

## TO THE SPANISH SECURITIES COMMISSION

Fluidra, S.A. ("Fluidra"), pursuant to the provisions of article 228 of the Consolidated Securities Market Act approved by Legislative Royal Decree 4/2015, of 23 October, hereby issues the following:

### MATERIAL FACT

At its meeting held on October 30, 2018, the Board of Directors of Fluidra unanimously approved, among others, the new Regulations of the Board of Directors.

The new Regulations of the Board of Directors of Fluidra, whose registration in the Barcelona Commercial Registry is pending, are attached as Annex to this material fact.

Sabadell, October 31, 2018

**ANNEX**

**REGULATIONS OF THE BOARD OF DIRECTORS**

REGULATIONS OF THE BOARD OF DIRECTORS OF  
FLUIDRA, S.A.

October 30 2018

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## **REGULATIONS OF THE BOARD OF DIRECTORS OF FLUIDRA, S.A.**

### **CHAPTER I. - PREAMBLE**

#### **Article 1.- Origin and purpose**

1. These Regulations have been approved by the Board of Directors of FLUIDRA, S.A. (the "**Company**") and reported to the Shareholders' Meeting in compliance with the provisions of article 528 of Legislative Royal Decree 1/2010, of July 2, 2010, approving the revised Capital Companies Law. The purpose of these Regulations is to establish the guidelines for the Board's actions and the basic rules governing its organization and functioning and the conduct of its members.
2. The rules of conduct established in these Regulations for Company directors shall also apply to Company's senior executives to the extent the rules are compatible with these executives' specific nature and the activities they perform.

#### **Article 2.- Interpretation**

1. These Regulations complete the regulations applicable to the Board of Directors pursuant to the legislation in force and the Company's Bylaws. They shall be interpreted in accordance with the applicable statutory and bylaw provisions and with the principles and recommendations on the corporate governance of listed companies approved or issued by the Spanish authorities and the authorities of comparable countries, or by special commissions or working groups established by virtue of the mandate of such authorities.
2. Any queries relating to the application and interpretation of these Regulations shall be resolved by the Board of Directors in accordance with the general criteria for interpretation of statutory provisions.

#### **Article 3.- Amendment**

1. These Regulations may only be amended at the proposal of the Chairman of the Board of Directors, of the Chief Executive Officer, of one-third of directors or of the Audit Committee, accompanying the amendment proposal with an explanatory report.
2. The text of the proposed amendment and the explanatory report must be attached to the call notice for the Board meeting at which the proposal will be discussed. The call notice for said meeting shall be sent at least ten days in advance.
3. In order to be valid, any amendment to the Regulations shall require a resolution adopted by a majority comprising two-thirds (2/3) of the directors present at the meeting in person or by proxy, except for amendments referring to the majorities required for the adoption of resolutions on Reserved Matters (as defined in article 16.4 below), which shall require the favourable vote of all executive and proprietary directors appointed by the two groups of majority shareholders as of the date of these Regulations. These Regulations must be updated whenever necessary in order to bring their content into line with the applicable legislation in force.

#### **Article 4.- Dissemination**

1. The directors and senior executives must be familiar, comply and ensure compliance with these Regulations. For such purposes, the Board Secretary shall provide each director and senior executive with a copy of the Regulations on acceptance of their respective appointments or on signature of their contracts, as applicable, and the directors and senior executives must deliver to the Secretary a signed statement, following the model attached hereto as Schedule I, indicating that they are aware of and accept the content of these Regulations, undertaking to fulfill all such obligations falling to them hereunder.
2. The Board of Directors shall adopt the appropriate measures to ensure that these Regulations are disseminated among the shareholders and the investing public in general. In particular, the version of the Regulations prevailing at any time shall be submitted to the National Securities Market Commission and placed on file at the Commercial Registry, and shall be available on the Company's corporate website as provided for in the legislation in force and in these Regulations.

### **CHAPTER II.- FUNCTION OF THE BOARD**

#### **Article 5.- General function of the Board**

1. The Board of Directors shall perform its duties with unity of purpose and independent judgment, according all shareholders the same treatment. It shall be guided at all times by the Company's best interests and, as such, strive to maximize the Company's value over time. The Board shall likewise ensure that in dealing with all its stakeholders, the Company abides by all laws and regulations, fulfills its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories where it does business, and upholds any additional social responsibility principles it has subscribed to voluntarily.
2. Except for those matters that are reserved for the Shareholders' Meeting, the Board of Directors is the sovereign decision-making body of the Company and is entrusted with the functions attributed under the Capital Companies Law and other applicable provisions, and in particular, the following:
  - Formulation of the annual financial statements, the management report and the proposed distribution of Company profit, as well as the consolidated financial statements and management reports for submission at the Shareholders' Meeting
  - The call to the Shareholders' Meeting and the publication of notices relating to same
  - Execution of the Company's treasury stock policy as authorized at the Shareholders' Meeting
  - The appointment of directors by co-option and submission of proposals to the Shareholders' Meeting relating to the appointment, ratification, re-appointment and removal of directors (a) at the proposal of the Appointments and Compensation Committee in the case of independent directors or (b) following a report by the Appointments and Compensation Committee in the case of the rest of the directors

- The designation and renewal of positions on the Board of Directors and of Board committee members
- On the proposal of the Company's executive chairman and/or chief executive officer, the appointment and removal of senior executives, as well as their indemnification clauses
- In accordance with law and the Company's Bylaws and unless otherwise determined at the Shareholders' Meeting, distribution of compensation for the members of the Board of Directors as proposed by the Appointments and Compensation Committee and, in the case of senior executives, determination of the additional consideration for their executive functions and other contractual conditions that must be observed
- The financial information that the Company must periodically disclose as a listed company
- The investments or transactions considered strategic by virtue of their high amount or special characteristics, unless their approval falls within the remit of the Shareholders' Meeting
- The creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens and any other transaction or operation of a similar nature that, due to its complexity, could diminish the transparency of the group
- Declarations regarding any tender offer made for the securities issued by the Company
- The modification, relocation or closure of the Company's website
- The approval and amendment of these Regulations
- Any other matter that these Regulations of the Board of Directors reserves for the plenary session of the Board

- 3.** The Board of Directors may not delegate the following powers in any circumstances:
- (i) Supervision of the effective functioning of the Board committees that have been set up and of the performance of the delegate bodies and of the executives who have been appointed
  - (ii) Determination of the Company's general policies and strategies
  - (iii) Authorization or waiver of the obligations arising from the duty of loyalty pursuant to the Capital Companies Law
  - (iv) Its own organization and functioning
  - (v) Preparation of the annual financial statements and their submission at the Shareholders' Meeting

- (vi) Preparation of any type of report required of the managing body in accordance with the law, where the transaction to which the report refers cannot be delegated
- (vii) Appointment and removal of the Company's chief executive officers and establishment of their contract conditions
- (viii) Appointment and removal of executives who report directly to the Board of Directors or to any of its members, and establishment of the basic conditions of their contracts, including compensation
- (ix) Decisions regarding director compensation, within the framework of the Bylaws and, where appropriate, the compensation policy approved at the Shareholders' Meeting
- (x) The call to the Shareholders' Meeting and preparation of the agenda and the proposed resolutions
- (xi) The treasury stock policy
- (xii) Any powers that the Shareholders' Meeting has delegated to the Board of Directors, except where the Board been expressly authorized by the Shareholders' Meeting to subdelegate the powers
- (xiii) Approval of the strategic or business plan, management targets and annual budgets, the investment and financing policy, the corporate social responsibility policy and the dividend policy
- (xiv) Determination of the policy on risk (including tax) control and management and on the supervision of internal reporting and control systems
- (xv) Determination of the corporate governance policy of the Company and of the group of which it is the parent, its organization and functioning and, in particular, approval and amendment of these Regulations
- (xvi) Approval of the financial information that the Company must periodically disclose as a listed company
- (xvii) Definition of the structure of the group of companies of which the Company is the parent
- (xviii) Approval of investments and transactions of all types that, due to their high amount or special characteristics, have a strategic nature or entail a special tax risk, unless their approval falls within the remit of the Shareholders' Meeting
- (xix) Approval of the creation or acquisition of shares in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens and of any other transaction or operation of a similar nature that, due to its complexity, could diminish the transparency of the Company and its group
- (xx) Approval, following a report by the Audit Committee, of any transactions that the Company or group companies perform with directors, in the terms set out in articles 229 and 230 of the Capital Companies Law, or with shareholders who own,

individually or in concert with others, a significant holding, including shareholders represented on the Board of Directors of the Company or of other companies forming part of the same group or with parties related to them. Affected directors or directors who represent or are related to affected shareholders must refrain from participating in the deliberations and vote on the resolution in question. Board authorization is not required for transactions that simultaneously meet the following three conditions:

1. they are governed by standard-form agreements applied on an across-the-board basis to a large number of clients
2. they go through at market rates, generally set by the person supplying the goods or services, and
3. their amount is no more than 1% of the Company's annual revenues.

(xxi) Determination of the Company's tax strategy

(xxii) The adoption of resolutions on Reserved Matters (as defined in article 16.4 below)

4. The Board's policy is to delegate ordinary Company management to the management team and to concentrate its work on the general supervisory function and the adoption of the most relevant decisions for managing the Company.
5. Neither the powers reserved by law or the Bylaws for direct consideration by the Board nor any other powers necessary for the responsible exercise of the general supervisory role may be delegated.
6. The Board of Directors shall ensure fulfillment by the Company of its ethical obligations and its duty to act in good faith.
7. The Board shall also ensure that no shareholder receives privileged treatment with respect to the other shareholders.

### **CHAPTER III.- COMPOSITION OF THE BOARD**

#### **Article 6.- Qualitative composition**

1. The Board of Directors, in exercising its powers to propose appointments at the Shareholders' Meeting and to appoint directors to fill vacancies by co-option, shall procure that, as far as possible, in the composition of the Board, external or non-executive directors represent a clear majority over executive directors. The number of executive members must likewise be the minimum necessary, taking into account the complexity of the corporate group and the percentage of executive directors' participation in the Company's capital. The Board shall also ensure that the number of independent members represents at least one-third (1/3) of all directors.
2. The definitions of the various categories of directors shall be those set forth in the Capital Companies Act.
3. The Board shall ensure that, among non-executive directors, the ratio of nominee directors to independent directors reflects the proportion between the capital represented on the Board by nominee directors and the remainder of the Company's capital.

4. In the event any non-executive director cannot be deemed either a nominee or an independent director, the Company shall explain this circumstance and the connections that director maintains with the Company or its executives, or with its shareholders.
5. The Board shall explain the nature of each director at the Shareholders' Meeting at which his or her appointment will be made or ratified. Such determination shall subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments and Compensation Committee.

#### **Article 7.- Quantitative composition**

1. The Board of Directors shall comprise of twelve (12) members.

### **CHAPTER IV.- STRUCTURE OF THE BOARD OF DIRECTORS**

#### **Article 8.- Chairman of the Board**

1. The Chairman of the Board of Directors shall be selected from among its members with the favourable vote of at least nine (9) members of the Board of Directors, in accordance with the Company's bylaws, following a report from the Appointments and Compensation Committee. The dismissal of the Chairman of the Board shall require that the resolution is adopted with the favourable vote of at least nine (9) members of the Board of Directors.
2. The Chairman shall have the ordinary authority to call Board meetings, draw up the meeting agenda and chair the deliberations. Nevertheless, the Chairman shall also call a Board meeting and place the matters in question on the agenda when so requested by two directors.
3. The Board of Directors may appoint an Honorary Chairman of the Company from among former Board chairmen, considering the particular relevance of their time in office. The Honorable Chairman shall have duties of honorary representation and will provide advice to the Board of Directors, to the Chairman and to the Deputy Chairman of the Board of Directors. The Board of Directors shall make available to the Honorary Chairman the technical, material and human resources that it deems appropriate for the Honorary Chairman to discharge his duties on the most adequate terms and through the most appropriate procedures.
4. The Chairman shall have the status of executive chairman of the Company. Consequently, all powers that may be delegated in accordance with the provisions of the law, the bylaws and these Regulations shall be delegated to it unless the Board of Directors with the favourable vote of all proprietary directors appointed by the two groups of majority shareholders as of the date of these Regulations agrees otherwise.

#### **Article 9.- Deputy Chairman of the Board**

1. The Board may designate one or more deputy chairmen following a report from the Appointments and Compensation Committee, who shall be elected by the same majorities as the Chairman of the Board. The Deputy Chairman shall stand in for the Chairman when the Chairman is absent or unable to attend Board meetings and when so designated by the Chairman.

2. The Deputy Chairman may call Board of Directors meetings when a request by at least two directors is not answered by the Chairman within one week.

#### **Article 10.- Secretary of the Board**

1. The Board shall select a Secretary, following a report from the Appointments and Compensation Committee, who shall be an external and independent legal professional. The Secretary of the Board of Directors shall have the right to speak but not to vote. In any event, in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and removal must be approved by the Board of Directors in plenary session, subject to a report from the Appointments and Compensation Committee. The appointment of the Secretary of the Board shall require that the resolution is adopted with the favourable vote of at least nine (9) members of the Board of Directors. The dismissal of the Secretary of the Board shall require that the resolution is adopted with the favourable vote of at least seven (7) members of the Board of Directors.
2. The Secretary shall assist the Chairman in his work and shall support the proper functioning of the Board, particularly providing the directors with the necessary information and advice, maintaining corporate documentation, duly reflecting the minutes of Board meetings in the minutes book and certifying Board resolutions. The Secretary shall also make a record in the Board minutes of any concerns raised by the directors in relation to the running of the Company that are not resolved by the Board, as well as the concerns expressed by the Secretary or the directors on any proposal, at the request of the concerned party.
3. In particular, the Secretary shall ensure that the actions of the Board of Directors: (i) adhere to the spirit and letter of the law and implementing regulations, including those issued by regulatory authorities; (ii) comply with the Company's Bylaws, the Shareholders' Meeting Regulations, the Regulations of the Board of Directors and the Internal Code of Conduct; and (iii) are informed by the Company's corporate governance recommendations.

#### **Article 11.- Deputy Secretary of the Board**

1. Following a report by the Appointments and Compensation Committee, the Board of Directors may appoint a Deputy Secretary, who shall not be a director and must be an independent external legal professional unless the Board of Directors with the favourable vote of all executive and proprietary directors appointed by the two groups of majority shareholders as of the date of these Regulations agrees otherwise, to assist the Secretary of the Board of Directors or to stand in for the Secretary in the event of absence thereof. In any event, in order to safeguard the independence, impartiality and professionalism of the Deputy Secretary, his appointment and removal must be approved by the Board of Directors in plenary session, subject to a report from the Appointments and Compensation Committee.
2. Unless otherwise decided by the Board of Directors, the Deputy Secretary may attend Board meetings to assist the Secretary in drawing up the minutes of the meeting.

#### **Article 12.- Board committees**

1. The Board of Directors shall designate a chief executive officer to whom, as with the

executive chairman, all powers that may be delegated in accordance with the provisions of the law, the bylaws and these Regulations shall be delegated to it unless the Board of Directors with the favourable vote of all proprietary directors appointed by the two groups of majority shareholders as of the date of these Regulations agrees otherwise. The delegation and appointment of the Board member to fill such position, as well as its dismissal, requires the affirmative vote of at least nine (9) of the members of the Board of Directors and shall not be effective until placed on file at the Commercial Registry.

