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ISSUER IDENTIFICATION PARTICULARS

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Year-end date:

[ 31/12/2018 ]

Tax Identification Code:

[ A-17728593 ]

Registered name:

[ **FLUIDRA, S.A.** ]

Registered office:

[ AVENIDA FRANCESC MACIA, 60 PLANTA 20, SABADELL, BARCELONA ]

## A. OWNERSHIP STRUCTURE

**A.1.** Complete the following table regarding the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
02/07/2018	195,629,070.00	195,629,070	195,629,070

Indicate whether there are different classes of shares with different rights attaching thereto:

[ ] Yes  
[ v ] No

**A.2.** List the direct and indirect holders of significant shareholdings in the company at the end of the year, excluding members of the board of directors:

Name of shareholder	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RHÔNE CAPITAL LLC	0.00	42.43	0.00	0.00	42.43
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	42.43	0.00	0.00	0.00	42.43
MANUEL PUIG ROCHA	0.00	3.73	0.00	0.00	3.73
JUAN PLANES VILA	0.03	7.07	0.00	0.00	7.10
ANIOL, S.L.	0.78	5.07	0.00	0.00	5.85
EDREM, S.L.	0.03	6.74	0.00	0.00	6.77
DISPUR, S.L.	0.94	6.13	0.00	0.00	7.07
BOYSER, S.L.	0.17	7.96	0.00	0.00	8.13

Breakdown of the indirect shareholdings:

Name of indirect shareholder	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights
MANUEL PUIG ROCHA	BANELANA, S.L.	3.73	0.00	3.73

Name of indirect shareholder	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights
JUAN PLANES VILA	DISPUR, S.L.	0.94	0.00	0.94
JUAN PLANES VILA	DISPUR POOL, S.L.	6.13	0.00	6.13
ANIOL, S.L.	ROBERT GARRIGOS RUIZ	5.84	0.00	5.84
ANIOL, S.L.	PIUMOC INVERSIONS, S.A.U.	5.07	0.00	5.07
EDREM, S.L.	EDREM CARTERA, S.L.U.	6.74	0.00	6.74
DISPUR, S.L.	DISPUR POOL, S.L.	6.13	0.00	6.13
BOYSER, S.L.	BOYSER CORPORATE PORTFOLIO, S.L.	3.07	0.00	3.07
BOYSER, S.L.	BOYSER POOL, S.L.U.	4.89	0.00	4.89

State the most significant movements in the shareholding structure that have occurred during the year:

**Most significant movements**

On 2 July 2018 a capital increase of Fluidra, S.A. by 83,000,000 euros was carried out, through the issue of 83,000,000 new shares which were wholly subscribed and paid up by Piscine Luxembourg Holdings 1, S.à. r.l. This capital increase took place in the context of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2, S.à. r.l. (transferor) which was completed on 2 July 2018.

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**A.3.** Complete the following tables regarding members of the board of directors who have voting rights attached to shares in the company:

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr GABRIEL LÓPEZ ESCOBAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr RICHARD J. CATHCART	0.03	0.00	0.00	0.00	0.03	0.00	0.00
Mr BERNARDO CORBERA SERRA	0.10	0.14	0.00	0.00	0.24	0.00	0.00

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that <u>can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr OSCAR SERRA DUFFO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	0.00	0.04	0.00	0.00	0.04	0.00	0.00
Mr ELOY PLANES CORTS	0.07	0.00	0.00	0.00	0.07	0.00	0.00
Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PIUMOC INVERSIONS, S.A.U.	5.07	0.00	0.00	0.00	5.07	0.00	0.00
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRUCE WALKER BROOKS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr MICHAEL STEVEN LANGMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr JOSÉ MANUEL VARGAS GÓMEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% of total voting rights held by members of the board of directors						5.45	

Breakdown of indirect shareholdings:

Name of director	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights	% voting rights that <u>can be transferred</u> through financial instruments
Mr BERNARDO CORBERA SERRA	BERAN CARTERA, S.L.U.	0.14	0.00	0.14	0.00
Mr JORGE VALENTÍN	EOLO CAPITAL SICAV	0.04	0.00	0.04	0.00

Name of director	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transferred through financial instruments
CONSTANS FERNÁNDEZ					

There are no observations.

**A.4.** State any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as they are known to the company, except where they are immaterial or derive from ordinary commercial transactions, except those reported in section A.6:

Name of related parties	Type of relationship	Brief description
No data		

**A.5.** State any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or the group, except where they are immaterial or derive from ordinary commercial transactions of the company:

Name of related parties	Type of relationship	Brief description
No data		

- A.6.** Describe any relationships, unless insignificant for both parties, between significant shareholders or shareholders represented on the board and directors, or their representatives in the case of board members that are legal persons.

Explain, as the case may be, how significant shareholders are represented. Specifically, state those directors who have been appointed to represent significant shareholders, those whose appointments were proposed by significant shareholders, or are related to significant shareholders and/or companies in their group, specifying the nature of such ties. In particular, mention the existence, identity and post of members of the board, or representatives of directors, of the listed company who are in turn members of the board or their representatives in companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/post
BERNAT GARRIGÓS CASTRO	PIUMOC INVERSIONS, S.A.U.	ANIOL, S.L.	Bernat Garrigós Castro is a board member of Aniol, S.L.
BERNARDO CORBERA SERRA	EDREM, S.L.	EDREM, S.L.	Bernardo Corbera Serra is a board member of Edrem, S.L.
OSCAR SERRA DUFFO	BOYSER, S.L.	BOYSER, S.L.	Óscar Serra Duffo is the Chairman of the Board of Directors of Boyser, S.L.
MICHAEL STEVEN LANGMAN	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Michael Steven Langman is Managing Director of Rhône Group.
SEBASTIEN SIMON MAZELLA DI BOSCO	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Sebastien Simon Mazella di Bosco is Managing Director of Rhône Group.
JOSÉ MANUEL VARGAS GÓMEZ	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	José Manuel Vargas Gómez is Managing Director of Rhône Group.
ELOY PLANES CORTS	DISPUR, S.L.	DISPUR, S.L.	Eloy Planes Corts is a board member of Dispur, S.L.
BRUCE WALKER BROOKS	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	The appointment of Bruce Walker Brooks as a board member was proposed by Rhône.

**A.7.** State whether the company has been notified of any shareholders' agreements affecting the company pursuant to the provisions of articles 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*). If so, briefly describe these agreements and list the shareholders bound by them:

[ v ] Yes

[ ] No

Parties to the shareholders' agreement	% share capital affected	Brief description of the agreement	Date of expiration of the agreement, if any
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L., PIUMOC INVERSIONS, S.A.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	71.25	On 03/11/2017 a shareholders' agreement was formalized by the same shareholders of Fluidra who are parties to the shareholders' agreement initially formalized on 05/09/2007 and Piscine Luxembourg Holdings 1, S.a.r.l. (controlled by Rhône Capital LLC), reported through Relevant Event no. 258222. The section of this shareholders' agreement considered as " <i>pacto parasocial</i> " came into effect on 02/07/2018, the date of effects of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à r.l. (transferor) reported by the Company	Indefinite
PIUMOC INVERSIONS, S.A.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	28.82	On 05/09/2007 a shareholders' agreement was formalized by certain shareholders in Fluidra, S.A. which was reported as a Relevant Event to the CNMV on 02/01/2008 with no. 87808. The agreement has been modified on 5 occasions (First novation: 10/10/2007; Second novation: 01/12/2010, Relevant Event no. 134239; Third novation: 30/07/2015, Relevant Event no. 227028; including supplementary agreement of 30/09/2015, Relevant Event no. 229114; Fourth novation: 27/07/2017 Relevant Event no. 255114; Fifth novation 03/11/2017, Relevant Event no. 258223, modified on 25/04/2018, Relevant Event no. 264650, subrogations on 23/05/2018 Relevant Event no. 266060, and supplementary agreement to the Fifth Novation on 27/07/2018, Relevant Event no. 268610).	Indefinite

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

☒ Yes  
☐ No

Parties to the concerted action	% share capital affected	Brief description of the concerted action	Date of expiration, if any
PIUMOC INVERSIONS, S.A.U., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L., BOYSER	25.00	In the shareholders' agreement it is foreseen the parties indicated therein, who with respect to the shares as referred thereto, undertake to exercise their voting rights in the General Shareholders' Meetings of Fluidra in the manner as indicated in the shareholders' agreement itself.	--

Expressly state whether any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

During 2018 the following modifications have taken place:

- 1) The fifth novation of the syndication agreement was modified on 25/04/2018. There have also been subrogations (23/05/2018 and 20/12/2018) in respect of the syndication agreement by new shareholders who have acquired shares from other shareholders who are parties to the syndication agreement (and belong to the same group as the corresponding transferring shareholder). Finally, a supplementary agreement to the fifth novation was formalized on 27/07/2018.
- 2) The Shareholders' Agreement came into effect partially on 02/07/2018, once the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2, S.à. r.l. (transferor) had been completed. Furthermore, there have been subrogations (23/05/2018 and 20/12/2018) in respect of the Shareholders' Agreement by new shareholders who have acquired shares from other shareholders who are parties to the syndication agreement (and belong to the same group as the corresponding transferring shareholder).

**A.8.** State whether there is any individual or company that exercises or could exercise control over the company in accordance with article 5 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify the party in question:

☐ Yes  
☒ No



**A.9.** Complete the following tables regarding the company's own shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
2,136,688		1.09

(\*) Through:

Name of direct shareholder	Number of direct shares
No data	

**A.10.** Describe the terms and conditions and the duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

At the Ordinary General Shareholders' Meeting held on 3 May 2017, it was resolved to (i) authorize the Company to proceed with the derivative acquisition of own shares, directly or through group companies, and with the express power to reduce the share capital to redeem own shares, delegating to the Board of Directors the necessary powers to execute the resolutions passed by the General Meeting in this regard, rendering the previous authorization without effect, and (ii) authorize it to apply the portfolio of own shares, as the case may be, to the execution or coverage of remuneration systems. The authorization granted is valid for a term of five (5) years as of the date the resolution is passed, i.e. until 3rd May 2022.

At the Board meeting of 21 May 2018, it was resolved, in the context of this authorization granted to the Board of Directors, to authorize the CEO to proceed with the derivative acquisition and disposal of own shares up to a maximum number of shares not exceeding four (4%) per cent of the Company's share capital. This authorization will be valid until 31/12/2019.

**A.11.** Estimated free float:

	%
Estimated free float	23.56

**A.12.** State whether there are any restrictions (under the Articles of Association, legislative or of any other nature) on the transfer of securities and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares on the market, and any prior authorization or communication arrangements in respect of acquisitions or transfers of the company's financial instruments that are applicable to it by virtue of sector-specific regulation.

[ ☒ ] Yes  
[ ☐ ] No

Description of the restrictions

See section H1.

**A.13.** State whether the general shareholders' meeting has approved the adoption of anti-takeover measures pursuant to the provisions of Act 6/2007.

☐ Yes  
☒ No

If so, describe the measures approved and the terms on which the restrictions will become ineffective:

**A.14.** State whether the company has issued securities that are not traded on a regulated market in the European Union.

☐ Yes  
☒ No

If applicable, specify the different classes of shares and the rights and obligations attaching to each class of shares:

**B. GENERAL SHAREHOLDERS' MEETING**

**B.1.** State and, if applicable, describe whether there are differences with respect to the minimum requirements set out in the Companies Act in connection with the quorum needed to hold a valid general shareholders' meeting:

☐ Yes  
☒ No

**B.2.** State and, if applicable, describe any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

☒ Yes  
☐ No

	Qualified majority other than that established in article 201.2 LSC for cases described in article 194.1 LSC	Other situations of qualified majority
% established by the company for the adoption of resolutions	0.00	0.00

The Shareholders' Agreement formalized on 03/11/2017, Relevant Event notice no. 258222, provides for certain qualified majorities in order to pass certain resolutions of the General Shareholders' Meeting. The requirement for these qualified majorities is also established in article 33 of the company's Articles of Association and in article 25 of the General Meeting Regulations. See section B.3 below for further details.

