000	8,000	-	10,000	94,000
Jorge Valentín Constans	76,000	8,000	10,000	-	94,000
Richard Cathcart (1)(2)	76,000	18,500	12,000	-	106,500
Juan Ignacio Acha	76,000	8,000	-	10,000	94,000
DISPURE	76,000	8,000	-	-	84,000
<b>Total</b>	<b>694,000</b>	<b>82,500</b>	<b>42,000</b>	<b>42,000</b>	<b>860,500</b>

(1) He receives a higher amount than the rest of the members of the Board since he does not reside in Spain.

(2) The amount that they receive for their participation on the Appointments and Audit Committees is higher than the rest of the members of the mentioned Committees because they are the Chairmen of each one of these Commissions.

(3) He receives a higher amount for his duties as Coordinator of the Board.

The Company has not assumed any obligation or commitment whatsoever in relation to pensions, retirement or the like with nonexecutive directors.

There are no other compensation systems for nonexecutive directors or share-based incentive systems in which the nonexecutive directors participate.

A.4 Describe the amounts, nature and main characteristics of the variable components in your remuneration schemes.

Specifically:

- A breakdown all of the remuneration schemes of which directors are beneficiaries, their scope, date of approval, date of implementation, period of validity and main characteristics. In the case of stock option schemes and other financial instruments, the general characteristics described must include information about the terms and conditions in each scheme for exercising these stock options or financial instruments.
- A description of any remuneration paid in profit sharing or bonus share schemes, and the reason why they were granted.
- An explanation of the basic parameters and the features of any annual bonus schemes that may be in place.
- The types of directors (executive directors, outside proprietary directors, outside independent directors and other external directors) who are the beneficiaries of remuneration schemes or plans that include variable remuneration.
- The features of these variable remuneration schemes or plans, the performance

assessment criteria chosen, as well as the components and assessment methods used to calculate whether or not these assessment criteria have been met and an estimate of the total amount of the variable remuneration to be paid according to the current remuneration scheme, based on the degree to which the benchmark performance criteria and goals have been met.

- If applicable, information must be given about any deferred payment periods that have been established and/or any mandatory holding periods for stock or other financial instruments that may be in place.

#### **Explain the variable components in your remuneration schemes**

At present the only member of the Board who receives variable remuneration is Mr. Eloy Planes Corts, in his capacity as Executive Chairman. According to Mr Planes Corts' contract, he receives annual variable gross remuneration linked to the fulfilment of several economic and management objectives related to the budget established by the Board for each fiscal year. This variable remuneration, prior to being weighted according to the attainment scale, represents 70% of his fixed remuneration for executive functions.

The 85% of payment of the variable remuneration is linked to three economic performance indicators used to assess the Group: Free Cash-Flow, Net Income on Sales, and total Growth in Sales. The remaining 15% is linked to management objectives approved by the Board of Directors. The attainment scale used ranges from the payment of 40% of the variable remuneration if the minimum levels set for each indicator are reached to a maximum of 200% if the maximum values set for each indicator are reached.

Additionally Mr. Eloy Planes Corts is a beneficiary of the following long-term incentive plans currently in force at Fluidra:

##### a) Long-Term Incentive 2013-2015

The Company's Annual General Meeting (AGM) held on 4 June 2014 renewed the 2013-2015 Long-Term Incentive Plan addressed to the Executive Chairman and certain directors with the following objectives:

- To devise a long-term remuneration policy for senior management that is sustainable in the long run.
- To ensure that senior management acts in line with the interests of the shareholders.
- To favour the generation of the value of the Company in the long term, on the basis that senior management has a particularly strong influence on the Company's strategy and results.
- To motivate and build up the loyalty of senior management by linking part of their remuneration to the constant addition of value to the Company.

The creation of a system based on the annual handover of a certain number of stock options, whose conversion in shares is anticipated after three years have elapsed, means that part of the remuneration of senior management is linked to the constant addition of value.

