

**Annual report on the activities of the  
Audit Committee in 2009**

25 March 2010



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## I. Presentation

It is my pleasure to present the Fluidra Group's Annual Report on the activities of the Audit Committee in 2009. It was drawn up as provided for in the Company's Articles of Association. It was approved by the Audit Committee, and submitted to and passed by the Company's Board of Directors on 25 March 2010.

In 2009, the Company's internal procedures and controls became firmly established to ensure that the mechanisms put into place relating to the regulations on Fluidra's ethical conduct were complied with.

The goals that we set ourselves last year were reached satisfactorily. On the one hand, progress was made in the fulfilment of the Committee's responsibilities through the setting up of an Ethical Channel, which was created in line with the commitments listed in the Board's Regulations. In addition, progress continued to be made in the Company's risk management, as well as in improving audit and compliance reviews. This was achieved by focusing even more on the analysis of internal controls and on aspects that most concern the Management.

On the other hand, in view of the economic climate we have been forced to ensure an even sounder internal control environment so that we can continue to ensure trust and transparency as a listed company. This was successfully carried out in 2009.

New legislative proposals that are currently being debated as a draft bill for the Sustainable Economy Act will probably result in significant changes to businesses' internal control systems. It is therefore of the utmost importance to continue our work so that we can firstly define a clear reference framework of general principles and good practices and, secondly, come up with an effective internal control system for monitoring financial information.

We are now faced with the challenge of 2010. Our aim is to continue ensuring the proper monitoring of the internal control system on financial information to strengthen its reliability, and of the risk management systems in place.

Juan Ignacio Acha-Orbea Echevarría  
Chairman of the Audit Committee

## II. The Audit Committee

The Audit Committee is governed by article 46 of the Articles of Association, article 13 of the Board of Directors' Regulations and article 12 of the Internal Code of Conduct, a full copy of which is attached as Appendix I.

### II.1. Membership of the Audit Committee

In accordance with article 13 of the Board of Directors' Regulations, the Audit Committee comprises three directors appointed by the Board of Directors on September 17th 2007.

As at December 31<sup>st</sup> 2009, the Audit Committee comprised the following directors:

Chairman:	Juan Ignacio Acha-Orbea Echevarría (independent director)
Member:	Joan Planes Vila (external director representing controlling shareholders)
Member (Secretary):	Bansabadell Inversió Desenvolupament, S.A. (external director representing controlling shareholders), through its individual representative, Carles Ventura Santamans.

In accordance with the abovementioned article in the Board of Directors' Regulations, the members of the Audit Committee were appointed on the basis of their knowledge, skills and experience in the areas of accounting, auditing and risk management, and in relation to other duties assigned to the Committee. The Chairman of the Committee is an independent director, the Secretary was appointed from among the external directors of the Committee representing controlling shareholders.

### II.2. Responsibilities

The responsibilities of the Audit Committee, as detailed in Appendix I, are to:

- Report to the General Shareholders' Meeting on issues raised by shareholders in relation to matters falling within its remit;
- Make recommendations to the Board in relation to the appointment of the external auditors, as well as to their terms of engagement, scope of work, removal or re-election;
- Supervise the internal auditing systems;
- Review the accounts of the Company, ensure compliance with statutory requirements and the correct application of generally accepted accounting principles;
- Supervise the policy on the control and management of the risks involved in the attainment of corporate objectives;
- Be familiar with the financial reporting process and verify the suitability of the internal control systems;
- Manage and supervise relationships with the external auditors;
- Monitor compliance with the auditing contract (report and results);

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- Assess compliance with the Internal Code of Conduct and, in general, the rules of governance of the Company; and
- Receive information and, where applicable, report on any disciplinary action to be taken against members of the management team of the Company.