**B.3.** State the rules applicable to the amendment of the company's Articles of Association. In particular, disclose the majorities provided for amending the Articles of Association, and any rules provided for the protection of shareholders' rights in the amendment of the Articles of Association.

The procedure for amending the Articles of Association must conform to the provisions of article 285 and following of the Companies Act, which require approval by the General Shareholders' Meeting, with the quorum and majorities established in articles 194 and 201 of the aforesaid Act, as well as the requirement to draw up and make available to the shareholders a mandatory report by the directors justifying the amendment. Article 27 of the Articles of Associations and article 15 of the General Meeting Regulations set out the principle contained in article 194 of the Companies Act and establish that in order for an ordinary or extraordinary General Meeting to resolve validly on any amendment of the Articles of Association, the attendance, in person or through a representative, of shareholders holding at least fifty per cent of the share capital with voting rights is required on the first call. On the second call, twenty-five per cent of the aforesaid capital will be sufficient. Article 24 of the General Meeting Regulations regulates the procedure for voting on proposed resolutions of the General Shareholders' Meeting, establishing, in the case of amendments to the Articles of Association, that each article or group of articles of sufficient entity is to be voted on separately.

Furthermore, in accordance with the provisions of article 33 of the Articles of Association and article 35 of the General Meeting Regulations, in order to pass resolutions on the matters indicated below (the "Reserved Matters"), a vote in favour by sixty-nine per cent (69%) of the Company's share capital is required on first call and a vote in favour by sixty-six per cent (66%) of the Company's share capital on second call:

- (i) increase in share capital, the issue of debentures or securities convertible into shares, with or without preferential acquisition rights, as well as the delegation of the power to pass resolutions on these matters to the Board of Directors;
- (ii) reduction in share capital, except in cases where a reduction is mandatory by law;
- (iii) the approval of any structure modification operations, such as transformation, merger, de-merger, global transfer of assets and liabilities and moving the Company's registered office abroad;
- (iv) the approval of operations for the acquisition or disposal of essential assets in accordance with article 160.f) and article 511 bis of the Companies Act;
- (v) the voluntary dissolution of the Company;
- (vi) the modification of the number of members of the Board of Directors;
- (vii) the exclusion of the Company's shares from trading on any securities market; and
- (viii) the amendment of the Company's Articles of Association in relation to any of the Reserved Matters referred to above.

**B.4.** State data on attendance at general shareholders' meetings held during the year this report refers to and for the two previous years:

Date of general meeting	Attendance data				
	% shareholders present in person	% represented	% remote voting		Total
			Electronic voting	Other	
03/05/2016	59.46	20.32	0.00	0.00	79.78
Of which floating capital	0.00	0.00	0.00	0.00	0.00
03/05/2017	60.30	7.70	0.00	0.00	68.00
Of which floating capital	0.00	0.00	0.00	0.00	0.00
20/02/2018	8.54	75.53	0.00	0.00	84.07
Of which floating capital	0.02	22.25	0.00	0.00	22.27
27/06/2018	2.80	76.51	0.00	0.00	79.31
Of which floating capital	0.01	22.26	0.00	0.00	22.27

**B.5.** State whether any item on the agenda of the general shareholders' meetings held during the year has not been approved by the shareholders for any reason:

☐ Yes  
☒ No

**B.6.** State whether there are any restrictions in the Articles of Association requiring a minimum number of shares in order to attend the general meeting, or to vote remotely:

☐ Yes  
☒ No

**B.7.** State whether it has been established that certain decisions, other than those established by law, involving an acquisition, disposal, or contribution to another company of essential assets or similar corporate operations must be submitted for approval to the general shareholders' meeting:

☐ Yes  
☒ No

**B.8.** State the address and method for accessing the company's website to access information on corporate governance and other information on general shareholders' meeting that must be made available to shareholders through the company's website:

[www.fluidra.com](http://www.fluidra.com)

Following the route to SHAREHOLDERS AND INVESTORS, among other options the following will appear:

CORPORATE GOVERNANCE

FINANCIAL AND ECONOMIC INFORMATION

BOARD OF DIRECTORS

GENERAL SHAREHOLDERS' MEETING

## C. COMPANY MANAGEMENT STRUCTURE

### C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general shareholders' meeting:

Maximum number of directors	12
Minimum number of directors	12
Number of directors established by the General Meeting	12

There are no observations in this regard.

C.1.2 Complete the following table on members of the board:

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr ELOY PLANES CORTS		Executive	CHAIRMAN-CEO	31/10/2006	03/05/2017	GENERAL MEETING RESOLUTION
Mr OSCAR SERRA DUFFO		Proprietary	VICE-CHAIRMAN	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr GABRIEL LÓPEZ ESCOBAR		Independent	LEAD INDEPENDENT DIRECTOR	30/10/2014	05/05/2015	CO-OPTATION
Mr BERNARDO CORBERA SERRA		Proprietary	DIRECTOR	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA		Independent	DIRECTOR	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ		Independent	DIRECTOR	05/05/2015	05/05/2015	GENERAL MEETING RESOLUTION

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr RICHARD J. CATHCART		Independent	DIRECTOR	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr BRUCE WALKER BROOKS		Executive	CO-CEO	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr JOSÉ MANUEL VARGAS GÓMEZ		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr SEBASTIEN SIMON MAZELLA DI BOSCO		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr MICHAEL STEVEN LANGMAN		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
PIUMOC INVERSIONS, S.A.U.	Mr BERNAT GARRIGOS CASTRO	Proprietary	DIRECTOR	27/06/2018	27/06/2018	GENERAL MEETING RESOLUTION

Total number of directors	12
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State any directors that have left the board, either through resignation, removal or any other reason, during the reporting period:

Name of director	Type of director at time of leaving	Date of last appointment	Date director left	Specialized committees on which director served	State whether director left before end of term
DISPUR, S.L.	Proprietary	03/05/2016	02/07/2018	N/A	YES
ANIOL, S.L.	Proprietary	06/06/2012	27/06/2018	Appointments and Remuneration Committee Executive Committee	NO

Reason for leaving and other observations

There are no observations.

C.1.3 Complete the following tables concerning board members and their categories:

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
Mr ELOY PLANES CORTS	Chairman - CEO	<p>Eloy Planes Corts was born in Barcelona in 1969. Holder of a Degree in Industrial Engineering from the Polytechnic University of Catalonia (UPC) and a Master's Degree in Business Management from EADA. A member of the second generation of one of the founding families, Eloi Planes joined Fluidra (then "Astral") as R&amp;D Manager in 1994 and in 1998 was appointed as Logistics Manager and then as General Manager of AstralPool España, leading the mergers of different commercial companies in Spain and gaining in-depth knowledge of the business. In 2000, Eloi took on the General Management of AstralPool, continuing with the expansion of the business in international markets. In 2002, the family group took a decisive step: under the leadership of Eloi Planes as General Manager, the Fluidra group was created (under the name of "Aquaria"), bringing together the pool production and distribution companies. Banco Sabadell acquired 20% of the share capital and joined the four owner families. Eloi led the change in logistical model. In 2006, Fluidra reached its current size with the incorporation of four previously independent partners. In the same year, Eloi Planes was appointed CEO of the Fluidra group, leading the company to significant milestones: its flotation in 2007, its restructuring in 2008/09, accompanied by an acceleration of the internationalization process in the commercial aspect and the application of lean management in the industrial part of the group. In 2014, Eloy Planes incorporated a start-up accelerator company. In 2015, Fluidra presented a new 2018 Strategic Plan. In January 2016, Eloi took on the role of Executive Chairman of Fluidra. In the same year, the Fluidra Foundation is incorporated. In 2017 an important corporate transformational transaction is announced, led by Eloy Planes: the merger with the American group Zodiac, which is completed in July 2018. Eloy Planes is currently the Executive Chairman of the Board of Directors of Fluidra, worldwide leader in Pool &amp; Wellness. He is also the President of the International Trade Show Piscina &amp; Wellness Barcelona.</p>
Mr BRUCE WALKER BROOKS	Co-CEO	<p>Bruce W. Brooks holds a Degree in Marketing from the University of Virginia. Bruce brings significant experience in international management to Fluidra, after more than 20 years at Black &amp; Decker Corporation. In 1986, shortly after obtaining his degree, he started his career at that company, where he held a number of different posts over the years, including group vice-president, president of the consumer product group, president of construction tools and vice-president of mechanical tools. In 2011, he joined Zodiac Pool Solutions where he held the post of CEO. During his time at Zodiac, Bruce brought the company to an approach focused on the residential pool market, thus leading the company's financial resurgence after 2011. In 2016, Bruce oversaw the successful transition of ownership from the Carlyle Group to the Rhône Group and in 2018 he played a decisive role in the plan to integrate with Fluidra.</p>

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
		Throughout his career, Bruce has shown great skill in the management and development of existing companies as well as in their expansion into new markets, at both domestic and international level and is highly valued for his strategic reasoning and his capacity to develop and execute systems and processes with the successful attainment of short and long-term goals. Bruce holds the post of co-CEO and is also a member of the Board of Directors of Fluidra.

Total number of executive directors	2
% of total board	16.67

There are no observations.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	Born in Barcelona in 1965. He holds a Degree in Business Science from E.S.E.I. and has completed the IESE Senior Executive Programme. He started his career at Astral Export, S.A. as Export Manager in 1989, handling expansion in the Middle East and Africa. In 1993 he held the post of Managing Director at Astral Products, Inc., where his main responsibility was the implementation of the business in the North American market. In 1997 he took over management of Poltank, Inc., and rejoined Astral Grup, S.A. in 1999 as Director for North America and member of the executive committee. At present, he no longer provides services to the Fluidra Group and focuses his professional activity on managing several companies. He is CEO on the Board of Directors of Edrem, S.L.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	Born in Barcelona in 1962. He obtained a Degree in Business Administration from Management School in 1981. He started his career in the marketing area of a number of family businesses, notably La Casera and Schweppes. In 1989 he joined the Commercial department of Plasteral, taking responsibility for the Spas division. Throughout his career he has worked in the areas of marketing and communication. At present, he does not provide services for the Fluidra Group, focusing his professional activity on the management



EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
		of a number of real estate, communication and family companies. He is the chairman of the Board of Directors of Boyser, S.L.
Mr MICHAEL STEVEN LANGMAN	RHÔNE CAPITAL LLC	<p>Mr. Langman co-founded Rhône in 1996 and has led the day to day management of the firm since inception. Rhône is an alternative asset manager in private equity, real estate and venture capital. He serves as a member, manager and Managing Director of Rhône. Prior to Rhône, Mr. Langman was a Managing Director of Lazard Frères, where he specialized in mergers and acquisitions. Before joining Lazard Frères, Mr. Langman worked in the mergers and acquisitions department of Goldman Sachs. He has more than three decades of experience financing, analyzing and investing in public and private companies.</p> <p>In addition to Fluidra S.A., Mr. Langman currently serves on the Board of Directors of CSM Bakery Solutions, Hudson's Bay Company, Vista Global Holding and WeWork. He also serves as a director and advisor to a number of philanthropic and educational institutions. Mr. Langman received a B.A. with highest honors from the University of North Carolina at Chapel Hill and a M.Sc. from the London School of Economics.</p>
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	RHÔNE CAPITAL LLC	<p>Sébastien Mazella di Bosco is managing director of Rhône, where he has worked for the last 14 years. Previously, he worked at the investment banking department of Lazard Frères in New York, especially on mergers, acquisition and North American and transatlantic capital markets in the consumer, food and retail sectors. At Rhône he continues to concentrate on these sectors, as well as business services, packaging and industry in general, and also covers the French and Benelux markets. He currently serves on the Board of Ranpak, Fluidra and monitors Rhône's investment in Vista Global Holding. Previously he had held positions on the Board of Arizona Chemical and Eden Springs. He graduated from the HEC School of Management and obtained a Degree in Philosophy from the Sorbonne in Paris. He speaks French.</p>
Mr JOSÉ MANUEL VARGAS GÓMEZ	RHÔNE CAPITAL LLC	<p>José Manuel Vargas has been a senior advisor at Rhône since 2006 and became a partner in November 2017. Previously he had been Chairman and CEO of Aena SME, SA, and led the restructuring process and partial privatization of the company and its IPO in 2015. He has also served as managing director, financial director of Vocento and Board member of ABC.</p>

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
		Prior to working in the communication sector, he had been financial director and general secretary of JOTSA (of the Philipp Holzmann group). José Manuel has served on a number of boards, such as those of the COPE radio station, Net TV and the newspaper Correo. In 2015 he won the prize for Best Executive of the Year awarded by the Spanish Executives Association (Asociación Española de Directivos -AED) and was named Person of the Year in the economic and financial field by Spanish economic newspaper El Economista. He graduated from the Complutense University of Madrid and holds a Law Degree from UNED. He is also a chartered accountant.
PIUMOC INVERSIONS, S.A.U.	ANIOL, S.L.	The legal representative of Piumoc Inversions, S.A.U. in its position as Board member is Mr. Bernat Garrigós Castro, whose profile is as follows: Born in Barcelona in 1967. He obtained a Degree in Biology from the University of Barcelona in 1991, and later, in 1994, studied for a Master's Degree in Environmental Management at Duke University and an Executive Development Programme organized by IESE Business School. Since 2004, Bernat has managed Aniol, S.L. He is currently involved in a number of projects involving new technologies. His career in the Fluidra Group has included posts in several companies. From 1995 to 1998 he was Product Manager at Astral Grup and subsequently held the post of Production Manager at Servaqua, SA, until 2002. Bernat Garrigós Castro is CEO of Aniol, SL.

Total number de proprietary directors	6
% of total board	50.00

There are no observations.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
Mr GABRIEL LÓPEZ ESCOBAR	Born in Madrid in 1956, Gabriel holds a licentiate in business, a master's in economics and a postgraduate degree in economics and European studies from Nancy-University (France). He is registered on the Official Accountants Charter (ROAC) and the roster of the PCAOB (USA). He joined PwC in 1984 and was a partner in the company until 2014. He has extensive experience in all types of auditing, financial advisory and financial research services. He has been in charge of auditing major Spanish groups as well as subsidiaries of international groups, providing services to companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, and Volkswagen / Seat.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
	During his last years at the firm he was also chairman of PWC España's supervisory committee. In 2015 he was the counsel to the Family Board of Grupo Empresarial Fuertes, S.L. Since May 2018 he has served as an adviser to the Audit Committee of Corporación Químico-Farmacéutico Esteve, S.A. He joined Fluidra's board in October 2014, serving as the chair of its Audit Committee until September 2018. He has been Lead Director of Fluidra since 2016.
Mr RICHARD J. CATHCART	Born in Washington (USA) on 28 September 1944. Graduated as a pilot from the United States Air Force Academy. Between 1975 and 1995 he held several management positions at Honeywell Inc. In 1996 he was appointed manager of Pentair Water Businesses (Minneapolis, USA). From 2005 to 2007 he held the position of Vice-Chairman of the Board of Directors Pentair (Minneapolis, USA), where he was responsible for international operations and business development. From September 2007 to 2017, Mr Cathcart was a member of the Board of Directors of Watts Water Technology Co.
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	Jorge Constans holds a degree in Economics from the University of Barcelona, the General Management Programme of IESE and Business Management from ESADE. In a career spanning 22 years at Danone he held several positions in sales, marketing, general management in Spain and was later Chairman and CEO of Danone France. He was then responsible for the Europe region, and responsibility for the USA was later added. During the last two years in the company he was chairman of the dairy product division, with turnover of 12 B€ and present in more than 50 countries. At Louis Vuitton he held the position of Chairman and CEO. He currently serves on the Boards of THOM Europe (leader in the jewellery sector in France), Royal Van Lent (Dutch shipyard belonging to the LVMH group), Exea, GB Foods, Puig and Fluidra.
Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	Born in San Sebastián on 1st July 1956. Holder of a degree in Economic Sciences from the Complutense University of Madrid and a Master's degree in Business Management from IESE Business School. From 1982 to 1986 he held the post of Director at Chemical Bank, in Madrid and New York. From 1986 to 1989 he held the post of Variable Income and Investment Funds Director of Bankinter. In 1989 he became CEO and Chairman of BBVA Bolsa, S.V. holding this post until 2003. From 2003 to 2006 he was a member of the Board of Directors of the listed company TPI Páginas Amarillas as an independent director. Since 2007 he has been a member of the Board of Directors and member of the Audit Committee of Fluidra. Since 2012 he has been a member of the Board of Directors of AENA. In 2003 he was appointed as chairman of the company Equity Contraste Uno, a post which he still holds.

Total number of independent directors	4
% of total board	33.33

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director, or senior manager of an entity that maintains or has maintained such a relationship.

If applicable, include a reasoned statement from the board regarding the reasons why it considers that the director in question can carry out his duties as an independent director.

Name of director	Description of relationship	Reasoned statement
No data		

There are no observations.

#### OTHER EXTERNAL DIRECTORS

Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors, as well as their ties whether with the company, its management or its shareholders:

Name of director	Reasons	Company, director or shareholder with which the director has ties	Profile
No data			

Total number of other directors	N.A.
% of total board	N.A.

State the changes, in any, in the category of each director during the period:

Name of director	Date of change	Former category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors for the last 4 years, as well as the category of such directors:

	Number of female directors				% of total directors of each category			
	2018	2017	2016	2015	2018	2017	2016	2015
Executive					0.00	0.00	0.00	0.00
Proprietary		1	1		0.00	25.00	20.00	0.00

	Number of female directors				% of total directors of each category			
	2018	2017	2016	2015	2018	2017	2016	2015
Independent					0.00	0.00	0.00	0.00
Other External					0.00	0.00	0.00	0.00
Total		1	1		0.00	0.00	0.00	0.00

C.1.5 State whether the company has diversity policies in relation to the board of directors of the company on such matters as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, as defined in the Auditing Act, must disclose at least the policy they have implemented in relation to gender diversity.

- ☒ Yes  
☐ No  
☐ Partial policies

If such diversity policies exist, describe them, their goals, the measures and the way in which they have been applied and the results obtained during the year. Also state the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse presence of female directors.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

#### Description of policies, goals, measures and how they have been applied, as well as the results obtained

The Fluidra Board of Directors Regulations establish that the Board of Directors, in exercising its powers of proposal to the General Shareholders' Meeting and co-optation to fill vacancies, shall strive to ensure that external or non-executive directors represent an ample majority over executive directors, in the composition of the board. Furthermore, the number of independent directors should represent at least one third of the total number of directors.

The Board of Directors Regulations also establish that the Appointments and Remuneration Committee is responsible for evaluating the necessary skills, knowledge and experience on the Board, defining as a result the functions and aptitudes required in the candidates to fill vacancies, evaluating the time and dedication required for them to fulfil their duties. It should also establish representation targets for the least-represented sex on the board, drawing up guidelines on how to reach this target. The candidates selected should be individuals of renowned solvency, skill and experience.

The Appointments and Remuneration Committee ensures that selection procedures do not suffer from implicit bias that could lead to some kind of discrimination on account of age, gender or training.

Candidates must be persons whose appointment favours diversity in profession, knowledge, nationality and gender on the Board of Directors. Thus, diversity includes not just gender but also the combination of other factors, such as skills, knowledge and experience in order to give value to the Company.

By 5 September 2019, two of the independent directors of Fluidra will have held that position for an uninterrupted period of 12 years, and therefore in accordance with the provisions of the Board of Directors Regulations they must offer their resignation to the Board. In 2018, the Appointments and Remuneration Committee has initiated the process for the selection of candidates to cover the two vacancies that will arise in 2019, and has resolved to engage an external advisor specializing in selection, valuing especially, in the same conditions among potential candidates, women who meet the required profile, with the aim that at least one of the vacancies be covered by a woman. A board evaluation process commenced prior to this, with the help of an external advisor, for the purpose of identifying the profiles that have to be reinforced

on the Board. The Appointments and Remuneration Committee oversees this process to ensure that diversity of gender, knowledge, skill and experience is encouraged.

- C.1.6** Explain any measures approved by the Appointments Committee in order for selection procedures to be free of any implicit bias that hinders the selection of female directors, and in order for the company to search deliberately for women who meet the professional profile that is sought and include them among potential candidates and reach a balanced presence of men and women:

#### Explanation of measures

In its criteria for the selection and appointment of Directors approved by the Board of Directors, Fluidra establishes that the company will take gender diversity into consideration in choosing directors, with the object of ensuring equality of opportunity as indicated in the Equality Act (22<sup>nd</sup> March 2007), Royal Decree-Act 18/2017, of 24<sup>th</sup> November, amending the Code of Commerce, the Companies Act (Consolidating Act) approved by Royal Legislative Decree 1/2010, of 2<sup>nd</sup> July, and Act 22/2015, of 20<sup>th</sup> July, on Accounts Auditing with regard to non-financial information and diversity. Similarly, Fluidra will strive to achieve in its Board of Directors, not only gender diversity, but also geographical diversity and diversity of age and professional experience.

In the selection process mentioned in section C.1.5 above carried out by the Appointments and Remuneration Committee, the external advisor has been expressly asked to include women with the suitable profile among the candidates to cover the vacancies, in order to value especially, under the same conditions among potential candidates, women who meet the required profile, with the aim that at least one of the vacancies be covered by a woman.

If there are few or no female directors despite any measures adopted, describe the reasons for this:  
:

#### Explanation of reasons

Work is being done with the aim of implementing in full a director selection policy that will promote the target of having a number of female directors representing at least 30% of the total board members by the year 2020.

- C.1.7** Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. In particular, explain how said policy is promoting the goal that the number of female directors should represent at least 30% of the total number of members of the board of directors by 2020.

The Appointments and Remuneration Committee oversees compliance with the director selection policy for the purpose of ensuring that selection processes take into consideration gender diversity balanced with other criteria of the profile being sought such as knowledge, experience and solvency. As discussed in sections C.1.5 and C.1.6, the Appointments and Remuneration Committee is working with the aim of promoting the objective established in the selection policy to increase the number of female directors as board members.

- C.1.8** Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding is less than 3% of share capital:

Name of shareholder	Justification
No data	

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If applicable, describe the reasons why such petitions have not been answered:

[ ] Yes  
[ v ] No

C.1.9 State any powers and faculties delegated by the board of directors to CEOs or committees of the board:

Name of director or committee	Brief description
ELOY PLANES CORTS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Eloy Planes, who has been legally appointed as CEO of the Company.
BRUCE WALKER BROOKS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Bruce Walker Brooks, who has been legally appointed as CEO of the Company.