The Plan will be articulated in the following instruments: a portion of the incentive will be implemented by awarding a certain number of restricted stock units (RSUs), which shall be settled in Company shares after three years; the other portion of the incentive will be awarded in stock appreciation rights (SARs), exchangeable for shares after three years.

The beneficiaries of the Plan are the Executive Chairman of the Company and the employees in the executive team belonging to the Group's Executive Committee who have a length of service at the Group of six months, and are expressly invited to take part in all or some of the cycles of the Plan. Subsequent to tabling a proposal with the Appointments and Remuneration Committee, the Board of Directors may approve the addition of new beneficiaries to the Plan throughout the Plan term.

The Plan consists of three (3) cycles, each lasting three (3) years. The definition of each cycle is determined by reference to an award date and a value measurement date.

The date of concession of the RSUs and the SARs in each of the cycles will be as follows:

- First cycle: 15 July 2013
- Second cycle: 15 July 2014
- Third cycle: 15 July 2015

The Company's AGM on 5 May 2015 cancelled the Third Cycle of the Plan.

Each of the cycles in the Plan is subject to an assessment period, during which the increase in value of Fluidra's share price is measured. The outcome determines the final amount of the incentive derived from SARs.

The assessment period for calculating RSUs is the vesting time that must pass prior to their conversion into shares.

The vesting period for stock in each of the cycles in the Plan is three (3) years to be counted from beginning of each of the cycles, which are scheduled as follows:

- First cycle: from 15 July 2013 to 15 July 2016
- Second cycle: from 15 July 2014 to 15 July 2017

An initial reference share price will be set for the concessions granted in each cycle. This initial reference share price will be used to measure the increase in share prices, which in turn is used to calculate the bonuses to be paid out from the SARs. The increase will be calculated based on the average weighted price of Fluidra shares in the thirty (30) trading days prior to each concession date. A final reference price will likewise be established for each cycle that will correspond to the average weighted share price in the thirty (30) trading days prior to the end of the vesting period of each of the cycles.

The date of settlement of the RSUs and SARs and the corresponding handover of the shares will take place within fifteen (15) working days following the end of the share vesting period.

Once the share vesting period of each of the cycles is over, the beneficiaries will receive one company share for each RSU held. In the case of SARs, the beneficiaries will receive the difference between the final reference share price and the initial reference share price multiplied by the number of SARs granted in company shares.

In each cycle, a certain number of RSUs and SARs will be allotted to each beneficiary on an individual basis, which will be determined by the Appointments and Remuneration Committee. For the Executive Chairman the number of RSUs and SARs total granted for the First and Second Cycle of the Plan has been 26,666 and 80,000 respectively.

#### **b) New Long-Term Incentive "Performance Share Plan 2015-2018"**

The AGM approved a new long-term incentive plan, namely, the 2015–2018 Performance Share Plan, dated 1 December 2015, for the key executives and executive directors of the Group.

The purpose of the Plan is to incentivize, motivate and retain the executive team, linking the Incentive to the achievement of Fluidra's medium- and long-term strategic plan, which will make it possible to align the interests of the beneficiaries with those of the shareholders, while offering them competitive remuneration commensurate with market remuneration practices and the Group's new organisation and strategy. The basic conditions of the Plan are as follows:

a) Aim of the plan: The aim of the Plan is to achieve the greatest possible degree of motivation and loyalty of its beneficiaries, whereby part of their remuneration is linked to the Company's share price.

b) Instrument: The Plan will be implemented by awarding a certain number of performance stock units (PSUs), which are paid out as Company shares after

a certain amount of time has elapsed, provided Fluidra attains certain strategic goals and the requirements set in the Plan's Regulations are met. Notwithstanding the foregoing, with the objective of promoting loyalty and keeping the key executives, regarding the beneficiaries who are non-executive directors, the Board of Directors may decide that a percentage of the granted PSU, which may be between the 15 per cent and the 25 per cent, will be converted into shares of the Company if the minimum-stay commitment is fulfilled.

c) Beneficiaries: The beneficiaries of the Plan will be the members of the Fluidra's management team and of those of its subsidiaries that belong to the consolidated group, as decided by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, including directors with an executive role.