In relation to the information and internal control systems, the responsibilities of the Audit Committee are to:

- Supervise the preparation and integrity of financial information (regulatory compliance, consolidation perimeter, and correct application of accounting standards);
- Review the internal control and risk management systems;
- Monitor the independence and effectiveness of the internal auditing function; and
- Put in place and supervise a mechanism allowing employees to report irregularities in a confidential manner.

In relation to the external auditor, the responsibilities of the Audit Committee are to:

- Make recommendations to the Board in relation to the selection, appointment, re-appointment and removal of the external auditor;
- Receive reports from the external auditor on the auditing plan and the results of its implementation on a periodic basis;
- Monitor the independence of the external auditor; and
- Encourage the Group's auditor to take responsibility for all companies which are to be audited.

In relation to the Group's risk policy and risk management, the responsibilities of the Committee are to:

- Identify the various different types of risk (operational, technological, financial, legal and reputation-related) which the Company faces, including contingent liabilities and other off-balance-sheet risks;
- Identify the level of risk considered acceptable;
- Identify the actions in place to mitigate the impact of the risks, should they materialise; and
- Identify the information and internal control systems in place to control and manage said risks, including contingent liabilities and other off-balance-sheet risks.

In relation to the obligations imposed on listed companies, the Audit Committee has a duty to report to the Board before taking relevant decisions concerning:

- Financial information to be disclosed;
- The creation or acquisition of shares in special purpose entities or companies based in tax havens, and any transactions or operations likely to undermine the Group's transparency;
- Related transactions; and
- Any transactions that involve or may involve a conflict of interest.

Plus other responsibilities or duties the Board of Directors could assign to the Audit Committee.

### II.3. Backgrounds of the members of the Audit Committee

Name and Surname	Experience and Education
Mr Juan Ignacio Acha-Orbea Echevarría	<p>Born in San Sebastián on 1 July 1956. He graduated in Economic Sciences from the Universidad Complutense of Madrid and earned a Masters in Business Administration from IESE Business School.</p> <p>From 1982 until 1986 he managed Chemical Bank, a company based in Madrid.</p> <p>From 1986 until 1989, he carried out the post of Director of Variable Income Securities and Investment Funds for Bankinter.</p> <p>From 1989 until 2003 he was General Manager and Chairman of BBVA Bolsa, S.V.</p> <p>From 2003 until 2006 he formed part, as independent director, of the Board of Directors of the listed company TPI Páginas Amarillas.</p> <p>Furthermore, in 2003, he was appointed Chairman of the company Equity Contraste Uno, a post which he continues to exercise at present.</p>
Mr Juan Planes Vila	<p>Chairman and founder of the Company, born in 1941 in Estamariu (Seu d'Urgell).</p> <p>Completed Industrial Engineering studies, began professional career as head of production and quality control at Paris Morató, company in the automotive sector.</p> <p>In 1969 he founded, together with three other shareholders, Astral S.A. de Construcciones Metálicas, a company devoted to the manufacture of metal accessories for swimming pools. The continuous progress and internationalisation of the company made Mr Juan Planes decide to promote and lead the creation of the Fluidra Group, and he was the Company Managing Director until October 2006.</p> <p>Mr Juan Planes is Chairman of the Company since October 3<sup>rd</sup>, 2002.</p> <p>Mr Juan Planes has an active presence within Catalan business. Since 1998 he has been a member of the Plenary Committee of the Chamber of Commerce, Industry and Navigation of Barcelona and Chairman of the Environmental Committee of said entity. He also collaborates with the Chamber of Commerce of Barcelona and the General Board of Chambers of Catalonia in aspects of Internationalisation.</p> <p>In 2006, the Regional Government of Catalonia awarded him the Prize for Internationalisation in the category of individuals.</p> <p>Mr Juan Planes Vila is the Chairman of the Board of Directors of Dispur, S.L.</p>