2. Without prejudice to the delegation of powers to a chief executive officer and other powers of attorney as may be conferred upon any person, the Board of Directors may, in the same terms as in the previous paragraph, also delegate authority to a Delegated Committee. In any event, the executive president and the chief executive officer shall be part of the Delegated Committee.
3. The Executive Chairman shall act as Chairman of the Delegated Committee. The Secretary of the Delegated Committee shall be the person selected by the Committee and may or may not be a director.
4. The Delegated Committee shall meet whenever a meeting is called by the Executive Chairman or by the chief executive officer.
5. The resolutions of the Delegated Committee held by videoconference, multiple conference call or other means of distance communication shall be valid, provided that none of its members object to this procedure, have the necessary means to do so and are mutually recognized, which must be expressed in the minutes of the Committee. In such case, the meeting of the Committee shall be considered a single meeting and held at the registered office.
6. The Delegated Committee shall be validly assembled when the majority of its members are present in person or by proxy.
7. Resolutions shall be adopted by a majority of the members in attendance, in person or by proxy. In the event of a tie, the Chairman shall not have the casting vote.
8. In the event the Delegated Committee does not approve any of a resolution submitted for its consideration, the Delegated Committee Chairman may take the matter to the Board of Directors, provided it is deemed sufficiently relevant.
9. The Secretary shall keep minutes of all Delegated Committee meetings, which will be prepared in both English and Spanish, and shall regularly inform the Board of all matters discussed and the resolutions passed. A copy of the minutes shall be delivered to each member of the Board of Directors. Meetings shall be held in English with simultaneous translation into Spanish unless all the directors present at the meeting fluently speak Spanish in which case, the relevant meeting will be held in Spanish.
10. The Board may also establish other committees with consultative or advisory functions and, on an exceptional basis, may vest these committees with certain decision-making authority.
11. In any event, the Board of Directors shall create an Audit Committee with powers of information, supervision, advisory and proposal in all matters attributed to it and specified under article 13 of these Regulations, as well as an Appointments and Compensation Committee, with the powers specified under article 14 below.
12. Where a member of the Board of Directors is appointed executive chairman, chief executive officer or given executive functions under any other title, a contract shall be entered into between such individual and the Company and this contract must be approved in advance through the affirmative vote of two-thirds of Board members. The

Board member in question shall abstain from deliberating and voting on the matter. The approved contract must be attached to the meeting minutes.

- 13.** The contract shall include reference to all items for which compensation may be obtained for the performance of executive functions, including, as the case may be, potential severance payment for the early removal from such functions and the amounts to be paid by the Company in the form of insurance premiums or contributions to savings plans.

The contract must be consistent with the compensation policy approved at the Shareholders' Meeting.

### **Article 13.- Audit Committee: Composition, responsibilities and functioning**

- 1.** The Board of Directors shall create an Audit Committee comprising five (5) directors and appoint members thereto, all of which must be non-executive directors. Executive directors and senior executives may also attend Audit Committee meetings when expressly agreed by the committee members. At least three (3) members of the Audit Committee must be independent directors, and at least one must be appointed with regard to his knowledge and experience in accounting, audit or both. All members of the Audit Committee, particularly its Chairman, shall be appointed with regard to their knowledge and experience in accounting, audit and risk management and their other knowledge, skills and experience in other matters relevant to the committee.
- 2.** A Chairman of the Audit Committee shall be designated, for a four-year term, from among the independent directors serving on the committee. The Chairman may stand for re-election one year after vacating office. The Secretary of the Committee shall be the person selected by the Committee and may or may not be a director.
- 3.** Without prejudice to any other tasks assigned to the Audit Committee by law, the Bylaws or the Board of Directors, the basic functions of the Audit Committee shall be as follows:
  - Inform the Shareholders' Meeting of any questions that arise regarding matters falling within its remit
  - Propose to the Board of Directors, for submission at the Shareholders' Meeting, the appointment of the Company's statutory auditor or external audit firm as referred to in article 264 of the Capital Companies Law, as well as the conditions of the engagement, the scope of the professional mandate and, where appropriate, the revocation or non-renewal thereof
  - Supervise the effectiveness of the Company's internal control systems and, in particular, its internal control over financial reporting, internal audit, where applicable, and risk management systems (including for tax risk) and to discuss with the statutory auditor or external audit firm any significant weaknesses detected in the internal control system during the course of the audit
  - Monitor the process of drawing up and disclosing regulated financial information
  - Review the Company's accounts and oversee compliance with legal requirements and the correct application of generally accepted accounting principles, directly working to that end with internal and external auditors
  - Maintain and oversee relationships with the statutory auditor or external audit firms to obtain information on those matters that could jeopardize their independence, for review by the Audit Committee, and any other audit-related

items, as well as any other notices provided for in audit legislation and standards

- Oversee compliance with the audit services agreement, ensuring that the opinion on the annual financial statements and the main content of the audit report are drafted in a clear and precise manner and evaluating the results of each audit performed
- Supervise compliance with legislation on related-party transactions. In particular, the Audit Committee shall ensure that information on these transactions is disclosed to the market in compliance with the provisions of Ministry of Economy and Finance Order 3050/2004, of September 15, 2004.
- Examine compliance with the Internal Code of Conduct, with these Regulations and, in general, with the Company's corporate governance rules, and make any proposals as may be appropriate for the improvement thereof
- Receive information and, when appropriate, issue reports on the disciplinary measures to be imposed on the members of the Company's senior management team

Functions of the Audit Committee shall also include:

- With respect to internal control and reporting systems:
  - (a) Monitor the preparation and integrity of the financial information prepared on the Company and, where appropriate, the group, verifying compliance with legal provisions, the accurate demarcation of the consolidation scope and the correct application of accounting principles
  - (b) Review internal control and risk management systems on a regular basis, ensuring that the main risks are properly identified, managed and disclosed
  - (c) Monitor the independence and efficacy of the internal audit function, propose the selection, appointment, re-appointment and removal of the head of internal audit, propose the department's budget, receive regular report-backs on its activities and verify that senior management are acting on the findings and recommendations of its reports
  - (d) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, any potentially significant irregularities, in particular financial or accounting irregularities, they detect at the Company
- With respect to the statutory auditor or the external audit firm:
  - (a) Make recommendations to the Board for the selection, appointment, re-appointment and removal of the statutory auditor or external audit firm and the terms and conditions of the engagement with said auditor
  - (b) Receive regular information from the statutory auditor or external audit firm on the progress and findings of the audit program and verify that senior management is acting on its recommendations
  - (c) Ensure the independence of the statutory auditor or external audit firm in the discharge of its functions and, for this purpose: (i) ensure that the

Company informs the National Securities Market Commission (CNMV), as a significant event filing, of any change in the external auditor, accompanied by a statement on any disagreements with the outgoing auditor and the nature of such disagreement; (ii) ensure that the Company and the auditor uphold prevailing rules governing the provision of non-audit services and, in general, all other rules in place to safeguard auditor independence; and (iii) should the statutory auditor or external audit firm resign, investigate the circumstances giving rise to such resignation

The Audit Committee must receive written confirmation on an annual basis from the statutory auditor or external audit firm of their independence from the Company or other entities directly or indirectly related to the Company, as well as information on the additional services of any kind provided to such entities by the statutory auditor or audit firm or by persons or entities related to them in accordance with the provisions of audit legislation.

The Audit Committee shall also issue on an annual basis, prior to the issuance of the audit report, a report stating an opinion regarding the independence of the statutory auditor or audit firm. This report must contain, in all cases, an assessment of the provision of the additional services referred to in the preceding paragraph, taken individually and as a whole, other than the statutory audit, in relation to the rules on independence or to audit legislation.