C.1.10 Identify any members of the board who are directors, representatives of directors or officers of other companies that form part of the listed company's group:

Name of director	Name of group company	Position	Does he/she have executive duties?
Mr ELOY PLANES CORTS	FLUIDRA COMMERCIAL, S.A.U.	Joint CEO	NO
Mr ELOY PLANES CORTS	FLUIDRA INDUSTRY, S.A.U.	Joint CEO	NO
Mr ELOY PLANES CORTS	INNODRIP, S.L.	Director	NO
Mr ELOY PLANES CORTS	FLUIDRA SWITZERLAND S.A.	ATTORNEY-IN-FACT	NO
Mr ELOY PLANES CORTS	ASTRAL NIGERIA, LTD	DIRECTOR	NO
Mr ELOY PLANES CORTS	FLUIDRA MONTENEGRO DOO	DIRECTOR	NO
M ELOY PLANES CORTS	FLUIDRA ROMANIA , S.A.	CHAIRMAN	NO
Mr ELOY PLANES CORTS	FLUIDRA BALKANS JSC	DIRECTOR	NO
Mr ELOY PLANES CORTS	FLUIDRA YOULI FLUID SYSTEMS (WEZHOU) CO. LTD	DIRECTOR	NO

[ ----- ]

C.1.11 Identify the directors of your company or representatives of directors that are legal entities, if any, who are members of the board of directors of other companies listed on official securities markets other than group companies that have been reported to your company:

Name of directors	Name of listed company	Position
Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	AENA S.M.E., S.A.	DIRECTOR
Mr MICHAEL STEVEN LANGMAN	HUDSON'S BAY COMPANY	DIRECTOR

Not applicable

C.1.12 State and, if applicable, explain whether the company has established rules on the maximum number of boards on which directors may serve, identifying, where appropriate, where this is regulated:

☐ Yes  
☒ No

C.1.13 State the following items relating to the total remuneration of the board of directors:

Remuneration of the board of directors (thousand euros)	5,176
Amount of vested pension rights for present directors (thousand euros)	380
Amount of vested pension right for former directors (thousand euros)	

The remuneration indicated under the heading "Remuneration of the board of directors" includes the remuneration deriving from the 2015-2018 Plan, totalling 2,773 thousand euros, approved by the General Shareholders' Meeting of 2015 and vesting in 2018, although settlement took place in January 2019.  
Of the amount shown above in respect of vested pension rights for present directors, 29 thousand euros accrued in 2018.

C.1.14 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the year:

Name	Position	
Mr CARLOS FRANQUESA CASTRILLO	CORPORATE BUSINESS GENERAL MANAGER	
Mr JAVIER TINTORÉ SEGURA	CORPORATE FINANCE GENERAL MANAGER	
Mr NICOLÁS MARTÍNEZ FERNÁNDEZ	CORPORATE AUDIT MANAGER	
Mr JOE LINGUADOCA	OPERATIONS GENERAL MANAGER	
Mr TROY FRANZEN	BUSINESS GENERAL MANAGER	
Mr KEITH MCQUEEN	DEVELOPMENT AND INNOVATION GENERAL MANAGER	
Mr JUAN JOSÉ MASOLIVER MORENO DE LA VEGA	HUMAN RESOURCES GLOBAL MANAGER	
Total senior management remuneration (in thousand euros)		8,404



The remuneration stated under the heading “Total senior management remuneration” includes the remuneration deriving from the 2015-2018 Plan, totalling 5,182 thousand euros, approved by the General Shareholders’ Meeting of 2015 and vesting in 2018, although settlement took place in January 2019.

**C.1.15 State whether the board regulations have been amended during the year:**

[ v ] Yes  
[ ] No

**Description of amendments**

The text of the Company’s Board of Directors Regulations was amended on 30<sup>th</sup> October 2018 in order to adapt them to the agreements reached in the framework of the merger of Fluidra, S.A. with the Zodiac Group. A list of reserved matters (Art. 16.4) has been introduced, which require a favourable vote by a qualified majority of Directors. In addition, it has been established that at least nine Directors must vote in favour of the appointment or removal of the Executive Chairman and CEO.

Finally, another series of amendments have been made in order to bring the text of the Board Regulations into line with the amendment made to the Company’s Articles of Association in 2018.

**C.1.16 State the procedures for the selection, appointment, re-election and removal of directors. Describe the competent bodies, the procedures to be followed and the criteria applied in each procedure.**

The Board of Directors will be made up of twelve (12) members.

The General Meeting shall strive to ensure, to the extent possible, that in the composition of the Board of Directors the number of external or non-executive directors constitutes an ample majority compared to executive directors. Furthermore, the number of executive directors must be the minimum necessary, taking into account the complexity of the corporate group and the percentage shareholding of the executive directors in the Company’s capital. Finally, the number of independent directors should represent at least one third (1/3) of the total directors.

The definitions of the different categories of directors will be as established in the Companies Act from time to time. In the event that there is an external director who cannot be considered to be either a proprietary or an independent director, the Company will explain this circumstance and the director’s ties either with the Company or its officers, or with its shareholders.

The category of each director must be explained by the Board to the General Shareholders’ Meeting that is to make or ratify each director’s appointment.

**Appointment of Directors:**

Article 17.1 of the Board Regulations establishes that directors will be appointed (i) at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and (ii) following a prior report by the Appointments and Remuneration Committee in the case of all other directors; by the General Shareholders’ Meeting or by the Board of Directors in accordance with the provisions contained in the Companies Act. The proposal for appointment or re-election must be accompanied by a justificatory report from the Board assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders’ Meeting or Board meeting. This will also apply to the natural persons that are designated as the representatives of a director. The proposal of the natural person must be the object of a report by the Appointments and Remuneration Committee. In relation to external directors, article 18 of the Board Regulations establishes that the Board of Directors will strive to ensure that the elected candidates are persons of acknowledged solvency, competence and experience, and must exercise particular rigour in relation to those persons who are called upon to fill the positions of independent director established in article 6 of the Board Regulations.

**Re-election of Directors:**

Article 19 establishes that before proposing directors to the General Meeting, the Board of Directors will evaluate the quality of the work and dedication to the position of the proposed director during the preceding term of office.

**Evaluation of Directors:**

In accordance with the provisions of article 14 of the Board of Directors Regulations, the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience in the Board and will define, consequently, the functions and aptitudes necessary in the candidates who are to fill each vacancy and will evaluate the time and dedication required for them to carry out their duties properly.

**Removal of Directors:**

Article 21.1 of the Board Regulations establishes that directors will be removed from their post when the period for which they were appointed has ended and when the General Meeting so decides making use of the faculties conferred on it by law or the Articles of Association. Reference should therefore be made to the situations established in the Companies Act, specifically in article 223 and following.

The Board of Directors may only propose the removal of an independent director before the end of the term established in the Articles of Association when there is due cause, observed by the Board following a report by the Appointments and Remuneration Committee. In particular, due cause will be deemed to exist when the director has failed to comply with the inherent duties of the position or has incurred in the course of the term of office in any of the circumstances of impediment described in the definition of independent director established in the Companies Act.

**C.1.17** Explain the extent to which the annual evaluation of the board has given rise to significant changes in its internal organization and to the procedures applicable to its activities:

#### Description of changes

The evaluation of the Board of Directors carried out in 2018 involved the participation of an external consultant, Seeligery Conde, with the aim of analysing and evaluating the new composition and operation of the Board and its committees following the merger of Fluidra with the Zodiac group. The report setting out the conclusions was submitted to the Appointments and Remuneration Committee and to the Board of Directors at meetings on 11<sup>th</sup> and 12<sup>th</sup> December, respectively.

The external consultant concluded that the performance of the Board of Directors was positive, indicating certain areas of improvement in the way the Board works which will be implemented during 2019 for the purpose of continuing with the integration of new directors, although they do not involve important changes in internal organization or in the procedures applicable to its activities.

The evaluation of the Board of Directors has made it possible to identify the professional profiles of the candidates to cover the two independent director vacancies that will arise in 2019.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, as the case may be, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been evaluated.

#### Description of evaluation process and areas evaluated

The evaluation of the Board of Directors was carried out by the external consultant Seeligery Conde using Balanced Board Methodology, taking into account not only the recommendations of the Good Governance Code for Listed Company but also international good government best practice. The aim of this evaluation was to analyse the operation and composition of the new Board of Directors. The evaluation process and the areas evaluated were as follows:

- Evaluation of each profile
- Evaluation of the combination of profiles
- Individual and collective evaluation of the Board's performance

The aspects evaluated were the operation of the Board of Directors and its committees, the quality of the Board and its composition, evaluating the professional and functional experience and soft skills of members, in order to offer individual feedback to maximize the contribution of the evaluation.

**C.1.18** In years when the evaluation has involved the assistance of an external advisor, detail any business relationship that the consultant or any company of its group have with the company or any of the group companies.

In 2018 the evaluation was carried out by the external consultant Seeligery Conde.

**C.1.19** State the circumstances in which the resignation of directors is mandatory.

In accordance with article 21.2 of the Board Regulations, directors must offer their resignation to the Board of Directors, formalizing their resignation if the Board so decides, in the following cases:

- a) When they cease to hold the executive position to which their appointment as director was associated.
  - b) When they incur in any of the situations of incompatibility or prohibition established by law.
  - c) When they are severely reprimanded by the Board of Directors because of breaching their obligations as directors.
  - d) When their continued presence on the Board could endanger or damage the Company's interests, credit or reputation or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of its shareholding in the Company).
  - e) In the case of independent directors, they may not remain in their position as such for a continued period of more than 12 years, and therefore at the end of that term they must offer their resignation to the Board of Directors.
  - f) In the case of proprietary directors (i) when the shareholder they represent sells the shareholding in full and; furthermore (ii) in respect of the corresponding number, when the aforesaid shareholder reduces its shareholding to a level that requires a reduction in the number of proprietary directors.
- Article 21.3 also establishes that, in the event that a director ceases to hold his position before the end of the term of office, due to resignation or any other reason, the aforesaid director must explain the reasons in a letter which will be sent to all the members of the Board.

C.1.20 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

☒ Yes  
☐ No

If so, describe the differences.

#### Description of differences

The Shareholders Agreement formalized on 03/11/2017, reported in Relevant Event notice no. 258222, establishes certain qualified majorities in order to pass certain resolutions by the Board. These qualified majorities are also established in article 42 of the Articles of Association and article 16 of the Board Regulations.

In this regard, in accordance with the provisions of article 16.4 of the Board Regulation, the majorities indicated below will be required in order to pass resolutions on the following matters ("Reserved Matters"):

- (i) The removal of the Secretary to the Board of Directors will require that at least seven (7) members of the Board vote in favour;
- (ii) The removal of any member of Senior Management will require that at least seven (7) members of the Board vote in favour 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 votes in favour;
- (iii) The admission of the Company's shares for trading on the New York Stock Exchange or any comparable market that grants efficient access to capital markets will require that the resolution be passed (i) with the vote in favour of at least seven (7) members of the Board 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 votes in favour or (ii) with the unanimous vote of all the members of the Board of Directors other than the proprietary and executive directors proposed by either of the two groups of majority shareholders in the Company existing on the date of these Regulations (i.e. eight (8) of the twelve (12) directors);
- (iv) The following reserved matters will require that at least nine (9) members of the Board vote in favour:
  - a. the appointment and removal of the Chairman of the Board of Directors;
  - b. the appointment and removal of the CEO;
  - c. the delegation of faculties by the Board to the Executive Committee, and the appointment of any of its members;
  - d. the appointment of the Secretary of the Board of Directors;
  - e. the appointment of any member of Senior Management;
  - f. any change in the list of positions that make up Senior Management;
  - g. additional long-term borrowing by the Company or any group company to the extent that such long-term borrowing means that the ratio of long-term net debt to consolidated adjusted EBITDA is more than 3:1 and
  - h. the modification of the number of members of Board committees.