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Mr Carlos Ventura Santamans	<p>Born in Sabadell (Barcelona) in 1969. He graduated and earned a Masters in Business Management from ESADE.</p> <p>In 1993 he joined Banco Sabadell. Since then, he has held various executive positions within the Banco Sabadell Group, highlighting the positions at "Financiaciones Estructuradas", Director of "Banca Opertiva" and Director of "BS Capital", a Bank Business Unit which manages the group's interests in other companies (venture capital and real estate businesses).</p> <p>Currently, Mr Carlos Ventura Santamans is Deputy General Director of Banco Sabadell and Director of " Banca de empresas del Grupo".</p>
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#### II.4. Relevant Figures

Indicators	2009
No. of sessions	7
No. of presentations to the Board of Directors	4
No. of appearances by the Company's Executive Management before the Audit Committee	3

### **III. Activities undertaken in 2009**

The Company's Audit Committee met on seven occasions during 2009 to discuss various matters relating to its basic responsibilities, as required by the Articles of Association, the Board of Directors' Regulations and the Internal Code of Conduct. In this respect, it maintained regular contacts with external auditors, internal auditors, the Regulatory Compliance Officer, the Chief Finance Officer and other Central Services Management Officers, in order to provide them with information and/or explanations regarding the matters that arose. Below is a summary of the main activities undertaken during the year.

#### **III.1 Activities undertaken with the Board of Directors**

The Audit Committee informed the Board of Directors of the matters dealt with and agreed upon at the meetings held by the Audit Committee during 2009. Each meeting was held on the day before the Board meetings.

The most significant activities in terms of prior review and favourable reports by the Audit Committee before their submission for approval by the Board of Directors included favourable reports on:

- Quarterly financial statements to be filed with the CNMV;
- Significant transfer pricing operations that were conducted during the year;
- Management procedures relating to treasury stock and extended purchase limits;
- The conclusions on the Risk Map; and
- The Code of Ethics.

#### **III.2 Activities undertaken with the CEO**

The CEO attended all the Audit Committee meetings held prior to Board meetings. He likewise attended the meetings at which the quarterly results were presented in order to explain and discuss the presentation of results with the Committee. These presentations were conducted in collaboration with the CFO and the Head of Investor Relations.

In addition, he attended Committee meetings to reply to questions posed by its members.

#### **III.3 Activities undertaken with the Chief Finance Officer**

The Chief Finance Officer submitted the financial statements to be filed with the CNMV to the Audit Committee before the committee issued a favourable report and handed it to the Board for approval. At the meetings, the Committee also reviewed the draft presentation of results that is submitted to analysts on a quarterly basis. He was also present at all of the proceedings conducted by internal and external auditors at which they presented the conclusions of their reviews.



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Furthermore, he attended all of the presentations given by the CEO on the message and the strategy to be followed with the quarterly results that are submitted.

#### **III.4 Activities undertaken with External Auditors**

During 2009, the external auditors appeared before the Audit Committee on four occasions. The activities undertaken were as follows:

- to report on the main conclusions reached on the 2008 year's end and on the interim statements for June 2009, neither of which raised any significant issues worth mentioning in the auditors' opinion;
- to put forward the main recommendations regarding internal control and monitoring on which the Company should continue to place special emphasis.
- to introduce the person responsible for auditing the Fluidra Group in 2010 to the Board (pursuant to article 8 of the Audit Act on the compulsory rotation of the auditor); and
- to present the audit schedule for 2010.

#### **III.5 Activities undertaken with Internal Auditors**

During the financial year, the internal audit officer provided information about scheduled internal audits, the scope of their reviews and the main conclusions reached. No significant matters were identified that had to be reported to the Board of Directors.

The conclusions reached on the work completed to define the risk map and the next steps to be taken were also presented.

#### **III.6 Activities undertaken with heads of other departments**

In addition to the collaborations of the various heads of department mentioned under the other headings, the head of the tax department appeared before the Audit Committee to explain the work carried out and the conclusions drawn on transfer pricing as a result of internal investigations. This work was also reviewed by the external auditors

#### **III.7 Activities undertaken with the Regulatory Compliance Officer**

Over the year, improvements continued to be made to the implementation of mechanisms and procedures required to ensure compliance with the provisions in the internal code of conduct and other regulations related to the Spanish Securities Commission (CNMV) that apply to the Group.