(d) In the case of groups, urge the group auditor to take on the auditing of all companies within the group

- With respect to risk management and the risk policy:
  - (a) Identify the different types of risk (operational, technological, financial, legal, reputational) to which the Company is exposed, including within financial risks contingent liabilities and other off-balance sheet risks
  - (b) Determine the risk level the Company sees as acceptable
  - (c) Determine the measures in place to mitigate the impact of identified risk events should the risk events occur
  - (d) Identify the internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks
- With respect to obligations falling to listed companies:

Report to the Board of Directors, before resolutions are put to a vote, on all matters provided for in the law, the Bylaws and the Regulations of the Board of Directors and, in particular, on:

  - (a) The financial information that the Company must periodically disclose as a listed company. The Audit Committee shall ensure that interim financial statements are prepared using the same accounting principles as the annual statements and, to this end, may ask the statutory auditor or external audit firm to conduct a limited review.

- (b) The creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens and any other transaction or operation of a similar nature that, due to its complexity, could diminish the transparency of the group
- (c) Transactions with related parties
- (d) Transactions that entail or could entail a conflict of interest

The Audit Committee shall not perform the functions provided for under letters (a), (b) and (c) above where, pursuant to the Bylaws, the functions have been entrusted to another oversight and control committee, as provided by law.

4. The Audit Committee shall hold ordinary meetings on a quarterly basis in order to review the periodic financial information to be submitted to the securities market authorities and the information that the Board of Directors must approve and include in its annual public disclosures. The committee shall also meet when so requested by any of its members and whenever convened by its Chairman, who must call a meeting whenever the Board or Board Chairman requests that the committee issue a report or adopt a resolution, and, in any event, whenever a meeting is considered advisable for the proper pursuit of its functions.
5. Ordinary meetings of the Audit Committee shall be called through a letter sent by registered mail, fax, telegram or email, authorized with the signature of the committee Chairman or that of the Secretary on the instructions of the Chairman. The call notice shall be served at least five (5) days in advance and shall always include the meeting agenda. The committee Chairman may call special committee meetings when, in his opinion, the circumstances so dictate; in this case, the aforementioned advance notice period shall not apply. The Audit Committee shall be deemed validly assembled without need for prior call if all its members are present, either in person or by proxy, and unanimously agree to hold a meeting.
6. Resolutions taken at Audit Committee meetings held by videoconference, conference call or other remote communication means shall be valid provided that no committee member objects to the procedure, that the members have the means necessary for the purpose and that they mutually recognize one another, which must be expressly placed on record in the meeting minutes. In such case, the Audit Committee meeting shall be considered a single meeting held at the registered office.
7. The Audit Committee shall be deemed validly assembled when at least the majority of committee members are present in person or by proxy.
8. Resolutions shall be adopted by a majority of the members in attendance, in person or by proxy. In the event of a tie, the Chairman shall not have the casting vote.
9. The Audit Committee may request the presence of any member of management or any Company employee, even ordering their appearance without the presence of another executive. These individuals shall be obliged to attend the meetings of the Audit Committee and to cooperate and provide access to the information in their possession. The Audit Committee may also request the presence of the statutory auditor at its meetings.
10. To best perform its functions, the Audit Committee may seek advice from external experts when it considers it necessary for the correct fulfillment of its duties.
11. The Company shall have an internal audit function, under the supervision of the Audit

Committee, to ensure the sound functioning of internal reporting and control systems. The head of internal audit must present an annual work program to the Audit Committee, directly report on any incidents arising during its implementation and submit an activities report to the committee at the end of each year.

12. The Audit Committee shall report on and be accountable for its activities in the first plenary meeting of the Board of Directors following the committee's own meeting. Minutes of the Audit Committee meetings shall be drafted and kept in both English and Spanish and sent to all members of the committee. The minutes shall also be made available to the members of the Board of Directors. The Audit Committee shall prepare an annual report on its activities, highlighting the main incidents arising, if any, in relation to its functions. Moreover, where the Audit Committee sees fit, it may include in such report proposals to improve the governance rules of the Company. Audit Committee reports shall be attached to the Company's Annual Corporate Governance Report and shall be made available to shareholders and investors on the Company website. Meetings shall be held in English with simultaneous translation into Spanish unless all the directors present at the meeting fluently speak Spanish in which case, the relevant meeting will be held in Spanish.

The Board of Directors shall deliberate on the reports and proposals presented by the Audit Committee.

#### **Article 14.- Appointments and Compensation Committee: Composition, responsibilities and functioning**

1. The Board of Directors shall create and appoint members to an Appointments and Compensation Committee comprising four (4) non-executive directors, at least two of which must be independent directors. Executive directors and senior executives may also attend Appointments and Compensation Committee meetings when expressly agreed by the committee members. The members of the Appointments and Compensation Committee shall be appointed with regard to their knowledge, skills and experience as well as to the duties of the committee. Any Board member may request that the Appointments and Compensation Committee take into consideration potential candidates for any vacant positions on the committee.
2. The Chairman of the Appointments and Compensation Committee must necessarily be an independent director, elected from among the independent directors serving on the committee. A committee Secretary shall be selected by the Committee, and may or may not be a director.
3. Without prejudice to any other tasks assigned to the Appointments and Compensation Committee by law, the Bylaws or the Board of Directors, the basic functions of the Appointments and Compensation Committee shall be as follows:
  - Prepare and review the criteria to be followed in configuring the management team of the Company and its subsidiaries and in selecting candidates
  - Evaluate the balance of skills, knowledge and experience on the Board, define, on that basis, the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties
  - Inform and submit to the Board of Directors the proposed appointments and dismissals of senior executives and other executives as proposed by the executive chairman and/or chief executive officer, as well as the basic conditions

of their contracts

- Report to the Board on the matters relating to gender diversity and the qualifications of directors pursuant to article 6.5 of these Regulations
  - Propose to the Board of Directors: (i) the compensation policy for directors and general managers or persons performing senior management functions who report directly to the Board, to the Delegated Committee or to executive directors; (ii) the individual compensation of executive directors and the other terms of their contracts; (iii) the recruitment policies and basic terms of the contracts of the Company's senior executives.
  - Examine and organize, in appropriate form, the process for succession of the Chairman and the chief executive officer, making recommendations to the Board so the handover proceeds in a planned and orderly manner
  - Ensure compliance with the compensation policy established by the Company and the transparency of the remuneration
  - Establish a target for representation of the underrepresented gender on the Board of Directors and prepare guidelines on how to achieve this target
  - Submit to the Board of Directors the proposed appointments of independent directors for their designation by co-option or for submission to a vote at the Shareholders' Meeting, as well as proposals for the re-appointment or removal of such directors by the Shareholders' Meeting
  - Report on the proposed appointments of other directors for their designation by co-option or for submission to a vote at the Shareholders' Meeting, as well as on proposals for their re-appointment or removal by the Shareholders' Meeting
4. Ordinary meetings of the Appointments and Compensation Committee shall be held on a quarterly basis. The committee shall also meet when convened by its Chairman, who must call a meeting whenever the Board or Board Chairman requests that the committee issue a report or adopt a resolution, and, in any event, whenever a meeting is considered advisable for the proper pursuit of its functions.
  5. Ordinary meetings of the Appointments and Compensation Committee shall be called through a letter sent by registered mail, fax, telegram or email, authorized with the signature of the committee Chairman or that of the Secretary on the instructions of the Chairman.
  6. The call notice shall be served at least five (5) days in advance and shall always include the meeting agenda. The committee Chairman may call special committee meetings when, in his opinion, the circumstances so dictate; in this case, the aforementioned advance notice period shall not apply. The Appointments and Compensation Committee shall be deemed validly assembled without need for prior call if all its members are present, either in person or by proxy, and unanimously agree to hold a meeting.
  7. Resolutions taken at Appointments and Compensation Committee meetings held by videoconference, conference call or other remote communication means shall be valid provided that none of the committee members objects to the procedure, that the members have the means necessary for the purpose and that they mutually recognize one another, which must be expressly placed on record in the meeting minutes. In such case, the Appointments and Compensation Committee meeting shall be considered a single meeting held at the registered office.
  8. The Appointments and Compensation Committee shall be deemed to be validly

assembled when at least the majority of committee members are present in person or by proxy.