The number of beneficiaries approved by the Board of Directors on the recommendation of the Appointments and Remuneration Committee, at the beginning of the Plan was 34. To this end, Fluidra's AGM appointed its Executive Chairman, Mr. Eloy Planes Corts, as a beneficiary of the Plan.

However, the Board of Directors may, on the recommendation of the Appointments and Remuneration Committee, agree to include new beneficiaries not initially appointed.

The beneficiaries' acceptance of the Plan will be voluntary.

d) Maximum number of PSUs to be awarded and shares to be distributed.

The maximum number of PSUs to be awarded in the framework of the Plan is 2,161,920.

Therefore, a maximum total of 2,161,920 Company shares will be distributed under the Plan, namely, 1.92% of the Company's share capital.

Notwithstanding the foregoing, the number of units to be awarded to each beneficiary and the final number of shares included in the Plan will be decided by the Company's Board of Directors, on the recommendation of the Appointment and Remuneration Committee.

e) Term: The Plan was introduced on 1 January 2015 and will end on 31 December 2018, although the actual payout will not be made until January 2019.

However, the Plan was officially implemented on 5 May 2015.

f) Case-by-case allocation: The beneficiaries of the Plan will be allocated the number of PSUs allocated to them on a case-by-case basis by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, in line with the following formula:

$$N.PSU = IT/PA_i$$

Where,

**N.PSU** is the number of PSUs allocated to each beneficiary.

**IT** is the target benchmark amount based on the beneficiary's professional category and salary.

**PA<sub>i</sub>** is the Company's average listed share price, rounded to the second decimal place at the close of the stock market 30 days prior to 1 January 2015.

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, may allocate further PSUs, add new beneficiaries and increase the number of units initially awarded to the beneficiaries, except in the case of the members of the Board of Directors with executive functions, who will be awarded more PSUs, should they merit them, by the AGM.

Fluidra's AGM decided to award Mr. Eloy Planes Corts 171,233 PSUs.

The maximum number of shares authorised for distribution provided for in section d) above takes into account the number of shares needed so that more PSUs can be allocated to new beneficiaries or so that beneficiaries who have already been awarded PSUs can be allocated new ones.

The case-by-case allocation referred to above is made for the sole purpose of

calculating the award of PSUs and does not confer shareholder status on the beneficiaries or any other entitlements linked to this status. Furthermore, the units and the rights that go with them are granted on an *intuitu personae* basis and, therefore, may not be transferred to third parties.

g) Calculation of the number of shares to be distributed at the time of the payout of the Plan. The number of shares to be distributed at the time of the payout of the Plan will be calculated using the following formula:

$$\mathbf{N.A. = N.PSU \times (\%_p + \%_{of} * GCI)}$$

Where,

- **N.A.** = the number of Fluidra shares to be given to each beneficiary on the date of the Plan's payout, rounded down to the nearest whole number.
- **N.PSU** = the number of PSUs allocated to each beneficiary.
- **%<sub>p</sub>** = percentage of PSU granted convertible into shares if the minimum-stay commitment is fulfilled.
- **%<sub>of</sub>** = percentage of PSU granted convertible into shares if the financial strategic goals to which the Plan is linked to are reached.
- **GCI** = the degree to which incentives have been met, based on the number of targets linked to the Plan that have been reached, which will be calculated as established in section h) below.

Under no circumstances, even as a result of the application of the top weightings for calculating the targets reached, may the maximum number of shares to be distributed in the framework of the Plan as described in section d) above be exceeded.

h) Metrics: The degree to which incentives have been met will depend on the degree to which the financial targets linked to the Plan have been reached, as regards the percentage of PSU whose conversion into shares depends on such fulfilment.

The specific number of Fluidra shares to be given to each beneficiary at the time of the payout, as regards the PSU granted linked to the fulfilment of financial targets, provided the conditions to which it is subject have been fulfilled, will be established based on (i) the performance of Fluidra's total shareholder return (TSR) in absolute terms and (ii) the evolution of Fluidra's EBITDA or, in the case of those beneficiaries who fall in this category as decided by the Board of Directors, the EBIT of the subsidiary of Fluidra that the beneficiary manages.