For the purposes of this section, "Senior Management" will be understood to refer to persons who hold the post of Financial General Manager, General Manager for Europe, Asia, Latam and the Southern Hemisphere, Operations General Manager or General Manager for the Americas. The Board of Directors may modify the definition of "Senior Management" at any time.

C.1.21 Explain whether there are specific requirements, other than the requirements relating to directors, in order to be appointed chairman of the board of directors:

☒ Yes  
☐ No

#### Description of requirements

In accordance with the provisions of article 8 of the Board Regulations, the Chairman of the Board of directors will be elected out of the Board members with the favourable vote of at least nine (9) Board members, as established in the Company's Articles of Association, following a report from the Appointments and Remuneration Committee. The removal of the Chairman of the Board will require that the corresponding resolution be passed with the favourable vote of at least nine (9) members of the Board.

C.1.22 State whether the Articles of Association or the Board regulations establish any age limit for directors:

☐ Yes  
☒ No

C.1.23 State whether the Articles of Association or the Board regulations establish any limit on the term of office or other stricter requisites in addition to those established by law for independent directors, that is different from the term established by regulatory provisions:

[ ] Yes  
[ v ] No

C.1.24 State whether the Articles of Association or the Board regulations establish specific rules for proxy voting at Board meetings through other directors, the manner of doing so and, in particular, the maximum number of delegations that a director may hold, as well as whether any restriction has been established regarding the categories of directors who may be delegated, beyond the restrictions imposed by legislation. If so, briefly describe such rules.

As established in article 16 of the Board Regulations, Directors shall make every effort to attend Board meetings and when it is impossible for them to attend in person, they will grant representation in writing, on a special basis for each meeting, appointing another member of the Board as proxy with the pertinent instructions and notifying the Chairman of the Board of Directors of this. Non-executive directors may only delegate another non-executive director to represent them.

C.1.25 State the number of meetings that the board of directors has held during the year. In addition, specify the number of times the board has met, if any, at which the chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	13
Number of board meetings at which the Chairman was not in attendance	0

State the number of meeting held by the lead independent director with the other directors, at which no executive director was present or represented:

Number of meetings	0
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State the number of meetings held by the different committees of the board during the year:

Number of meetings of the Audit Committee	6
Number of meetings of the Appointments and Remuneration Committee	7
Number of meetings of the Executive Committee	3

C.1.26 State the number of meetings that the board of directors has held during the year and data on attendance of its members:

Number of meetings at which at least 80% of the directors were present in person	13
% of personal attendance with respect to total votes during the year	100.00

Number of meetings at which all directors were present in person or represented by proxies with specific instructions	13
% of votes cast by directors present in person or represented by proxies with specific instructions compared to total votes during the year	100.00

C.1.27 State whether the individual and consolidated annual accounts that are submitted to the board are previously certified:

☐ Yes  
☒ No

Identify, if applicable, the person/persons that has/have certified the individual and consolidated annual accounts of the company for preparation by the board:

C.1.28 Explain the mechanisms, if any, established by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.

As established in article 38.3 of the Board Regulations, the Board of Directors will strive to draw up the accounts definitively in such a way that they do not give rise to qualifications by the auditor. In exceptional cases in which there are qualifications, both the Chairman of the Audit Committee and the external auditors will explain clearly to the shareholders the content of such reservations and exceptions. However, when the Board considers that it should uphold its criteria, it will explain publicly the content and scope of the discrepancy.

C.1.29 Is the secretary of the board a director?

☐ Yes  
☒ No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
Mr ALBERT COLLADO ARMENGOL	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

To preserve the independence of the external auditors:

Article 13 of the Board Regulations establishes that the Audit Committee has the following functions in relation to the external auditor or audit firm:

- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of external auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal;

- To handle and supervise relations with the auditors or audit firms to receive information on any matters that could jeopardize their independence, to be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.

- It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities and the professional fees received from them by such auditors or audit firm, or by persons or entities related to them in accordance with the provisions of legislation on Auditing.

- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services as referred to above, other than statutory audit, individually considered and in aggregate, and in relation to the regime of independence or with legislation regulating auditing.

- To receive information on a regular basis from the auditor or audit firm on the audit plan and the results of the audit and verify that senior management takes into account their recommendations;

- To ensure the independence of the auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal rules in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the auditor or audit firm the circumstances causing it be examined.

- In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.

In turn, article 54 of the Company's Articles of Association establishes that the auditors are to be appointed by the General Meeting before the end of the financial year that is to be audited, for an initial term, which may not be less than three years nor more than nine years, as of the date on which the first financial year to be audited commences, notwithstanding the provisions established in the legislation regulating the audit activity with regard to the possibility of an extension.

The General Meeting may appoint one or several natural or legal persons who will act jointly.

When the persons appointed are natural persons, the General Meeting must appoint as many alternates as principal auditors.

The General Meeting may not revoke the auditors' appointment before the end of the term for which they were appointed, unless there is due cause.

The Audit Committee will refrain from proposing to the Board of Directors, and the latter in turn will refrain from submitting to the General Meeting, the appointment as auditor of the Company's accounts of any firm that incurs in a cause of incompatibility under legislation on auditing as well as any firms in which the fees to be paid to them by the Company, for all services, are more than five per cent of its total revenues during the last financial year.

To preserve the independence of financial analysts, investment banks and rating agencies:

The Company maintains relations with financial analysts and investment banks in which it ensures the transparency, non-discrimination, veracity and reliability of the information provided. Corporate Financial General Management, through Investor Relations Management, is responsible for co-ordinating relations with and handling requests for information from institutional or private investors. The mandates to investment banks are granted by Corporate Financial General Management while Analysis and Planning Management handles the work with such banks.

In 2018 the Company obtained credit ratings from Moody's and Standard & Poor's, which are published on the company's website and were duly reported to the market through Relevant Event notices number 261590 and number 268995.

The independence of financial analysts is protected by the existence of Investment Relations Management which is specifically dedicated to dealing with them, guaranteeing objective, equitable and non-discriminatory treatment among investors. To guarantee the principles of transparency and non-discrimination, and complying at all times with the regulations on the Securities Market, the Company has several communication channels:

- . Personalized attention to analysts and investors
- . Publication of information on quarterly results, relevant events and other communications. Publication of press releases.
- . E-mail on the website (investor\_relations@fluidra.com, accionistas@fluidra.com) . Shareholder information telephone service (34 937243900)
- . Presentations, both face-to-face and by telephone. Visits to the Company's premises

All this information is accessible through the Company's website (www.fluidra.com).

C.1.31 State whether the Company has changed the external auditor. If so, identify the incoming and outgoing auditor:

☐ Yes  
☒ No

If there has been any disagreement with the outgoing auditor, explain the content of such disagreements:

☐ Yes  
☒ No

C.1.32 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees received for such work and the percentage this represents of the fees billed to the company and/or its group:

☒ Yes  
☐ No

	Company	Group companies	Total
Amount of other non-audit work (thousand euros)	72	12	84
Amount of non-audit work / Amount of audit work (%)	42,35	1,11	6,94

C.1.33 State whether the audit report on the annual accounts for the previous year has observations or qualifications. If so, state the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

☐ Yes  
☒ No

C.1.34 State the number of years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts without interruption. Also state the percentage that the number of years audited by the current audit firm represents with respect to the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of years without a break	3	3

	Individual	Consolidated
No. of years audited by current audit firm / No. of years the company or its group has been audited (%)	20.00	17.60

C.1.35 State whether there is a procedure to ensure directors have the necessary information to prepare meetings of management bodies sufficiently in advance and, if so, describe it:

☒ Yes  
☐ No

#### Description of the procedure

Fluidra adopts the necessary measures so that directors receive, whenever possible, sufficiently in advance the necessary information, specifically drawn up and oriented in order to prepare the meetings of the Board and its Committees.

In this regard, in accordance with article 15 of the Board Regulations, notice of the meetings of the Board of Directors is to be issued at least five days in advance and will always include the agenda for the meeting and the information necessary to deliberate on and pass resolutions on the matters to be discussed included in the agenda, unless the meeting Board of Directors has been held or convened exceptionally for reasons of urgency. The Chairman, as the persons responsible for the efficient operation of the Board, with the Secretary's collaboration will ensure that directors receive such information adequately. The Chairman of the Board of Directors may convene extraordinary meetings of the Board when in his opinion the circumstances so require, and in such cases the term of advance notice and other requisites indicated above do not apply. However, every effort will be made to ensure that any documentation that is to be provided to the Directors is delivered sufficiently in advance. Furthermore, Board meetings will be deemed valid without the need to have been previously convened if all the members are present or represented and agree unanimously to hold a meeting.

Furthermore, the Board and its Committees have an action plan that details and schedules the activities to be carried out each year, according to the competences and tasks assigned to them.

To provide all the information and clarifications necessary in relation to the matters discussed, the principal senior managers of the Group regularly attend the meetings of the Board and its Committees, to provide information on matters within their area of competence.

Furthermore, article 22 of the Board Regulations establishes as follows:

1. Any director may request information on any matter that falls under the competence of the Board and, in this regard, examine its books, records, documents and other documentation. The right to information extend to companies in which a stake is held, whenever possible.
2. The request for information should be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board of Directors and the appropriate person in the Company.
3. The Secretary will inform the director of the confidential nature of the information he or she requests and receives and of the duty of confidentiality in accordance with the Board Regulations.

C.1.36 State whether the company has established any rules requiring directors to inform the company and, as the case may be resign, in cases in which the credit and reputation of the company may be damaged, and, if so, provide a detailed description:

☒ Yes  
☐ No

#### Explain the rules

Article 32.2 of the Board Regulations establishes the obligation for directors to inform the Company in any cases that might damage the company's credit or reputation and, in particular, to inform the board of any criminal investigations in which they are involved as investigated persons, as well as the subsequent procedural phases, any disqualification procedures initiated against them, any near-insolvency economic situations of any trading companies in which they hold stakes or which they represent or, as the case may be, the commencement of insolvency proceedings against such companies.

This same article also establishes that in the event that a director is prosecuted or an order is issued against a director for the commencement of a trial for any of the criminal offences listed in article 213 of the Companies Act, the Board will examine the case as soon as possible and, in light of its specific circumstances, will decide whether or not the director is to remain in office.

C.1.37 State whether any member of the board of directors has informed the company that he/she has been prosecuted or that an order for the commencement of a trial has been issued against that member for any of the criminal offences listed in article 213 of the Companies Act

☐ Yes  
☒ No



C.1.38 Describe the significant agreements entered into by the company that come into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and the effects thereof.