The Regulatory Compliance Officer informed each Committee meeting of the main incidents and other considerations relating to the work carried out. There have been no incidents in terms of compliance with the Internal Code of Conduct and other regulations, and, therefore, no action has been taken in this respect.

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Information was given at each meeting on the progress of the treasury stock, with no other points being deemed worthy of mention other than those reported to the CNMV.

**III.8 Subsequent events**

Before the date of approval of this 2009 Audit Committee Report, the first 2010 meeting was held in which the external auditors from KPMG appeared previously the Committee issued a favourable report on the interim financial statements to be filed with the CNMV in respect of the second half year of 2009.

Both the "Preparation of the annual accounts and Directors' Report of the Company and of its consolidated group of companies, in respect of the financial year ended 31 December 2009" and the approval of the "2009 Annual Corporate Governance Report" are due to take place on the date of approval of this Report.

#### IV. Priorities

It is to be confirmed whether the priorities reported on in the 2008 Annual Report were implemented in 2009. The following must also be highlighted:

- The Audit Committee was responsible for implementing the mechanism for reporting any irregularities included in the Ethical Code and it was informed of its progress;
- The risk map was approved at the beginning of the year, for which efforts focused on risk management. The project went ahead in stages as planned with the approval of the General Management. The information systems continued to be analysed, as were the control measures necessary for the management, monitoring and mitigation of the risks identified.
- Prior to the General Shareholders Meeting, a proposal was tabled to the Board of Directors for the appointment of the external auditors (as well as a review of their contractual conditions, the scope of their powers, and the termination or renewal of their contract); and
- The internal audit reviews gave priority to the verification of the level of internal control of the companies in the Group, particularly with regard to matters relating to customers, inventories and supplies. For planning purposes, a number of monographs of transversal scope were drawn up that mainly concentrated on insolvency and obsolescence.

The priorities for 2010 approved by the Audit Committee are as follows:

- To update the risk map and continue work on the project in accordance with the planning stages agreed on by the General Management. To do so, the analysis of the information and internal control systems must be completed, as must the drawing up of measures to be taken to mitigate risks should they arise so that they fall within an acceptable level of risk;
- To table a proposal to the Board of Directors, prior to the General Shareholders Meeting, for the appointment of external auditors (without the need to review the 2009 conditions as the contract was signed for two years); and
- To include reviews in the internal audit schedule to cover risks related to the strategic objectives defined by the General Management for the purposes of improving internal controls related to the audits that undergo structural changes.

## V. Conclusions

This Report contains a summary of the activities undertaken by the Audit Committee in the 2009 financial year in order to fulfil the duties with which it was entrusted.

In order to perform its duties according to the provisions set out in its regulations, the Committee was given the support of the Group's various management bodies, the Accounts Auditors and the Internal Auditors over the year.

As a result of their work, the members of the Committee:

- Considered that the Committee performed its duties satisfactorily with regard to the duties assigned to it according to its regulations;
  - Informed the Board of Directors and the Company's Management of matters relating to the Company's financial situation, the effectiveness of its internal control systems for monitoring relevant risks and the degree to which the Company complies with the standards and recommendations of good governance; and
  - Informed the Board of Directors and the Company's Management of the potential improvements that could be made in their respective fields of responsibility.
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Sabadell, 25 March 2010

The Chairman

The Secretary

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Mr Juan Ignacio Acha-Orbea

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Mr Carles Ventura Santamans

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## APPENDIX I

### ARTICLES OF ASSOCIATION OF FLUIDRA, S.A.

#### Article 46. Audit Committee. Membership, responsibilities and operations

1. An Audit Committee shall be established as part of the Board of Directors, subject to the following requirements:
  - a) The Audit Committee shall comprise three Directors, most of them non-executive, appointed by the Board of Directors.
  - b) The Chairman of the Audit Committee shall be appointed from among said non-executive Directors. The Chairman is appointed for a term of four years and may be re-elected once after a period of one (1) year has elapsed since the end of their first term.
  - c) The Secretary shall be elected from among the members of the Committee.