The degree to which incentives have been met, as regards the percentage of PSU linked to the fulfilment of financial targets, will be calculated based on the following formula, subject to the weightings included in it:

$$\mathbf{GCI = 50\% * C_{TSR} + 50\% * C_{EBITDA/EBIT}}$$

Where,

- GCI** = the degree to which incentives have been met expressed as a percentage.
- C<sub>TSR</sub>** = the weighting reached in relation to the TSR target, in accordance with the scale set for it by the Board of Directors.
- C<sub>EBITDA/EBIT</sub>** = the weighting reached in relation to the EBITDA/EBIT target, in accordance with the scale set for it by the Board of Directors.

However, the Board of Directors may set a different percentage weighting for each metric, in respect of the 50% established in general terms.

The AGM has decided that the percentage weightings for Mr. Eloy Planes Corts will be set at 70% for the TSR target and 30% for the EBITDA target.

Both the TSR and the EBITDA/EBIT will be calculated during the period that the financial targets reached are measured, namely, the period falling between 1 January 2015 and 31 December 2017.

i) Requirements for the distribution of shares. The requirements that must be met for the distribution of shares under the Plan are as follows:

- As regards the PSU granted linked to the fulfilment of financial targets, the targets to which the Plan is linked must have been reached under the terms and conditions described in the Regulations of the Plan approved by the Board of Directors.
- As regards the total PSU granted, the beneficiary must have worked for Fluidra until the Plan comes to a close, except in special circumstances such as death, permanent disability, retirement and any other circumstances provided for in the Regulations approved by Fluidra's Board of Directors. Therefore, in the case of voluntary resignation or fair dismissal the beneficiary will lose the right to receive shares in the framework of this Plan.

j) Granting of shares and disposal scheme: The shares granted as variable remuneration will either be given by Fluidra or a third party, subject to the coverage schemes that the Board of Directors finally decides to adopt.

The shares that may arise from the settlement of this Plan shall never be delivered to the Beneficiaries, who shall forfeit any right to receive them, if the Beneficiary, prior to the Delivery Date, should have been penalized due to a serious breach of the code of conduct in accordance with the internal regulations of the Group. In addition, the Company may demand the return of any shares delivered under this Plan, or even set off such delivery against any remuneration of any other kind that the Beneficiary may be entitled to receive, if during the two years following the settlement of the Plan, it is verified that such settlement was made in whole or in part based on information the misrepresentation or serious inaccuracy of which may be evidenced subsequently.

The Delivery Date shall take place within thirty (30) days after the Date of conclusion of the Plan, within the first thirty (30) days of January 2019.

Once the shares have been distributed, executive directors may not dispose of more than the number of shares equivalent to twice their fixed annual remuneration. Notwithstanding the foregoing, this will not apply to the shares an executive director may have to dispose of, if applicable, to cover the costs associated with their acquisition, amongst which are the tax liabilities to which the granting of the shares may be subject.

k) Early termination or amendments to the Plan: The Plan may be subject to early termination or amendments in the case of a change of control if Fluidra's shares are no longer listed on a regulated market, or in the event that circumstances significantly affect the Plan, as decided by the Board of Directors.

l) Coverage scheme: The time and manner in which the Plan's coverage scheme is to be implemented will be decided by the Board of Directors, which has been granted specific powers to do so.

A.5 Describe the main characteristics of long-term savings schemes, including pension and any other survivor benefit plans, that are partially or totally funded by the company, whether paid internally or externally, with an estimate of the amounts involved or the equivalent annual cost. In the case of defined contribution or benefit plans, state the type of plan, the consolidation conditions of the benefit accrual to which directors are entitled and their compatibility with any other type of severance pay for the early termination or cancellation of the contractual relationship between the company and a director.