Not applicable

C.1.39 Identify individually, when directors are involved, and on an aggregate basis in all other cases, and provide a detailed description of the agreements between the company and its management level and decision-making positions or employees that provide for indemnities, guarantee or “golden parachute” clauses upon resignation or unfair dismissal, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries	7
Type of beneficiary	Description of the agreement
Executive Chairman /CEO / Senior Managers	<p>The Executive Chairman’s contract establishes: • compensation in the event of termination of this contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to two years’ salary, based on the gross fixed annual salary received in the year termination occurs and the gross variable annual salary for the preceding year. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company’s governing bodies. • a post-contractual non-compete clause for a term of two years after the end of provision of services. The economic compensation established for the obligation undertaken by virtue of the non-compete clause is two years’ fixed gross annual salary at the time of termination of the contract. The CEO’s contract establishes: • compensation in the event of termination of this contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to one year’s salary, based on the gross fixed annual salary received in the year termination occurs and the gross target annual salary. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers.</p>

Type of beneficiary	Description of the agreement
	Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. • a post-contractual non-compete clause for a term of two years after the end of provision of services. The economic compensation deriving from the non-compete clause is included in the amount of the remuneration established for the director. Senior Managers: Two Senior Managers have a post contractual non-compete clause, one for a term of 18 months and the other for a term of 12 months after the end of provision of services. 15% of their fixed remuneration remunerates the obligation undertaken by virtue of the post-contractual non-compete clause. One Senior Manager is entitled to receive compensation in the event of termination of his contract by Fluidra for any reason, except in the event of fair dismissal, the amount of which is equal to one year's fixed gross annual salary at the time of termination. Three Senior Managers are entitled to receive compensation in the event of termination of their contract by the Group within 12 months following the date on which a change in control takes place, or at the manager's choice if such a change in control occurs, the amount of which is equal to one year's fixed gross annual salary as well as payment of medical insurance for a term of not more than 12 months payment of an outplacement service. One of the Senior Managers is also entitled to receive such compensation in the event that he decides to terminate this contract, provided that this is due to certain causes. One Senior Manager has a post-contractual non-solicitation clause for a term of one year after the end of provision of services, with no additional compensation to the established remuneration.

State whether, beyond the cases established by law, such contracts have to be reported to and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, cases envisaged and the nature of the bodies responsible for approval or reporting:

	Board of Directors	General Meeting
Body that authorizes the clauses	✓	
	Yes	No
Is the General Meeting informed of the clauses?	✓	

## C.2. Committees of the board of directors

C.2.1 Describe all the committees of the board of directors, their members and the proportion of executive, proprietary, independent and other external directors of which they are comprised:

Audit Committee		
Name	Position	Category
Mr GABRIEL LÓPEZ ESCOBAR	MEMBER	Independent
Mr JOSÉ MANUEL VARGAS GÓMEZ	MEMBER	Proprietary
Mr BERNARDO CORBERA SERRA	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	CHAIRMAN	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

See section H.1.

Identify the directors who are members of the audit committee and who have been appointed taking into account their knowledge and experience in the areas of accounting, auditing, or both, and report the data of appointment of the chairman of this committee.

Name of directors with experience	Mr GABRIEL LÓPEZ ESCOBAR / Mr JOSÉ MANUEL VARGAS GÓMEZ / Mr BERNARDO CORBERA SERRA / Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ / Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA
Date of appointment of chairman to that post	06/06/2018

Appointments and Remuneration Committee		
Name	Position	Category
Mr RICHARD J. CATHCART	MEMBER	Independent
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	CHAIRMAN	Independent

Appointments and Remuneration Committee		
Name	Position	Category
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary
PIUMOC INVERSIONS, S.A.U.	MEMBER	Proprietary

% executive directors	0.00
% proprietary directors	50.00
% independent directors	50.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

See section H1. In addition:

**Duties:**

- Direct the definition of profiles of Board members and review them annually as part of the Board Evaluation.
- Direct the selection process for new members of the Board.
- Direct the evaluation of the Board, at least once a year, ensuring that suitable feedback is provided to the Board and its members individually.
- Lead the annual review of the Board Charter and of the Committees, in order to guarantee that both the Board and the Committees have clear objectives that stay aligned with those of the Company as they evolve.
- Ensure that there are succession plans (or, at least, contingency plans) to guarantee leadership of the Board and senior management.
- Review compliance by the Board and the Committees in relation to their internal rules of operation at least twice a year and make sure the Board takes responsibility for such compliance.
- Carry out a prior review of the Human Resources Policies and Procedures that will be submitted to the Board. Specifically, in collaboration with senior managers of HR and the Executive Chairman / CEO, develop, evaluate and modify (when necessary) incentive and remuneration policies for executives, and benefits, both in annual plans and in long-term incentive plans. Encourage the company to implement, maintain and communicate these policies and procedures so that they fulfil the purpose of aligning people with the company's strategy and so that they can act as elements of motivation and retention. Ensure that the above is done in a suitable timeframe.
- Review the evaluations of the performance and remuneration policies of the management team.

The most important actions during the year were as follows:

- Approval of Executive Chairman / CEO and Board Compensation
- Remuneration Report 2018
- Corporate Governance Report 2017
- Follow-up of LTI 2015.2018
- Follow-up of Executive Chairman / CEO Succession Plan
- Follow-up of Executive Chairman / CEO's annual objectives
- Definition of new share-based LTI for managers 2018-2022
- Evaluation of the performance of the Board and its committees.

Executive Committee		
Name	Position	Category
Mr OSCAR SERRA DUFFO	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr ELOY PLANES CORTS	CHAIRMAN	Executive
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary

Executive Committee		
Name	Position	Category
Mr BRUCE WALKER BROOKS	MEMBER	Executive

% executive directors	40.00
% proprietary directors	40.00
% independent directors	20.00
% other external directors	0.00

Explain the duties assigned to this committee, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

Notwithstanding the delegation of faculties to an executive officer and the powers of attorney that may be granted to any person, the Board of Directors may designate an Executive Committee. The Executive Chairman and the CEO will in any case be part of the Executive Committee. The Executive Chairman will act as Chairman of the Executive Committee. The Secretary of the Executive Committee will be appointed by the Executive Committee and may be a Director or someone who is not. The Executive Committee will meet as often as it is convened by the Chairman of this Committee or by the CEO. Resolution of the Executive Committee meeting by video conference, multiple telephone conference call or other remote communication techniques will be valid, provided that none of the Committee members objects to this procedure, they have the necessary means for this purpose and can recognize each other, which point must be stated in the meetings of the Committee meeting. In that case, a single meeting will be deemed to have been held at the registered office. The meetings of the Executive Committee will be quorate when a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman does not have a casting vote. In the event that the Executive Committee were not to approve any of the decisions submitted to it for consideration, the Chairman of this Committee may submit any resolutions not passed to the consideration of the Board of Directors, whenever he considers it appropriate in light of the relevance of the matter. The Secretary will draw up minutes of each of the meetings of the Executive Committee, both in English and in Spanish, and will report punctually to the Board on the matters discussed and the decisions adopted at its meetings. The Secretary shall also deliver a copy of the minutes to each one of the members of the Board of Directors. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting speak fluent Spanish, in which case the meeting will be held in Spanish.

**C.2.2** Complete the following table with information regarding the number of female directors on the committees of the board of directors at the end of the last four years:

	Number of female directors							
	2018		2017		2016		2015	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00	0	0.00	0	0.00	0	0.00
Appointments and Remuneration Committee	0	0.00	0	0.00	0	0.00	0	0.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and any amendment made during the year. Also state whether any annual report on the activities of each committee has been prepared voluntarily.

Name of committee:

APPOINTMENTS AND REMUNERATIONS COMMITTEE

The Committee is regulated in the Board of Directors Regulations (article 14), which are published both at the CNMV and on the Company's website.

Name of committee:

EXECUTIVE COMMITTEE

Brief description

The Committee is regulated in the Board of Directors Regulations (article 12), which are published both at the CNMV and on the Company's website.

Name of committee:

AUDIT COMMITTEE

Brief description

The Committee is regulated in the Board of Directors Regulations (article 13) and in the Internal Conduct Regulation, which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Audit Committee.

## **D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS**

### **D.1. Explain any procedure and the competent bodies for the approval of related-party and intragroup transactions.**

Transactions with related parties that take place in the context of the sale or purchase of materials and products in the normal course of operations or rental of premises owned by related parties are verified at the end of the year, following instructions of the Audit Committee, by the group's Internal Audit Management with the aim of verifying that the consideration is based on market prices. The results are submitted to the Audit Committee which certifies whether these transactions have been carried out on an arm's length basis. Furthermore, in the middle of the year Internal Audit Management carries out a quantitative analysis of fluctuations in related-party transactions and reports the results to the Audit Committee.

Any related-party transactions that do not correspond to normal business operations are analysed and approved by the Audit Committee and/or the Board of Directors.

### **D.2. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's significant shareholders:**

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
No data				

### **D.3. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's directors or senior managers:**

Name of directors or senior managers	Name of the related party	Relationship	Nature of the transaction	Amount (thousand euros)
No data				N.A.

- D.4.** Report significant transactions carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drawing up the consolidated financial statements are not part of the company's normal business activity with regard to their object and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction	Amount (thousand euros)
No data		N.A.

- D.5.** Provide details of significant transactions between the company or group companies and other related parties that have not been reported under previous headings:

Name of the related party	Brief description of the transaction	Amount (thousand euros)
CONSTRALSA SL	Lease of warehouses to FLUIDRA Group	1,655
IBERSPA SL	Purchase of goods by FLUIDRA Group to IBERSPA	5,525

- D.6.** Describe the mechanisms established to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, senior managers or significant shareholders.

[ See section H.1. ]

- D.7.** Is more than one company of the group listed in Spain?

[ ] Yes  
[ v ] No



## **E. RISK MANAGEMENT AND CONTROL SYSTEMS**

### **E.1. Explain the scope of the company's Risk Management and Control System, including the system for managing tax risks:**

– Fluidra's risk management system is designed to mitigate all the risks to which the company may be exposed on account of its activity. The structure of risk management is based on three pillars.

- Common management systems, designed specifically to mitigate business risks.
- Internal control procedures, aimed at mitigating the risks deriving from drawing up financial information and improving the reliability of such information, which have been designed in accordance with Internal Control over Financial Reporting (ICFR).
- The risk map, which is the methodology used by Fluidra to identify, understand and assess the risks that affect the company. The aim is to obtain an overall view of risks, designing a system of efficient responses aligned with the business objectives.

These elements constitute an integrated system that provides adequate management of the risks and the controls that mitigate them at all levels of the organization.

Fluidra's risk management system is a global and dynamic system. Its sphere of action is the entire organization and its environment. It is intended to be permanently in force and compliance with it is mandatory for all employees, managers and directors of the company.

In addition, the internal audit department is responsible for overseeing compliance with and correct operation of these systems.

### **E.2. Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management and Control System, including the system for managing tax risks:**

Responsibility for drawing up and executing the risk management system is exercised basically by the Audit Committee, specifically supported by the internal audit department.

The internal audit department is in charge of supervision and the correct operation of the risk management system.

The objectives of the audit committee are:

- To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
- To supervise the efficiency of the Company's internal control, specially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
- To supervise the process of drawing up and presenting regulated financial information.
- To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
- To handle relations with the auditors or audit firms in order to receive information on any matters that could endanger their independence, to be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards. It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of Accounts Audit Act 19/1988, of 12<sup>th</sup> July.
- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must disclose the provision of additional services as referred to above.
- To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
- To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15<sup>th</sup> September 2004.
- To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
- To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.

With regard to tax, the tax strategy approved by the Board is governed by the following principles: compliance with the applicable tax obligations in the territories where it does business, promote a relationship of collaboration with the Tax Authorities with which it relates, and protect sustainable value generation for the Company's different stakeholders.

Tax Management of the Group reports, at least one a year, to the Board – through the Audit Committee – on the management of and compliance with tax obligations as well as tax risk control and management aspects.

**E.3. Point out the main risks, including tax risks and to the extent that they are significant the risks deriving from corruption (with the scope indicated in Royal Decree Act 18/2017), that could affect the achievement of business goals:**

In the process of identifying, understanding and assessing the risks that affect the company, the following risk factors have been considered:

**Operational risks**

- a) Safety incidents
- b) Erroneous actions and relations with workers
- c) Market risks and risks of the activities in which the Group does business
- d) Brand reputation
- e) Risks relating to processes
- f) Economic environment
- g) Climatology
- h) Geopolitical risk
- i) Integrations of new companies

**Financial risks**

- a) Credit risk
- b) Default / Insolvency of customers
- c) Liquidity risk

**E.4. Identify whether the company has risk tolerance levels, including one for tax risk:**

The various risks are identified and assessed on the basis of an analysis of the possible events that could give rise to such risks. The assessment is carried out using parameters that measure probability and impact. The controls in place to mitigate them are determined as well as the additional action plans necessary if such controls are considered insufficient.