The members of the Audit Committee and, in particular, its Chairman shall be appointed on the basis of their knowledge and experience in the areas of accounting, auditing and risk management.
2. Without prejudice to any of the powers delegated to the Committee by the Board of Directors, the main responsibilities of the Audit Committee are to:
  - Report to the General Shareholders' Meeting on issues raised by shareholders in relation to matters falling within its remit;
  - Make recommendations to the Board for submission to the General Shareholders' Meeting in relation to the appointment of the external auditors, as provided for by Article 204 of the Spanish Public Limited Liability Companies Act, as well as to their terms of engagement, scope of work and, where applicable, removal or non re-election;
  - Supervise the internal auditing systems;
  - Review the accounts of the Company, ensure compliance with statutory requirements and the correct application of generally accepted accounting principles, in direct collaboration with both the external and the internal auditors;
  - Be familiar with the financial reporting process and internal control systems of the Company, verify the suitability and integrity of said systems and review the appointment or removal of the persons responsible for them;
  - Manage and monitor relationships with the external auditors to receive information on those aspects that might jeopardise their independence and any other aspects related to the auditing process, and such other communications as may be provided for by auditing legislation and technical auditing standards;
  - Monitor compliance with the auditing contract, ensuring that the opinion regarding the annual accounts and the main contents of the auditing report are drawn up clearly and precisely, and evaluate the results of each audit;
  - Review the periodic financial information which the Board is required to provide to the markets and their supervisory bodies;

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- Monitor compliance with regulations governing related transactions. In particular, the Audit Committee shall ensure that the information on related transactions is disclosed to the market, as required by Order 3050/2004 of the Ministry of the Economy and Treasury, dated 15 September 2004;
  - Assess compliance with the Internal Code of Conduct, the Board of Directors' by-laws and, in general, the rules of governance of the Company, and make the recommendations necessary for their improvement; and
  - Receive information and, where applicable, report on any disciplinary action to be taken against members of the senior management team of the Company.
3. The Audit Committee shall meet once every quarter to review the periodic financial information to be provided to the stock market authorities, along with the information that the Board of Directors is required to approve and include in its annual public filings. Furthermore, the Committee shall meet whenever requested by a member and whenever a meeting is called by the Chairman. The Chairman shall convene a meeting whenever the Board or its Chairman requests a report to be issued or recommendations to be approved and, in any event, whenever appropriate for the proper fulfilment of its duties.
4. The Audit Committee shall prepare an annual report on its operations, which shall include, if deemed appropriate, recommendations to improve the rules of governance of the Company.

**REGULATIONS OF THE BOARD OF DIRECTORS OF FLUIDRA, S.A.****Article 13. Audit Committee. Membership, responsibilities and operations**

1. An Audit Committee shall be established within the Board of Directors, made up of at least 3 Directors, most of them non-executive, appointed by the Board of Directors, without prejudice to the participation of executive directors or senior executives, if so decided by the members of the Committee. The members of the Audit Committee and, in particular, its Chairman shall be appointed according to their knowledge and experience in the areas of accounting, auditing and risk management, and based on their knowledge, skills and experience in relation to the other responsibilities of the Committee.
2. The Chairman of the Audit Committee shall be an independent director, appointed from among the outside directors. The Chairman shall be elected every four years and may be re-elected once after a period of one year has elapsed since his removal. The Secretary shall be elected from among the members of the Committee.
3. Without prejudice to any of the powers delegated to it by the Board of Directors, the main responsibilities of the Audit Committee are to:
- Report to the General Shareholders' Meeting on issues raised by shareholders in relation to matters falling within its remit;
  - Make recommendations to the Board for submission to the General Shareholders' Meeting in relation to the appointment of the external auditors, as provided for

by Article 204 of the Spanish Public Limited Liability Companies Act, as well as to their terms of engagement, scope of work and, where applicable, removal or non re-election;