Also state the contributions paid to directors for defined contribution pension plans, or the increase in accrued benefits to which directors are entitled in the case of contributions to defined benefit plans.

#### Explain the long-term savings schemes

The Company has undertaken a commitment in favour of Mr Eloy Planes Corts in

the event of his death or disability. The Company will be solely responsible for the payment of the benefits, whose annual cost for the company is €9,598.98.

In the event of Mr Eloy Planes Corts' death, the beneficiary named by him will receive the equivalent of 4 years' fixed gross salary at the time of death. In the event of Mr Eloy Planes Corts' total, permanent, or severe disability before the end of this contract, he will receive, until the age of 65, a monthly allowance equivalent to one twelfth of 75% of his last fixed annual gross salary at the time of his disability.

There is also a pension commitment of defined contributions that involves the setting up of a pension fund, for which the Company makes annual payments. This system is compatible with the severance payment for termination of contract. In 2017, two payments will be made for a total of 16,000 euros.

A.6 Describe any severance packages agreed on or paid when directors stand down.

**Describe the severance packages.**

There are no severance packages agreed upon in the event of termination of directors, except in the case of the Executive Chairman, as detailed in section A.7.

A.7 Describe the terms and conditions that must be observed in the contracts extended to senior managers who act as executive directors. Amongst other information, include the term, thresholds on severance pay, clauses on minimum terms of office, notice periods, in addition to payment in lieu of notice and any other clauses relating to engagement bonuses, in addition to severance packages and golden parachute clauses in the case of the early termination or cancellation of the contractual relationship between the company and executive directors. Include non-compete, exclusivity, term of office, loyalty and post-contract non-compete clauses and agreements.

**Explain the terms and conditions of the contracts of executive directors**

Mr Eloy Planes Corts' contract as the Company's Executive Chairman is a commercial relationship whose subject matter determines that he shall provide the services inherent to that of Executive Chairman. Such services are generally provided for under mercantile law and more specifically in the Company's Articles of Association, the Regulations applicable to the Company's governing bodies and those passed at the Fluidra AGM on 31 October 2006, at which he was entrusted with all the powers of the Board of Directors with the sole exception of non-delegable powers.

Specifically, Mr Eloy Planes Corts will assume the responsibilities of the Company's senior management and will therefore take on all responsibility for the Company's executive, managerial and administrative decisions.

The contract contains a post-contractual non-competition covenant and establishes certain rights in the event that it is terminated.

a) Post-contractual non-competition covenant

Without prejudice to the provision whereby Mr Eloy Planes Corts undertakes, during the term of the contract, not to compete with the Company, a post-contract non-competition covenant is established for 2 years following the end of the effective rendering of services.

The consideration established for the obligation entered into by Mr Eloy Planes Corts by virtue of the post-contractual non-competition covenant is two years of his current annual, fixed gross salary when the contract is terminated. Such consideration will be paid in four instalments, with each instalment falling due at the end of each of the four half-yearly periods in which the covenant applies, and will be independent from and compatible with the indemnification established in the contract for the cases in which Mr Eloy Planes Corts is removed.

b) Severance payment.

Mr Eloy Planes Corts, as the Company's Executive Chairman, will be entitled to a severance payment in the case of the termination of the service contract entered into with Fluidra at the request of the Company on any grounds whatsoever, except in the case of a serious, culpable or negligent breach of his obligations as the Company's Executive Chairman, equal to two (2) years' worth of his remuneration, based on the gross annual salary paid to him in the year of the termination and the gross variable annual salary in the previous year.

Mr Eloy Planes Corts will be entitled to receive the above-mentioned severance payment if he decides to terminate the contract of his own free will, as long as such termination is due to any of the following reasons:

- a serious breach by the Company of its contractual or professional obligations
- a substantial reduction or limitation of his functions or powers
- a substantial change in the conditions set out in this Contract
- a change in ownership of FLUIDRA, whether or not there is a change in the company's management

In the cases set out above, the parties must give notice of at least six months before the effective date of termination, unless due to the serious, culpable or negligent breach of the professional obligations of Mr E. Planes Corts as the Company's Executive Chairman or the serious breach of the Company in respect of the obligations entered into related to Mr Eloy Planes Corts' position. In the case of failure to serve notice, the party in breach shall be entitled to receive an amount equal to the fixed outstanding remuneration during the period of breach.