9. Resolutions shall be adopted by a majority of the members in attendance, in person or by proxy. In the event of a tie, the Chairman shall not have the casting vote.
10. To best perform its functions, the Appointments and Compensation Committee may seek advice from external experts when it considers it necessary for the correct fulfillment of its duties.
11. The Appointments and Compensation Committee shall report on and be accountable for its activities in the first plenary meeting of the Board of Directors following the committee's own meeting. Minutes of the Appointments and Compensation Committee meetings shall be drafted and kept in both English and Spanish and sent to all members of the committee. The minutes shall also be made available to the members of the Board of Directors. Meetings shall be held in English with simultaneous translation into Spanish unless all the directors present at the meeting fluently speak Spanish in which case, the relevant meeting will be held in Spanish.

The Appointments and Compensation Committee must consult with the Company's Chairman and chief executive officer, especially on matters relating to executive directors and senior executives. The Board of Directors shall deliberate on the reports and proposals presented by the Appointments and Compensation Committee.

## **CHAPTER V.- FUNCTIONING OF THE BOARD**

### **Article 15.- Board of Directors meetings**

1. The Board of Directors shall hold ordinary meetings at least eight times per year, meeting at least once per quarter, and, in any case, assemble with the frequency necessary for it to discharge its duties, following the schedule of dates and matters to be established at the beginning of the year. All directors are entitled to propose other items on the agenda not initially contemplated where such request is made at least five (5) days in advance of the scheduled meeting date. In addition, the Board shall assemble at the initiative of the Chairman, as often as he deems this advisable for the proper operation of the Company and also at the request of at least two (2) of its members, in which case the Board shall be called by the Chairman to assemble within fifteen (15) days after the request.
2. Directors making up at least one-third (1/3) of the members of the Board of Directors may call a Board meeting, stating the agenda, to be held in the city where the registered office is located, if, following a request made to the Chairman, the Chairman fails to call the meeting within one (1) month without just cause.
3. Ordinary meetings shall be called through a letter sent by registered mail, fax, telegram or email, authorized with the signature of the Chairman or that of the Secretary or Deputy Secretary, on the instructions of the Chairman. The call notice shall be served at least five (5) days in advance and always include the meeting agenda along with all information necessary to deliberate and adopt resolutions on agenda items, unless the Board of Directors meets or has been exceptionally called for reasons of urgency. The Chairman, as the person responsible for efficient functioning of the Board, aided by the Secretary, shall ensure that directors duly receive the above-mentioned information.
4. The Chairman of the Board of Directors may call special Board meetings when, in his

opinion, the circumstances so dictate; in this case, the aforementioned advance notice period and other requirements indicated in the preceding section shall not apply. Notwithstanding the above, efforts shall be made to ensure that any documentation to be provided to directors is delivered sufficiently in advance. The Board of Directors shall be deemed validly assembled without need for prior call if all its members are present, either in person or by proxy, and unanimously agree to hold a meeting.

5. As long as the Chairman of the Board is also an executive officer, the Board of Directors must, with the abstention of the executive directors, appoint a lead director from among the independent directors, who will be vested with special powers to call a Board meeting or add new items to a meeting agenda after its call, so as to compile and give voice to the concerns of non-executive directors, coordinate and assemble the non-executive directors and lead the Board's evaluation of Chairman. Should one or more Deputy Chairmen of the Company be independent directors, the Board shall empower any one of them to discharge the duties referred to in this paragraph.
6. Resolutions taken at Board meetings held by videoconference, conference call or other remote communication means shall be valid provided that no director objects to the procedure, that the directors have the means necessary for the purpose and that they mutually recognize one another, which must be expressly placed on record in the meeting minutes and in any certificate of the resolutions adopted thereat. In such case, the Board meeting shall be considered a single meeting held at the registered office. The Board may also adopt resolutions through the written procedure and without assembly, as provided for in the Capital Companies Law.
7. The Board shall prepare an annual schedule of its ordinary meetings.
8. Each year, the Board of Directors at a plenary meeting shall assess: (i) the quality and efficiency of its functioning; (ii) the discharge of duties by the Chairman of the Board and the Company's chief executive officer, based on a report submitted by the Appointments and Compensation Committee; and (iii) the functioning of the Board committees, based on the reports submitted by said committees. Based on the outcome of the annual evaluation, the Board of Directors shall propose an action plan to correct any weaknesses detected. To that end, the Chairman of the Board of Directors shall organize the assessment of the Board, of the Executive Chairman and of the chief executive officer, in coordination with the chairmen of the Board committees. The outcome of the evaluation shall be recorded in the meeting minutes or attached as a schedule thereto.

#### **Article 16.- Conduct of meetings**

1. The Board of Directors shall be validly assembled when at least the majority of its members are present in person or by proxy.
2. Directors are required to do everything in their power to attend Board meetings. When they absolutely cannot attend in person, they may grant proxy to another Board member in writing, specifically for each meeting, providing the pertinent voting instructions and notifying the Chairman of the Board of the proxy appointment. Non-executive directors may only grant proxy to another non-executive director.
3. The Chairman shall organize and encourage debate and active participation of all directors during Board meetings, safeguarding their freedom of speech and opinion.
4. Unless a different voting quorum is specifically established by law, the Bylaws or these Regulations, resolutions shall be adopted by an absolute majority of the directors

present, in person or by proxy, at the meeting. In particular, to adopt resolutions on the matters referred below (the "**Reserved Matters**") the following majorities shall be required:

- (i) The removal from office of the Secretary of the Board of Directors will require approval by at least (7) members of the Board of Directors;
- (ii) The removal from office of any member of the Senior Management will require approval by at least (7) members of the Board of Directors provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations vote in favour;
- (iii) The listing of the Company's shares on the stock exchange, the "New York Stock Exchange" or on any other comparable listing venue that provides efficient access to capital markets will require approval either (i) by at least seven (7) members of the Board of Directors, provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations vote in favour; or, alternatively, (ii) by the unanimous vote of all the members of the Board of Directors different from the proprietary and executive directors nominated by any of the two groups of majority shareholders of the Company existing at the date of these Regulations (i.e. eight (8) out of twelve (12) directors);
- (iv) The following matters shall require approval of at least at least nine (9) members of the Board of Directors:
  - a) the appointment and the removal from office of the Chairperson of the Board of Directors;
  - b) the appointment and the removal from office of the Chief Executive Officer;
  - c) the delegation of powers to a delegated committee within the Board of Directors, as well as the appointment of any of its members;
  - d) the appointment from office of the Secretary of the Board of Directors;
  - e) the appointment of any members of the Senior Management;
  - f) any amendment to the list of positions comprised by the Senior Management;
  - g) the Company or any entity within the Fluidra Group incurring additional Long-Term Indebtedness to the extent that such Long-Term Indebtedness would cause the ratio of Net Long-Term Indebtedness to Consolidated Adjusted EBITDA to exceed 3.0x; and
  - h) the amendment of the number of members of the committees within the Board of Directors.

To the purposes of this section, "**Senior Management**" shall refer to persons holding office as Managing Director Finance, Managing Director in Europe, Asia, Latam and Southern Hemisphere, Managing Director Operations and Managing Director Americas.

The definition of "Senior Management" can be amended at any time by the Board of Directors.

5. In the event of a tie, the Chairman shall not have the casting vote.
6. Meetings shall be held in English with simultaneous translation into Spanish.
7. Minutes of Board meetings shall be drafted and kept both in English and Spanish and shall be signed, at least, by the Chairman or Deputy Chairman and the Secretary or Deputy Secretary. The minutes shall be transcribed or recorded in a special Board minutes book, in accordance with the law.
8. The minutes shall be approved by the Board of Directors itself, at the end of the meeting or at a later meeting.