- Supervise the internal auditing systems;
- Review the accounts of the Company, ensure compliance with statutory requirements and the correct application of generally accepted accounting principles, in direct collaboration with both the external and the internal auditors.
- Supervise the policy on the control and management of the risks involved in the attainment of corporate objectives;
- Be familiar with the financial reporting process and internal control systems of the Company, verify the suitability and integrity of said systems and review the appointment or removal of the persons responsible for them;
- Manage and monitor relationships with the external auditors;
- Monitor compliance with the auditing contract, ensuring that the opinion regarding the annual accounts and the main contents of the auditing report are drawn up clearly and precisely, and evaluate the results of each audit;
- Assess compliance with the Internal Code of Conduct, these Regulations and, in general, the rules of governance of the Company, and make the recommendations necessary for their improvement; and
- Receive information and, where applicable, report on any disciplinary action to be taken against members of the senior management team of the Company.

Furthermore, the Audit Committee has the following responsibilities:

In relation to the internal information and control systems:

- Supervise the preparation process and integrity of the financial information regarding the Company and, where applicable, the group, reviewing the fulfilment of statutory requirements, the appropriate definition of the consolidation perimeter and the correct application of accounting standards;
- Review the internal control and risk management systems on a periodic basis, so that the main risks are timely identified, managed and reported;
- Ensure the independence and efficiency of the internal auditing function; propose the selection, appointment, re-election and removal of the head of the internal auditing service; prepare the budget for the department; receive periodical information on its activities; and verify that the senior management team takes into account the conclusions and recommendations set out in the Committee's reports; and
- Establish and monitor a mechanism that enables employees to report confidentially and, if deemed appropriate, anonymously, any

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irregularities of potential relevance, especially financial and accounting information, which they might notice within the Company.

In relation to the external auditor:

- (a) Make recommendations to the Board in relation to the selection, appointment, re-appointment and removal of the external auditor, as well as to their terms of engagement.
- (b) Receive regularly from the external auditor information regarding the auditing plan and the results of its implementation, and verify that the senior management team takes its recommendations into account;
- (c) Ensure the independence of the external auditor, and to this end, ensure: (i) that the Company report as a relevant event to the CNMV any change in auditor and accompanies this with a statement regarding the possible existence of disagreements with the outgoing auditor and their content, where appropriate; (ii) that the Company and the auditor observe prevailing rules on the provision of services other than those relating to auditing services and, in general, all other rules designed to ensure the independence of the auditors; and (iii) that in the event of the resignation of the external auditor, it examines the circumstances giving rise thereto.
- (d) In the case of groups, encourage the auditor of the Group to assume responsibility for the auditing of the companies comprising it.

In relation to risk policy and risk management:

- (a) Identify the various different types of risk (operational, technological, financial, legal, reputation-related) which the Company faces, including, among financial and economic risks, contingent liabilities and other off-balance-sheet risks;
- (b) Identify the level of risk the Company considers acceptable;
- (c) Identify the measures in place to mitigate the impact of the risks identified, should they materialise; and
- (d) Identify the information and internal control systems in place to control and manage said risks, including contingent liabilities and off-balance-sheet risks.