A.8 Describe any additional remuneration earned by directors in consideration of services rendered other than those inherent to their posts.

<b>Explain additional remuneration</b>
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There is no additional remuneration earned by directors for services other than those inherent to their posts.
--

A.9 Describe any remuneration paid as advance payments, loans and guarantees with an indication of the rate of interest, their basic characteristics and any amounts that may have been returned, as well as the obligations assumed by them as guarantees.

<b>Explain the advance payments, loans and guarantees granted</b>
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There is no remuneration paid as advance payments, loans or guarantees.
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A.10. Describe the main characteristics of remuneration in cash

**Explain remuneration in cash**

In addition to the other benefits in kind explained above, Mr Eloy Planes Cortes has a company car for business and private use, and family medical health insurance. The remuneration corresponding to the use of the company car in 2016 was 5,142.9 euros. The cost of the family medical health insurance in 2016 was 4,547.4 euros. In 2017 no significant changes are envisaged.

- A.11 State the remuneration earned by directors as a result of payments made by the listed company to any third parties to which directors render their services if such payments are made for the purposes of remunerating them for their services rendered to the company.

Explain the remuneration earned by directors as a result of payments made by the listed company to any third parties to which directors render their services

There is no such remuneration.

- A.12 Describe any other remuneration paid out other than that described above, whatever its nature or the entity in the Group that pays it, especially if considered a related transaction or if its omission would skew the true and fair view of the total remuneration earned by directors.

**Explain other forms of remuneration**

There is no other remuneration paid out other than that described above.

- A.13 Describe the actions taken by the company in relation to the remuneration scheme for reducing exposure to excessive risk and adjusting it to the company's long-term goals, values and interests, which must include, if applicable, references to: measures intended to ensure that the company's remuneration policy takes its long-term results into account; measures that strike the right balance between fixed and variable components in remuneration; measures adapted to the categories of staff whose work has material repercussions on the organisation's risk profile, its methods or clauses for the collection of payments claimed in relation to the variable components of remuneration based on results when such components are paid in line with figures whose inaccuracy has subsequently been clearly demonstrated; and the measures in place to avoid conflicts of interest, if applicable.

**Explain the actions taken to reduce risk**

The annual variable remuneration of the Directors with executive functions is linked to their performance by reference to financial and management objectives.

The multi-year remuneration from the Long-Term Incentive 2013-2015 is linked to the performance of the value of the Company's share over a period of 3 years, and does not accrue until the Board makes the relevant evaluation.

In turn, the Performance Share Plan 2015-2018 incentive is linked to specific financial measures, and establishes a one-year period of deferral of the delivery of the shares, and for the Executive Chairman, a three-year period of retention of the shares delivered equivalent to two times his annual fixed remuneration.



**C GENERAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED  
DURING THE BUSINESS YEAR ENDED**

- C.1 Give a summary of the main characteristics of the structure and nature of payments made under the remuneration policy implemented during the business year ended that has given rise to the breakdown of the remuneration of each of the directors, as shown in section D of this report, in addition to a summary of the decisions taken by the Board to implement the policy.

<b>Explain the structure and nature of the remuneration policy implemented during the business year ended.</b>
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<p>The structure and components of the Directors' remuneration applied in 2016 do not differ from the current period explained in section A of the report.</p>
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**D BREAKDOWN OF THE INDIVIDUAL REMUNERATION EARNED BY EACH OF THE DIRECTORS**

D.1 Fill in the following tables on the individual remuneration earned by each of the directors (including the remuneration over the year for exercising executive duties) during the business year.

a) Remuneration earned in the company subject to this report:

i) Remuneration in cash (in thousands of €)