## **CHAPTER VI.- APPOINTMENT AND REMOVAL OF DIRECTORS**

### **Article 17.- Appointment of directors**

1. Directors shall be appointed: (i) upon proposal by the Appointments and Compensation Committee, in the case of independent directors; and (ii) upon presentation of a report by the Appointments and Compensation Committee, in the case of other directors; or by the Shareholders' Meeting or by the Board of Directors in accordance with the provisions of the Capital Companies Law. Proposed appointments or re-appointments must always be accompanied by an explanatory report issued by the Board and assessing the skills, experience and merits of the proposed candidate. This report shall be attached to the minutes of the Shareholders' Meeting or the Board meeting. The provisions of this section shall also apply to individuals appointed as representatives of a legal entity director. Proposals for the appointment of such individual representatives shall be subject to a report by the Appointments and Compensation Committee.
2. Upon appointment, all new directors must complete the Company's new director orientation program in order to quickly acquire sufficient knowledge of the Company and its corporate governance rules.

### **Article 18.- Appointment of non-executive directors**

The Board of Directors shall ensure that the candidates chosen are reputable, competent and experienced individuals, particularly in the case of candidates called to fill the offices of independent director provided for in article 6 of these Regulations.

### **Article 19.- Re-appointment of directors**

Before proposing the re-appointment of directors at the Shareholders' Meeting, the Board shall evaluate the quality of the work and the dedication to office of the proposed directors during the preceding term of office.

## **Article 20.- Term of office**

1. Board members shall hold their office for the period established in the Company's bylaws, at the end of which they may be re-appointed one or more times for periods of the same maximum duration.

In particular, the Shareholders' Meeting may appoint independent directors for a period equal to the time remaining until the status of independent is forfeited, in accordance with article 529 duodecies, section 4, of the Capital Companies Law, even if that period is shorter than that for the rest of directors, as long as the maximum term of four years is observed.

2. Appointments of directors shall expire when, upon completion of the term, the next Shareholders' Meeting is held or the legal term has passed for holding the meeting at which the financial statements for the preceding year are to be approved.
3. The appointment of directors by co-option (which shall occur whenever a vacancy arises before the end of an outgoing director's official term) may be ratified or reelected at the first Shareholders' Meeting held after the date of appointment, in the legally established terms.

## **Article 21.- Removal of directors**

1. Directors shall cease to hold office at the end of the term for which they were appointed or when so determined at the Shareholders' Meeting in exercise of the powers afforded to that body by law or in the Bylaws.
2. Directors shall place their posts under the review of the Board of Directors and, where the Board deems appropriate, tender their resignation in the following cases:
  - a) When they no longer hold the executive position by virtue of which they were appointed to the Board
  - b) When they are involved in any of the cases of conflict of interest or disqualification stipulated by law
  - c) When they are seriously reprimanded by the Board of Directors for having failed to comply with their duties as director
  - d) When their continued presence on the Board of Directors could jeopardize the Company's interests, credibility or reputation or when the reasons for which they were appointed cease to exist (e.g. when nominee directors dispose of or significantly reduce their ownership interests in the Company)
  - e) The maximum term for independent directors is twelve (12) consecutive years, after which time they shall place their posts under the review of the Board of Directors and tender their resignation.
  - f) In the case of nominee directors: (i) when the shareholder whose interest they represent fully transfers its shareholding; and (ii) proportionately, when the shareholder they represent reduces its shareholding to such a level that its number of nominee directors must be reduced.
3. Where, due to resignation or any other reason, a director ceases to hold office before the end of his mandate, he must explain the reasons in a letter sent to all members of the Board.

The Board of Directors may only propose the removal of an independent director before

expiry of the term of office as established in the Bylaws if the Board deems there is just cause for such removal on the basis of a report from the Appointments and Compensation Committee. In particular, just cause shall be deemed to exist when a director has failed to comply with his duties as director or falls under any of the circumstances prohibiting classification as an independent director pursuant to the Capital Companies Law.

## **CHAPTER VII.- INFORMATION AVAILABLE TO DIRECTORS**

### **Article 22.- Powers of information and inspection**

1. Directors may request information about any matter falling within the purview of the Board of Directors, to which end they may examine the Company's books, records and other documentation. The right to information extends to investees, wherever possible.
2. Information requests should be addressed to the Secretary of the Board of Directors, who shall forward the request to the Chairman of the Board and to the appropriate contact person within the Company.
3. The Secretary shall advise the requesting director of the confidential nature of the information requested and provided and of the director's confidentiality duty under these Regulations.

### **Article 23.- Assistance from experts**

1. In order to help them fulfill their duties, all directors are entitled to receive the assistance they need from the Company. To this end, the Company shall provide the appropriate channels, which, in special circumstances, may include external advisory services, the cost of which would be borne by the Company. Any such engagement must necessarily relate to specific problems of a certain scale and complexity arising in the performance of the director's duties.
2. The decision to engage an external advisor must be reported to the Chairman of the Board of Directors and may be refused by the Board of Directors where it deems that:
  - a) the assistance is not necessary for the proper performance of the functions entrusted to non-executive directors
  - b) that the cost is not reasonable in view of the significance of the matter and the assets and revenues of the Company
  - c) that the technical assistance received may be adequately provided by experts and technical personnel within the Company.

## **CHAPTER VIII.- DIRECTOR COMPENSATION**

### **Article 24.- Director compensation**

1. Director compensation shall comprise a fixed and pre-established annual amount as well as fees for attending meetings of the Board of Directors and its Delegated Committee or other

committees. The maximum amount of the annual compensation the Company may pay to directors as a whole in their capacity as such, for both items, shall be determined at the Shareholders' Meeting and shall remain in force until a decision is made to modify the maximum amount at a future Shareholders' Meeting. Unless the Shareholders' Meeting determines otherwise, the exact amount to be paid within that limit, the distribution thereof among the different directors and the payment schedule shall be determined by the Board of Directors in the proportion it freely determines. The amount to be received by each director shall be determined on the understanding that the amount should be a reflection of the effective professional performance of each director and should take into consideration the roles and responsibilities attributed thereto, as well as the director's membership on any Board committees.

2. The Board of Directors shall ensure that the amount of compensation of non-executive directors is such that it offers incentives for dedication without compromising their independence.
3. In addition to and separately from the compensation provided for in the preceding paragraph, the Company may establish compensation systems that are indexed to the market value of shares or that entail the delivery of shares or stock options to directors. The application of such compensation systems must be approved at the Shareholders' Meeting. The Shareholders' Meeting resolution must stipulate the maximum number of shares that can be allocated to this compensation system each year, the value of the shares to be taken as a reference, the number of shares to be delivered to each director, the strike price or the system for calculating the strike price of the stock options, the duration of this compensation system and any other conditions considered appropriate.
4. The compensation established in the preceding paragraphs derived from the directors' membership on the Board shall be compatible with any other professional or employment compensation accrued by the directors for any executive or advisory functions they may perform for the Company other than their supervision and collective decision-making duties as directors, which shall be subject to the legal regime applicable to them.
5. The Board of Directors shall prepare an annual report on director compensation, which must include complete, clear and understandable information about the Company's compensation policy approved at the Shareholders' Meeting. The report shall disclose compensation paid or payable to directors in their capacity as such and, where appropriate, for carrying out executive duties. It shall also include an overall summary of how the compensation policy was applied during the year and details of the individual remuneration accrued for all purposes by each director during that year.
6. The report shall be distributed and put to a vote on an advisory basis as a separate item on the agenda of the ordinary Shareholders' Meeting.
7. The Board of Directors shall formulate the compensation policy for directors, in accordance with the compensation system envisaged in the Bylaws. This policy shall be submitted for approval at the Shareholders' Meeting at least every three years, as a separate item on the agenda. The director compensation policy so approved shall remain in force for three years from the year in which it is approved at the Shareholders' Meeting. Any amendment to or replacement of the policy during that period shall require the prior approval of the Shareholders' Meeting in accordance with the relevant procedure. However, if the annual report on director compensation is rejected in the advisory vote held at the ordinary Shareholders' Meeting, the compensation policy applicable for the next business year shall be subject to the approval of the Shareholders' Meeting prior to its application, even if the aforementioned period of three years has not yet elapsed. This excludes cases in which the compensation policy has been approved at that same ordinary Shareholders' Meeting. Any

compensation received by directors for discharging or terminating their posts and for performing duties must be in accordance with the director compensation policy prevailing at that time, except for compensation that is expressly approved at the Shareholders' Meeting.