This process, performed annually, lets the Company's Risk Map be obtained. The most relevant risks are taken from this map and, together with the main variations compared to the previous year, are submitted to the Audit Committee for discussion and approval.

The definition of the scale of gravity and the scale of probability is carried out on the basis of qualitative and quantitative criteria. Once the critical risks have been identified and assessed, Company Management establishes specific actions, determining the person responsible and time to perform them, to mitigate the impact and probability of such risks and at the same time reviews the current controls over these risks. The analysis of risks, controls and actions to mitigate their impact and probability is presented annually to the Audit Committee, for supervision and approval. The Audit Committee subsequently reports to the Board of Directors.

**E.5. State what risks, including tax risks, have materialized during the year:**

The following risks have materialized in 2018:

• **Cyberattacks and fraud**

During 2018 the Fluidra Group has suffered a number of attacks and attempts at fraud based on identity theft of senior managers of the Group. In one of these attacks, the identity thief managed to contact a Fluidra employee instructing him to carry out an online banking transaction that involved a money transfer that is difficult to trace. Although the action was not stopped at the outset, it was able to be detected in time and all the defined control and action mechanisms were implemented, thus making it possible to prevent the fraud from materializing in full. This action reflects the growing need to reinforce preventive measures and action plans that will protect the Company from possible fraud or cyberattacks. The group is doing this with a cybersecurity audit and the implementation of the corresponding corrective actions.

• **Increase in credit risk**

Following the merger with the Zodiac group in July 218, the credit risk has increased in the America region where there is a high concentration of turnover in two major customers. Fluidra is aware of this situation and has started to implement the necessary actions to mitigate the effects of this risk. The Fluidra Group is a multinational company that continues to have a very wide and diversified customer portfolio.

**E.6. Explain the plans for responding to and supervising the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that appear:**

- Development of new products. Continuing analysis of sales of new strategic products and comparison with competitors based on market research monitoring tools, statistical database analysis by type of market and product. Performance of comparative studies that will let us differentiate ourselves from competitors and update the product valuation dossiers with the information obtained. Specific action plans aimed at ensuring production capacities are adapted to the demand levels forecast for these new products.
  - Financial risks: Financial risks undergo continuous monitoring of, among others, the exposure to exchange rate and/or interest rate risk, proposing corrective measures.
  - Credit risks: The Fluidra Group has a highly diversified customer portfolio. However, as provided for in paragraph E5, in the America region the company carries out continuous and specific monitoring of two major customers which concentrate an important credit risk, analysing both the credit limits and financial health of these customers. Furthermore, following the merger the risk has reduced its impact with the diversification of the Group's portfolio in more geographical areas.
  - Technological risks: Given the activities carried on by the different Business Units of Fluidra, protecting their technology and developments is an essential milestone in order to maintain their competitive advantage. To this end the Company has certain development criteria and policies, as well as legal protocols that guarantee such protection.
  - Risk in the management of subsidiaries: Fluidra is firmly determined and convinced that reinforcing and harmonizing its procedures and internal controls in the subsidiaries of the group is the right way to ensure prompt detection and eradication of any irregularity in the management of the subsidiaries. In this regard, Internal Audit is a very valuable tool in the pursuit of this goal.
  - Development of new activities. The continuing evaluation by Fluidra of new activities and organizations that will contribute more value to the group has led to the completion in 2018 of the merger with Zodiac, a multinational with a very important presence in the United States. Aware that any new activity involves an intrinsic risk, Fluidra has established the necessary controls to mitigate the risk associated to the development and integration of any new activity, creating an integration office with the aim of overseeing these matters.
  - Human capital risks: The companies of the Fluidra Group have a variable remuneration policy linked to professional development and the achievement of personal objectives in order to identify and reward its best professionals in this way.
- The parent company has a whistleblowing channel created by the Audit Committee, under the collegiate management of corporate HR management, Internal Audit and Legal, so that any employee of the group can report any issues relating to internal control, accounting or auditing. The company has an Internal Code of Conduct on matters relating to the securities market.
- Process-related risks: These risks are handled and monitored centrally by the Management Control department and verified by the Internal Audit department. The processes of obtaining consolidated financial information are carried out centrally under corporate criteria, and both the consolidated annual accounts and the individual annual accounts of each subsidiary are verified by external auditors.
  - Tax and legal risks: Fluidra has defined a procedure for the identification and valuation of legal and tax risks which it applies on a regular basis. The object of this procedure is to identify any disputes or litigation that could have an impact on the Company's equity situation, or any differences that could arise due to a different interpretation of legislation in relation to a given tax. Based on the analysis carried out, the Company records the pertinent accounting provisions in order to have adequate cover in the event that any of these risks should materialize.

## **F. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEMS ON FINANCIAL REPORTING (ICFR)**

Describe the mechanisms that make up the control and risk management systems in relation to the company's financial reporting (ICFR).

### **F.1. Control environment in the company.**

Indicate, specifying their main features, at least the following:

**F.1.1** What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation of this system; and (iii) supervision of the system.

Fluidra S.A. and its subsidiaries (hereinafter Fluidra) formally defines the responsibilities for the adequate and effective existence of ICFR in the Board of Directors Regulations.

The Board of Directors has designated Corporate Financial Management of Fluidra as responsible for the implementation and maintenance of ICFR.

As regards responsibility for supervising ICFR, article 13.3 of the Board Regulations explicitly includes the responsibility of the Audit Committee in relation to supervision of the ICFR, as well as the responsibility for supervising the process of drawing up and presenting regulated financial information.

The Audit Committee has the Internal Audit function as support in fulfilling its responsibilities and this is reflected in the charter for that function.

**F.1.2** Whether any of the following are in place, particularly with regard to the process of preparing financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination of these in the company:

Fluidra has internal processes that establish the authorization levels necessary to modify the organizational structure. Defining the structure and reviewing it are ultimately responsibilities of the Executive Chairman and CEO, with the support of the Appointments and Remuneration Committee. The Appointments and Remuneration Committee is made up of 4 directors from the Board of Directors, of whom 2 are proprietary directors and 2 are independent.

Fluidra has an internal organization chart available on the corporate intranet which covers the main business areas and ranges from the position of Executive Chairman through the CEO to the level of General Management of each business. This organization chart specifies the areas and departments (including the departments involved in the preparation, analysis and supervision of the financial information), and details the hierarchical dependencies.

For the purposes of preparing regulated financial information, the Group Accounting Manual (GAM) sets out the basic lines of responsibility existing in the process, policies, documentation necessary and timing.

- Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of operations and the preparation of financial information are specifically mentioned), body in charge of analysing breaches and proposing corrective actions and penalties:

Fluidra's commitments include focusing its efforts on ensuring that operations are carried out in an environment of ethical professional practice. This is carried out through the implementation of mechanisms aimed at preventing and detecting fraud committed by employees, or inappropriate practice that could lead to sanctions, fines or damage the Group's image, and also by reinforcing the importance of ethical values and integrity among its professionals.

Fluidra has a Code of Conduct (hereinafter Ethics Code), the first version of which was approved by the Board of Directors at a meeting held on 16<sup>th</sup> December 2008 and the latest version in October 2018.

The Ethics Code must be observed by all employees of the Group and is accessible to all employees through the corporate website, Intranet and Living Fluidra. All employees, when they join Fluidra, receive a copy of the Ethics Code which they have to sign as evidence of their agreement to comply with the internal policies of Fluidra.

The main values included in the Ethics Code are those of bringing maximum transparency to Fluidra's business, creating an environment of trust for its customers, suppliers, shareholders, employees, public and private institutions and for society in general. The Ethics Code is based on the ten principles declared in the UN Global Compact and seeks to be the guide that sets out the most relevant ethic principles and behaviour to be observed in internal and external relations, including and updating all conduct that is not permitted from a legal approach.

The general ethical principles considered in the Fluidra Ethics Code are specified in terms of the ICFR (Internal Control over Financial Reporting), in values associated to professional integrity and responsibility, guidelines for action related to a greater or lesser extent to the reliability of the financial information and compliance with applicable legislation.

Updates and amendments of the Ethics Code are proposed and promoted by the Audit Committee. The modifications that have been made to the Ethics Code are indicated below:

- On 28th February 2012, the Audit Committee approved the review of the Ethics Code with the aim of incorporating modifications that reflected the evolution of the legal framework to which it is subject, especially with regard to the responsibilities of the Board of Directors and the Audit Committee.
- During 2015, Fluidra reviewed the Ethics Code again, with the aim of bringing it into line with new legislative changes, updating it once again in 2016 to the latest changes in regulations. The latest version of the Ethics Code was approved by the Audit Committee on 27<sup>th</sup> July 2016 and by the Board of Directors on 28<sup>th</sup> July 2016. This new version of the Ethics Code has been relaunched to all employees of Fluidra. In addition to the Ethics Code, Fluidra also has other features that seek to achieve an environment of ethical professional practice.
- During 2017, the Compliance Coordination Committee was consolidated, currently made up of the corporate areas of Human Resources, Internal Audit, Legal Advising and by the Financial General Manager. As established in its Rules of application, its main functions are as follows:
  - Promoting, disseminating and applying the Ethics Code throughout the Group.
  - Ensuring that the criminal offence prevention and control model is developed correctly in the Group.
  - Encouraging the creation of internal policies, rules and procedures.
- During 2018, work has continued on developing the compliance area and no significant changes have taken place.

Whistleblowing channel that makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as any possible breach of the code of conduct and irregular activities in the organization, specifying, if appropriate, whether it is confidential:

Fluidra has an internal whistleblowing channel ("Confidential Channel") through which all employees can address their queries and concerns. A communication channel has been enabled to send them: via the corporate website, intranet, Living Fluidra and an e-mail address. Fluidra also has an Ethics Committee, whose role is to deal with the queries and complaints received through the Confidential Channel. Its objective is to carry out monitoring and control of compliance with the principles established in the Ethics Code. The Ethics Committee reports annually to the Audit Committee the breaches of the Ethics Code identified and the corrective actions and disciplinary measures proposed, if necessary. All communications between the Ethics Committee and the employees of Fluidra are totally confidential, respecting the limitations established in applicable personal data protection legislation. In this regard, all members of the Ethics Committee are authorized to know the combined information of all queries and notifications received from the group through the query and notification procedure.

Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, covering at least accounting policies, auditing, internal control and risk management:

With the aim of promoting training, Fluidra has the in-house school: FluidrAcademy. The aim of FluidrAcademy is to consolidate an offer of corporate training on multidisciplinary and business contents to promote the transmission of internal knowledge and interrelation between the professionals of Fluidra and on the other hand to strengthen internal training in Fluidra by offering courses on the main functional and business areas given by internal trainers whenever possible taking advantage of the knowledge of Fluidra.

For aspects related to the preparation of financial information, Fluidra has 2 fundamental lines in training on accounting and financial skills:

- 1.- GAM Online Training: This comprises 4 modules related to the most critical areas for financial reporting. Aimed at all personnel responsible for preparing financial statements in all the group companies, this is a compulsory course.
- 2.-Subsidiary Training: In addition, Fluidra's training is provided to foreign subsidiaries through visits by teams of the Division and even from Central Services, going over reporting statements, the different information needs or criteria for obsolescence and insolvency, among others. For new employees, a week-long training visit is made to central services.