<b>Name</b>	<b>Type of office</b>	<b>Period</b>
Mr Eloy Planes Corts	Chairman	1/1/2016-12/31/2016
ANIOL (Mr Bernat Garrigós Castro)	Deputy Secretary	1/1/2016-12/31/2016
Mr Oscar Serra Duffo	Deputy Chairman	1/1/2016-12/31/2016
Mr Bernardo Corbera Serra	Member	1/1/2016-12/31/2016
BIDSA (Mr Carlos Ventura Santamans)	Member	1/1/2016-12/31/2016
Mr Juan Ignacio Acha-Orbea Echeverría	Member	1/1/2016-12/31/2016
Mr Richard J. Cathcart	Member	1/1/2016-12/31/2016
Gabriel López Escobar	Coordinator	1/1/2016-12/31/2016
Jorge Valentín Constans Fernández	Member	1/1/2016-12/31/2016
DISPUR (Eulàlia Planes)	Member	1/1/2016-12/31/2016

Name/Type/Payment period in the year	Salary	Fixed remuneration	Allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for sitting on Board committees	Severance pay	Other items	Total in the year 2016	Total in the year 2015
Joan Planes		0	0			0			0	122,000
Eloy Planes	255,000	110,000	8,000	178,500		0		9,690	561,190	514,990
Bernat Corbera		76,000	8,000			8,000			92,000	91,000
Oscar Serra		76,000	8,000			8,000			92,000	91,000
ANIOL		76,000	8,000			8,000			92,000	91,000
BIDSA		76,000	8,000			8,000			92,000	91,000
Jorge Valentín Constans		76,000	8,000			8,000			92,000	59,333
Richard Cathcart		76,000	18,500			10,000			104,500	103,500
Juan Ignacio Acha		76,000	8,000			8,000			92,000	99,000
Gabriel López		86,000	8,000			10,000			104,000	93,000
DISPUR		76,000	8,000			0			84,000	0
<b>TOTAL</b>	<b>255,000</b>	<b>804,000</b>	<b>90,500</b>	<b>178,500</b>	<b>0</b>	<b>68,000</b>	<b>-</b>	<b>9,690</b>	<b>1,405,690</b>	<b>1,355,823</b>

ii) Stock-based remuneration schemes

Period	Stock options held at the beginning of the year 2016				Stock options assigned in the business year 2016			
	No. stock options	No. shareholders affected	Strike price (€)	Expiration date	No. stock options	No. shareholders affected	Strike price (€)	Expiration date
06/02/2010	0	0	0,00		0	0	0,00	There was no options plan in 2016
Conditions	There are no options plan							

Shares given in the business year 2016			Stock options exercised in the year 2016				Expired options not exercised	Stock options at end of year 2016			
No. Shares	Price	Amount	Strike price (€)	No. stock options	No. shareholders affected	Gross profit (€)	No. stock options	No. stock options	No. shareholders affected	Strike price (€)	Expiration date
25,546	3.74	95,542	0,00	0	0	0	0	0	0	0,00	There was no options plan in 2016
Other requirements for exercising options	There are no other requirements										



b) Remuneration earned by company directors for sitting on boards in other Group companies:

i) Remuneration in cash (in thousands of €)

Name/Type/Payment period in the year	Salary	Fixed remuneration	Allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for sitting on Board committees	Severance pay	Other items	Total in the year 2016	Total in the year 2015

ii) Stock-based remuneration schemes

Period	Stock options held at the beginning of the year 2016				Stock options assigned in the business year 2016			
	No. stock options	No. shareholders affected	Strike price (€)	Expiration date	No. stock options	No. shareholders affected	Strike price (€)	Expiration date
Conditions								

Shares given in the business year 2016			Stock options exercised in the year 2016				Expired options not exercised	Stock options at end of year 2016			
No. Shares	Price	Amount	Strike price (€)	No. stock options	No. shareholders affected	Gross profit (€)	No. stock options	No. stock options	No. shareholders affected	Strike price (€)	Expiration date
Other requirements for exercising options											

iii) Long-term savings schemes

Name/Type/Payment period of total earnings in business years	Contributions in the year by the company (thousands of €)		Total funds accrued (thousands of €)	
	2016	2015	2016	2015

iv) Other benefits (in thousands of €)