## CHAPTER IX.- DIRECTORS' DUTIES

### Article 25.- General obligations of directors

In performing their functions, directors shall act with the diligence of an orderly trader, taking into account the nature of the office and the functions attributed to each director, acting as a loyal representative, in good faith and in the best interest of the Company.

Directors' actions shall be guided by the interest of the Company, defending and safeguarding the interests of shareholders, who have placed the directors in their posts and to whom they are accountable. In carrying out their duties, directors are duty-bound to demand from the Company, and are entitled to receive, the level of information they need to correctly fulfill their obligations. In particular, directors are required to:

- a) Seek information and adequately prepare for meetings of the Board of Directors and of any Board committees on which they serve
- b) Attend Board meetings and actively participate in deliberations so that their opinions can effectively contribute to the decision-making process

If, for a justified reason, directors cannot attend the meetings to which they have been called, they must provide instructions to the director who is to represent them.

- c) Contribute (to a greater extent, independent directors) their strategic vision, as well as concepts, opinions and innovative measures for the optimum pursuit and development of the Company's business
- d) Perform any specific task entrusted to them by the Board of Directors or by any of its delegate and/or consultative bodies that reasonably falls within the scope of their dedication
- e) Investigate any irregularity in the management of the Company of which they may become aware and monitor any risk situation
- f) Request that the persons with capacity to do so call a special Board meeting or include any items they see fit on the agenda of the next meeting to be held
- g) Oppose any resolutions that are contrary to the law, the Bylaws or the corporate interest, and request that their position be recorded in the minutes where they consider it most appropriate for safeguarding the corporate interest. Independent directors and other directors not affected by a potential conflict of interest shall, in particular, clearly express their opposition when a resolution could harm the interests of the shareholders not represented on the Board.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, that director shall draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in their resignation letter.

The provisions set out under this letter shall also apply to the Secretary and the Deputy Secretary of the Board, even if he is not a director.

- h) Refrain from exercising their powers for purposes other than those for which they were conferred
- i) Perform their functions in accordance with the principle of personal liability, exercising their own judgment independently of any third-party instructions or relationships.
- j) Abstain from participating in debates and votes on resolutions with respect to which

they, or persons related to them, have a direct or indirect conflict of interest. Excluded from the foregoing prohibition are the resolutions or decisions that affect the director in its status as such, such as the director's appointment or removal from positions on the administration body or others of a comparable kind.

- k) Adopt the necessary measures to avoid situations in which their interests, whether for their own account or for the account of others, could enter into conflict with the corporate interest and with their duties to the Company

In all cases, directors shall make a sufficient time commitment and take all measures necessary for the efficient management and supervision of the Company. In that regard, directors shall devote sufficient time and effort to performing their functions effectively, and, as such: (a) directors shall inform the Appointments and Compensation Committee of their other professional obligations; and (b) the Company shall establish rules on the maximum number of boards on which directors may serve.

#### **Article 26.- Directors' duty of confidentiality**

1. Directors shall keep confidential the deliberations of the Board and of any Board committees on which they serve and, in general, shall refrain from disclosing any information to which they may have had access in the discharge of their office.
2. The duty of confidentiality shall subsist even after directors have ceased to hold office. Directors must keep secret any confidential information and information, data, reports or records of which they have knowledge as a result of the discharge of their office, and may not disclose such particulars to third parties or divulge them. An exception to the duty of confidentiality is made in cases where the law permits disclosure to third parties or where, as the case may be, disclosure is required by the respective supervisory authority. Any disclosure in such cases must be in keeping with the provisions of the law.

#### **Article 27.- Conflicts of interest**

1. Directors shall report any conflicts of interest to the Board of Directors and must refrain from attending and participating in deliberations that relate to matters in which they are in a situation of conflict of interest.

A director will also be deemed to be in a conflict of interest situation when the matter affects any of the following persons:

- The director's spouse or spousal equivalent;
- Ascendants, descendants and siblings of the director and spouses or spousal equivalent of these persons;
- Ascendants, descendants and siblings of the director's spouse or spousal equivalent;
- Persons acting in concert and companies or entities in which any of the parties indicated in the previous points can exercise significant influence; and,
- In the case of proprietary directors, the shareholder or shareholders that proposed or caused the appointment thereof or persons directly or indirectly related thereto.

In the case of legal entity directors, the following shall be considered related parties:

- Shareholders affiliated with the legal entity director in any of the manners described in article 42.1 of the Commercial Code;
  - De facto or de jure directors, liquidators and authorized representatives with general powers of attorney for the legal entity director;
  - Companies forming part of the same group and the shareholders thereof; and,
  - Persons considered related parties of the legal entity director or of the individual representing the legal entity director.
2. Directors may not use the name of the Company or their status as directors to perform transactions for their own account or for the account of related parties.
  3. Directors may not directly or indirectly perform professional or commercial transactions with the Company unless they have reported the conflict of interest in advance and the Board of Directors has approved the transaction.
  4. For transactions falling within the ordinary course of the Company's business and that are habitual or recurring in nature, a general authorization from the Board of Directors shall suffice.

#### **Article 28.- Use of corporate assets**

Directors may not use the Company's assets or their position at the Company to obtain a financial advantage.

#### **Article 29.- Inside information**

Directors shall follow the rules of conduct established in securities market law and, in particular, the rules set out in the Company's Internal Code of Conduct regarding Matters pertaining to Securities Markets in respect of the handling of inside information and confidential information.

#### **Article 30.- Business opportunities**

1. Directors may not use, for their own account or for the account of related parties in the terms established in article 27 above, a business opportunity of the Company.
2. For the purposes of the preceding paragraph, business opportunity is understood to be any possibility of making an investment or performing a commercial transaction arising from or discovered in connection with the director's performance of duties or the director's use of the Company's information and resources, or that has arisen under circumstances that reasonably indicate that the third party's offer was in fact intended for the Company.

#### **Article 31.- Indirect dealings**

Directors violate their duty of loyalty to the Company if, with prior knowledge, they permit or fail to disclose the existence of transactions performed with the related parties indicated in article 27.1 of these Regulations that were not subject to the conditions and controls provided for in the preceding articles.

#### **Article 32.- Directors' disclosure duties**

1. Directors shall inform the Company of the Company shares they hold directly or indirectly through the persons indicated in article 27.1 of these Regulations, all in accordance with the provisions of the Internal Code of Conduct regarding Matters pertaining to Securities Markets.
2. Directors shall inform the Company of facts, circumstances or situations that may prove significant for their performance as directors of the Company, pursuant to the terms of these Regulations. Directors shall also inform the Company of any circumstance that might harm the Company's name or reputation. Directors shall inform the Company of any criminal charges brought against them and of any subsequent procedural developments in such cases, of any disqualification proceedings brought against them, of nearly-insolvent economic positions in the companies they represent or in which they hold ownership interests, and of any insolvency proceedings opened against said companies.

If a director is indicted or to be tried for any of the crimes referred to in article 213 of the Capital Companies Law, the Board shall review the matter as soon as possible and, in light of the specific circumstances, shall decide whether or not it is appropriate for the director to remain in office.