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In relation to the obligations imposed on publicly listed companies:

To inform the Board of Directors before it takes any decisions concerning the following matters:

- (a) The financial information which, due to its listed status, the Company is required to make public on a periodic basis. The Audit Committee shall ensure that the interim accounts are prepared using the same accounting criteria as the annual accounts and, to such end, consider the appropriateness of a limited review of the external auditor;
  - (b) The creation or acquisition of interests in special purpose entities or those domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, might be detrimental to the transparency of the Group;
  - (c) Any related transactions, unless this duty of prior reporting has been attributed to another Committee for supervision and control; and
  - (d) Any operations that involve or may involve conflicts of interest.
4. The Audit Committee shall normally meet each quarter, in order to review the periodical financial information to be sent to the stock market authorities as well as the information that the Board of Directors must approve and include in its annual public filings. Furthermore, it shall meet at the request of any of its members and each time a meeting is called by its Chairman, who must do so whenever the Board or its Chairman requests the issue of a report or the adopting of recommendations and, in any event, whenever appropriate for the proper fulfilment of its functions.
  5. The Audit Committee may summon any of the members of the management team or personnel of the Company and also have them appear without the presence of any other director. These shall be obliged to attend the meetings of the Audit Committee and provide their collaboration and access to the information they have available. The Committee may likewise request the attendance at its meetings of the auditors.
  6. In order to ensure the best fulfilment of its functions, the Audit Committee may resort to the advice of external experts, when it deems it necessary for the appropriate fulfilment of its functions.
  7. The Company shall have an internal auditing function which, under the supervision of the Audit Committee, will ensure the smooth running of the information and internal control systems. The head of the internal auditing function shall present their annual work plan to the Audit Committee, and furthermore shall inform it directly of any incidents occurring in the development thereof, and shall submit an activity report to the Committee at the end of each financial year.

8. The Audit Committee shall report on its activity and be answerable for the work carried out before the first plenary session of the Board of Directors subsequent to its meetings. Furthermore, the Audit Committee shall take minutes of its meetings, of which it shall send copies to all members of the Board of Directors. The Audit Committee shall prepare an annual report on its operations, emphasising the main incidents which have arisen, where applicable, in relation to the functions delegated to it. Moreover, when the Audit Committee deems it appropriate, it shall include in said report proposals for improving the governance rules of the Company. The report by the Audit Committee shall be attached to the annual report on the corporate governance of the Company and shall be available to shareholders and investors through the website.

The Board of Directors shall discuss and examine the recommendations and reports submitted to it by the Committee.

**INTERNAL CODE OF CONDUCT OF FLUIDRA, S.A.****Article 12. OVERSEEING COMPLIANCE WITH THE INTERNAL CODE OF CONDUCT**

As required by the Company's Articles of Association and by the Board of Directors' regulations, the Audit Committee is responsible for ensuring that the obligations set out in this Code of Conduct are effectively met. To this end, the responsibilities delegated to the Audit Committee are to:

- (i) Comply with and ensure compliance with the rules of conduct governing securities markets and with the requirements of this Code of Conduct, its procedures and any other present or future additional regulations;
- (ii) Ensure that all Liable Persons are familiar with the Code of Conduct and other rules of conduct governing the securities markets;
- (iii) Where appropriate, develop the procedures and development rules it sees fit to implement the Code of Conduct;
- (iv) Interpret the rules set out in the Code of Conduct and resolve the queries or questions put forward by Liable Persons;
- (v) Take disciplinary action against Liable Persons in the event of a breach of the rules set out in this Code of Conduct; and
- (vi) Put forward to the Board of Directors of the Company any alterations or improvements to this Code of Conduct that it considers appropriate.

The Audit Committee shall have all the powers necessary to fulfil its functions, and shall be specially authorised, among other things, to:

- (i) Request the Liable Persons to provide any data or information considered necessary; and
- (ii) Establish any information requirements, control rules and other measures considered appropriate.

The Audit Committee shall report to the Board of Directors on the action taken to ensure compliance with the provisions of this Code of Conduct, on its degree of compliance, and on any incidents or disciplinary action taken, as appropriate, over the

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period. The Audit Committee shall report annually and whenever deemed necessary or required to do so.