Name/Type	Remuneration as advance payments and loans granted		
	Interest rate of the transaction	Basic characteristics of transaction	Potential amounts paid back

Name/Type	Life insurance premiums		Guarantees issued by the company to the directors	
	2016	2015	2016	2015

c) Summary of remuneration paid (in thousands of €):

The amounts corresponding to all remuneration paid to directors as earnings as described in this report must be included in the summary (in thousands of euros).

In the case of long-term savings schemes, the contributions or amounts paid into these schemes must include:

Name/Type	Remuneration earned at the company			Remuneration earned in Group companies				Total			
	Total remuneration in cash	Amount of shares granted	Gross profit on stock options exercised	Total in the year 2016 at the company	Total remuneration in cash	Value of shares granted	Gross profit on stock options exercised	Total in the year 2016 in Group companies	Total in the year 2016	Total in the year 2015	Contributions to the savings scheme during the year
Joan Planes	0			0					0	122,000	
Eloy Planes	561,190	95,542		656,732					656,732	605,006	16,000
Bernat Corbera	92,000			92,000					92,000	91,000	
Oscar Serra	92,000			92,000					92,000	91,000	
ANIOL	92,000			92,000					92,000	91,000	
BIDSA	92,000			92,000					92,000	91,000	
Jorge Valentín Constans	92,000			92,000					92,000	59,333	
Richard Cathcart	104,500			104,500					104,500	103,500	
Juan Ignacio Acha	92,000			92,000					92,000	99,000	
Gabriel López	104,000			104,000					104,000	93,000	
DISPUR	84,000			84,000					84,000	-	
<b>Total:</b>	<b>1,405,690</b>	<b>95,542</b>	<b>-</b>	<b>1,501,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,501,232</b>	<b>1,445,839</b>	<b>16,000</b>

D.2 Report on the ratio between the remuneration earned by the directors and revenues or other performance indicators used by the company and, if applicable, give explanations of how variations in the company's performance have influenced changes in the directors' remuneration.

In 2016, the Executive Chairman's fixed salary increased by 2 per cent with respect to 2015, placing it at €255,000.

Insofar as his variable remuneration is concerned, 85% of the target amount of €178,500 is spread across the Group's financial targets, namely, Free Cash Flow, Net Income, and Sales Growth, and the remaining 15% corresponds to management targets.

In 2015 the financial targets reached 105.1% and the management targets 100%, which resulted in an amount of €130,447 for 2015. Once the results at the 2016 year-end had been evaluated, it was revealed that the financial targets had reached 118% and the management targets 80%, which resulted in an amount of €200,456.14 for 2016.

Having been included in the 2013–2018 Long-Term Incentive Programme, he was given a total of 25,546 shares on 15 July 2016 for the first cycle, and the second cycle, which ends on 15 July 2017, has yet to be calculated.

D.3 Report on the result of the advisory vote cast at the AGM on remuneration in the previous business year's annual report dated 3 May 2016, with an indication of the number of votes cast against the motion (if any):

	Number	% of the total
Votes cast	81,333,783	72.2138%

	Number	% of the total
Votes against	250	0.0003%
Votes in favour	81,333,533	99.6910%
Abstentions	0	0%

**E OTHER USEFUL INFORMATION**

If there are any relevant matters relating to the remuneration of the directors that have not been covered in the other sections of this report, but that must be included in order to collect fuller and more conclusive information on the structure and practices implemented by the company in the remuneration of its directors, give a brief outline.

There are no relevant matters relating to the remuneration.

This annual remuneration report has been approved by the company's Board of Directors, at a meeting held on 30 March 2017.

State whether any directors have voted against or have abstained from voting the approval of this report.

Yes

No

The name or company name of the members of the Board of Directors who have voted against the approval of this report	Reasons (against, abstained, not present)	Explain the reasons