### **Article 33.- Transactions with significant shareholders**

1. Any transaction to be performed between the Company and the directors, significant shareholders, shareholders represented on the Board or any parties related thereto must be subject to authorization by the Board of Directors, following a prior favorable report from the Audit Committee. Board authorization is not required for related party transactions that simultaneously meet the following three conditions: (i) they are governed by standard-form agreements applied on an across-the-board basis to a large number of clients; (ii) they go through at market rates, generally set by the person supplying the goods or services; and (iii) their amount is no more than 1% of the Company's annual revenues.

Directors affected by any of these transactions shall refrain from exercising or delegating their voting rights, shall leave the room during Board deliberations thereon and shall not be taken into account when calculating the quorum and majority vote needed for Board approval in respect of the matter in question.

2. Prior to authorizing any transactions between the Company and its directors or significant shareholders, the Audit Committee and the Board of Directors shall assess the proposed transaction to safeguard the equal treatment of all shareholders and to ensure that the proposed transaction is at arm's length.

## **CHAPTER X.- BOARD OF DIRECTORS RELATIONS**

### **Article 34.- Website**

1. The Company shall maintain a corporate website featuring information for shareholders and investors, including the documents and disclosures mandated by law and, at least, the following:
  - Current Bylaws, as well as any amendments thereto made in the previous 12

months

- Current Shareholders' Meeting Regulations
- Current Regulations of the Board of Directors and, where applicable, current Regulations of the Board Committees
- The sustainability report or annual report for the preceding two closed periods, to be included, from its drafting date, in the presentation to the Shareholders' Meeting
- Current Internal Code of Conduct regarding Matters pertaining to Securities Markets
- Annual Corporate Governance Report for the previous closed year
- Information on Shareholders' Meeting call notices and agendas and the documents to be presented thereat and, in particular, reports issued by the Board of Directors, the statutory auditor and the independent experts, as well as the full text of the proposed resolutions on each and every agenda item or, in relation to items merely for information purposes, a report by the competent bodies on each of these, as well as any relevant information shareholders may require in order to vote on matters, as from the publication of the first call notice to any ordinary or special Shareholders' Meeting
- Information on Shareholders' Meetings held during the year underway and in the preceding year and, in particular, on the agenda, composition of the Shareholders' Meeting when assembled, resolutions adopted and the number of votes issued for and against each proposal included on the agenda
- Communications channels between the Company and shareholders and, in particular, information on how shareholders can exercise their right to information
- Means and procedures for assigning proxy representation for Shareholders' Meetings, established for each such meeting as from when the call notice is published to the meeting itself
- Means and procedures for remote voting
- Significant event filings made to the National Securities Market Commission during the year underway and in the preceding closed year
- The following information on directors: (i) background and professional profile; (ii) relevant directorships held in other companies, listed or otherwise; (iii) director category, stating, in the case of nominee directors, the shareholder they represent or have links with; (iv) date of their first and any subsequent appointments to the Board; and (v) shares held in the Company and any share options on the same. In the case of the appointment, ratification or re-appointment of members of the Board of Directors, the proposal and reports required in article 17 of these Regulations from publication of the Shareholders' Meeting call notice must be published as well.
- The Company's average supplier payment period and, in the event this period exceeds the maximum period established in legislation on late payments, the measures to be applied to bring it into line with said limit, as set out in the management report pursuant to the Capital Companies Law.
- Valid requests for information or clarification and other queries made in writing

by the shareholders, along with the answers given in writing by the directors.

In accordance with article 539 of the Capital Companies Law, a shareholders' forum shall be hosted on the Company's website, facilitating secure and safeguarded communication, prior to shareholders' meetings, among individual shareholders and any voluntary shareholder groupings they may create.

2. The Board of Directors shall be responsible for compiling the information to be posted on the Company's website in compliance with securities market regulations and for updating such information as provided for by law.

### **Article 35.- Relations with shareholders**

1. The Board of Directors shall ensure that the appropriate channels are in place for it to receive any proposals made by shareholders in relation to the management of the Company.
2. The Board of Directors may, through some of its directors and with the cooperation of any senior executives it deems appropriate, organize informative meetings on the running of the Company and of its group for shareholders residing in the most important financial markets in Spain and abroad.
3. Public requests for proxy representation made by the Board of Directors or by any of its members must indicate how the representative must vote in the event the shareholder does not give specific instructions.
4. The Board of Directors shall encourage the informed participation of shareholders at Shareholders' Meetings and shall adopt appropriate measures to facilitate the effective exercise by the Shareholders' Meeting of the duties falling to it in accordance with the law and the Bylaws.

In particular, the Board of Directors shall adopt the following measures:

- a) It shall endeavor to make available to shareholders, prior to the meeting, all information that can be legally demanded and any information that, though not legally demandable, may be of interest and can reasonably be supplied.
- b) It shall respond, with the utmost diligence, to requests for information made by shareholders prior to the Shareholders' Meeting.
- c) Also with the utmost diligence, it shall answer any questions posed by shareholders during the course of the Shareholders' Meeting.

### **Article 36.- Relations with institutional shareholders**

1. The Board of Directors shall establish appropriate mechanisms for the regular sharing of information with institutional investors holding interests in the Company.
2. Under no circumstances may the relations between the Board of Directors and institutional shareholders lead to the delivery to such shareholders of information that might give them a privilege or advantage over other shareholders.

### **Article 37.- Relations with the markets**

1. The Board, through significant event filings to the National Securities Market Commission and the corporate website, shall immediately provide the public with all

material information in the terms set out in the Securities Market Law and its implementing regulations.

2. The Board of Directors shall adopt the necessary measures to ensure that half-yearly, quarterly and any other financial information to be made available to markets following prudent criteria is prepared in accordance with the same principles, methods and professional practices as used in the annual financial statements and is as reliable as the latter.
3. In its annual public documentation, the Board of Directors shall include disclosures on the Company's corporate governance rules and the degree of compliance therewith.

#### **Article 38.- Relations with auditors**

1. The Audit Committee is entrusted with proposing to the Board of Directors, for submission at the Shareholders' Meeting, the designation (including the contract conditions and the scope of the professional engagement), renewal and revocation of the auditor and with supervising compliance with the audit engagement contract pursuant to article 13.3 of these Regulations.
2. The Audit Committee shall refrain from proposing to the Board of Directors, and the Board shall refrain from submitting to the Shareholders' Meeting, the appointment as the Company's statutory auditor of any audit firm meeting any of the disqualification criteria established in audit legislation, as well as of any other firm in which the fees to be paid by the Company, for all items, exceed five percent (5%) of that firm's total revenue during the previous reporting period.
3. The Board of Directors shall endeavor to authorize the definitive financial statements so that no qualifications are included in the auditor's report thereon. In the exceptional case that such qualifications are made, both the Chairman of the Audit Committee and the external auditor shall clearly explain the content of such reservations and qualifications to the shareholders. Nevertheless, when the Board considers that it must maintain its criterion, it shall publicly explain the content and scope of the discrepancy.

#### **Article 39.- Entry into force**

These Regulations are valid for an indefinite period, shall enter into force on the day following the date of its approval by the Board of Directors and shall apply to all Board of Directors assembled after the date of entry into force.

**SCHEDULE I**  
**ACCEPTANCE OF THE REGULATIONS**

Mr./Ms. [•]  
Secretary of the Board  
FLUIDRA, S.A.  
Avenida Francesc Maciá, núm. 38, planta 16  
08208 Sabadell (Barcelona)

[Place], on [•] [•], [•]

I hereby state that I have been duly informed of the content of the Regulations of the Board of Directors of FLUIDRA, S.A., that I am aware of, understand and accept said Regulations and that I undertake to fulfill all obligations falling to me thereunder.

Sincerely,

Signed:

[Name]

[Director/Senior executive/Secretary]