Finally, as regards the audit and internal control areas, the personnel responsible for the financial and internal audit function identify the needs of their teams in terms of training and propose training courses to cover any sporadic needs that may exist.

## **F.2. Financial reporting risk assessment**

Indicate at least the following:

**F.2.1** What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

- Whether the process exists and is documented:

The process followed by Fluidra to identify risks of error in the financial information is systematic and is documented. Fluidra places special emphasis on the identification of risks of material error or fraud, by determining financial reporting control objectives for each of the risks identified. This risk identification process is carried out and documented by Financial Management of Fluidra and is supervised by the Audit Committee, with the support of Internal Audit.

Whether the process covers all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often:

The process is structured so that, on a regular basis, the areas that can have a material effect on the financial statements are analysed based on a range of criteria that include quantitative and qualitative factors, identifying relevant areas/locations at transaction level, to the extent that they are affected by transactions with a material impact on the financial statements. The scope of the areas identified is reviewed by Corporate Financial Management of Fluidra, and is ultimately supervised by the Audit Committee. If in the course of the year (i), circumstances not previously identified that show possible errors in the financial information or (ii), substantial changes in the operations of Fluidra come to light, Financial Management assesses the existence of the risks that should be added to the risks that have already been identified.

- The existence of a process for the identification of the consolidation perimeter, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities:

Through meetings with General Management of the divisions and the Legal Department, Financial Management regularly updates the corporate structure defining the consolidation perimeter for accounting and tax purposes. In addition, at least once a year the consolidation perimeter is supervised and approved by the Audit Committee. The Company has a tax policy that sets out the guidelines for the group's legal structure, seeking to attain the business goals while avoiding complex instrumental structures.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements:

The process takes into account other types of risks to the extent that they affect the financial statements.

- What governance body of the company supervises the process:

As indicated in the Board of Directors Regulations, the Audit Committee is responsible for reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

### **F.3. Control activities.**

Indicate whether at least the following are in place and describe their main features:

**F.3.1. Procedures for review and authorization of financial information, and description of the ICFR to be published in the securities market, indicating the persons or divisions responsible for them, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, valuations, and projections.**

Fluidra has a range of procedures to validate the accounting closing and the preparation of financial information for all areas. The control activities identified and formally documented focus on activities related directly to balances and transactions that could have a material effect on the financial statements and also seek to mitigate the risk of fraud.

As regards the closing procedure and the procedure for the review and authorization of the financial information published on the market, it commences with the establishment of a detailed calendar of closing activities duly distributed over all the divisions through the GAM. Thereafter, each subsidiary reports its financial data using a standard format determined by Financial Management using the Hyperion tool. Financial Management is then responsible for the consolidation process, and prepares the Consolidated Annual Accounts, which are validated by Corporate Financial Management for subsequent presentation to and supervision by the Executive Chairman, CEO, Internal Audit, the Audit Committee and the Board of Directors.

Fluidra also has a series of procedures through which Financial Management reviews ICFR, mainly consisting of:

- Existence of an ICFR management policy that articulates the scope, responsibilities, procedure for evaluating the effectiveness of the model, supervision of the model, establishment of action plans and their follow up, and supervision by the Audit Committee.

- System for evaluating the internal control model through Self-Evaluation questionnaires: Financial Management of Fluidra, based on the process of identifying and assessing risks and controls, defines self-evaluation questionnaires considering the minimum requisites to guarantee reasonable assurance as to the reliability of the financial information which must be completed by the Divisions. Internal Audit supervises the effectiveness of the model in accordance with the provisions of the internal audit plan.

In relation to the specific review of relevant judgements, estimates, valuations and projections, this takes place initially in the existing control activities either in the routine transactions of Fluidra, or through the control mechanisms in place in the process of preparing the financial information detailed in the GAM. Depending on the degree of judgement and estimation applied and the potential impact on the financial statements, there is a subsequent scale of discussion and review involving General and Financial Management of the Division, Corporate Financial Management, the CEO, the Executive Chairman, the Audit Committee and the Board of Directors, in that order, in cases of substantially relevant aspects in the preparation of financial information.

When third-party experts are involved in areas subject to judgement, estimate, valuation and projections, they discuss and present their results to Financial Management, after having applied a series of control and supervision procedures to the work carried out by these experts.

In particular, the main judgements and estimates broached during the year are those indicated in the notes to the Consolidated Annual Accounts for the year.

**F.3.2 Internal control policies and procedures on information systems (including, among others, secure access, control of changes, operation of the systems, operational continuity, and segregation of duties) that provide support for the company's relevant processes in drawing up and publishing financial information**

Fluidra uses information systems to carry out and maintain adequate recording and control of its operations. As part of the process of identifying risks of error in the financial information, Fluidra identifies, through Financial Management, the systems and applications that are relevant in preparing it. The systems and applications identified include both those directly used in preparing the financial information and the interfaces with this system, notably in relation to sales/accounts receivable and purchases/accounts payable.

The policies and procedures concerning Fluidra's information systems cover both hardware and software security with regard to access (ensuring segregation of functions through adequate restriction of access), procedures to check the design of new systems or modifications to existing systems and continuity in their operation (or start-up of alternative systems and applications) in the event of incidents that affect their operation. These policies seek, among others, to guarantee the following aspects:

- Security of access both to data and applications.
- Control over changes in the applications.
- Correct operation of the applications.
- Availability of data and continuity of the applications
- Adequate segregation of functions



**a) Secure access:**

A series of measures at different levels have been defined to prevent unauthorized access both to data and to the applications.

At software, operating system and database level, the user-password combination is used as a preventive control. At data level, profiles have been defined which limit access to data and on which a segregation of functions matrix is being developed that will ensure the compatibility of the user's functions according to his/her responsibilities.

**b) Control of changes:**

A change management methodology has been developed and implemented which establishes the safeguards and validations necessary to limit the risk in this process. Since 2012 a new methodology called "change request" has been in use.

The main aspects featured include the following:

- Approval by the business area
- Testing prior to production
- Specific environments for development and test tasks
- Reverse procedures
- Segregation of functions as the development team does not have access to production.

**c) Operation:**

To ensure that operations are carried out correctly, the interfaces between the systems involved in preparing financial information are monitored. There is also an internal "Help Desk" services for end users in the event of detecting any kind of incident, query or request for training and which controls the efficiency of the operation of the information systems.

**d) Availability and continuity:**

In the headquarters, the Company has two Data-Processing Centres (main and backup) that enable it to ensure the availability of the information system in a contingency. All of this is supported, furthermore, by a Disaster Recovery Plan with the tasks and steps to be carried out to restore the systems in such an event. This DRP is tested in real conditions once a year. In addition, daily backups are made of the data and applications, which are kept at a secure location temporarily. To recover such data there is a specific procedure although integral tests are not carried out regularly. Partial information recovery processes are however carried out regularly.

In the US headquarters, the data for the core applications is stored in California and is replicated in real time to Utah. Additionally, restore points for the same data are stored onsite in California for immediate recovery in situations where the disaster has not physically damaged the datacenter.

This data is routinely recovered to test the integrity of the data and recovery process.

In Australia, the data for the core applications is stored in Sydney, backed up to tape and sent offsite to a secure storage company on a weekly basis. Additionally, restore points for the same data are stored onsite in Sydney for immediate recovery in situations where the disaster has not physically damaged the datacenter. This data is routinely recovered to test the integrity of the data and recovery process.

**e) Segregation of functions:**

A series of profiles have been defined describing the functionalities to which a user should have access in the Information Systems. These profiles are used to prevent a user from having more privileges than are strictly necessary. The definition of these profiles is currently under review.

**F.3.3 Internal control policies and procedures designed to supervise management of activities outsourced to third parties, as well as the aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.**

If a service has to be outsourced or an independent expert involved in assessments, calculations and valuations with a significant impact on the financial information, Financial Management of Fluidra leads the decision-making process.

**F.4. Information and communication.**

Indicate whether at least the following are in place and describe their main features:

- F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.**

Among other functions, Financial Management is responsible for keeping the accounting policies applicable to the group up to date. In this regard, it is responsible for updating the GAM, which includes the group's accounting policies and chart of accounts, as well as an analysis of any regulatory and accounting changes that could have an impact on the financial information of Fluidra.

The GAM is updated periodically, or when a significant new development so requires, and was last updated in September 2018. The updates review both accounting policies based on changes in applicable EU-IFRS and the group's accounting structure, ensuring the traceability between individual charts of accounts of the group subsidiaries and the Fluidra chart of accounts which is used as the basis for drawing up the different reporting packages to be provided to external bodies. Changes and updates to the GAM are communicated to all responsible financial personnel by e-mail. The last update of the GAM is always available on the group's intranet under the heading "policies and procedures".

Financial Management is also responsible for clearing up any doubts about the accounting treatment of certain transactions raised by the



personnel responsible for preparing the financial information of Fluidra.

To add greater convenience and efficiency to the responsibility of keeping the GAM up-to-date, and to identify any incidents and weaknesses that have to be remedied, there is a working group on accounting procedures, made up of a member of Corporate Financial Management, the Internal Audit Manager and the person responsible for updating the GAM, the aim of which is to update the GAM based on the incidents detected by internal audit in the course of its duties, which are not contemplated in the Group's current policies. This working group meets once a quarter and records minutes of the meetings.

#### **F.4.2 Mechanisms to capture and prepare financial information using standardized formats, to be applied and used by all units of the company or group, supporting the main financial statements and the notes, as well as the information provided on ICFR.**

All the companies that form part of the Consolidated Group at the end of 2018 use a single standardized reporting format. Most of them (approximately 60% of turnover), have the same Corporate System for accounting in terms of capture and preparation of financial information. For the remaining 40%, which have not implemented that Information System at present, Fluidra ensures that standardized formats are used in preparing the financial information through mechanisms that reflect those used in the integrated tool. The financial information reported by all the subsidiaries covers the composition of the main Financial Statements and the notes. The Financial Management department of Fluidra is responsible for obtaining data from all the subsidiaries, and with this information makes the necessary consolidation adjustments to obtain the consolidated figures and complements the financial information with the reserved notes to Consolidated Financial Statements. In 2013, new reporting and consolidation software was implemented and has been fully active since 2015.

To ensure the reliability of the information reported by the subsidiaries, they must report a range of data to allow an analysis of variations in asset and liability items and results obtained with respect to the monthly budget and the previous year, in which the various balance sheet and income statement items are interrelated, permitting greater knowledge in detail of the operations reported at local level.

The Company has also implemented ICFR management software through which twice a year the subsidiaries included in the scope complete self-evaluation questionnaires on control and submit evidence of key controls. These questionnaires are suitably supervised by the responsible financial personnel of the corresponding division, creating action plans if considered necessary. Internal audit carries out supervision of the effectiveness of the controls twice a year, in accordance with the annual audit plan, reporting the results to the Audit Committee.

#### **F.5. Supervision of operation of the system.**

Indicate and describe the main features of at least the following:

##### **F.5.1. The ICFR supervision activities carried out by the audit committee as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFRS. Information is also to be provided concerning the scope of the evaluation of ICFR performed during the year and on the procedure whereby the person or division charged with performing the evaluation reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on the financial information has been considered.**

The duties of the Audit Committee in relation to the supervision of ICFR are established in article 13 of the Board of Directors Regulations and, among others, are focused on:

- Supervising the efficiency of the Company's internal control, especially Internal Control on Financial Reporting, internal audit, as the case may be, and the risk management systems, and discussing with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
- Supervising the process of drawing up and presenting regulated financial information.
- Reviewing the Company's accounts, ensuring compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
- In relation to the information systems and internal control:

- Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of

accounting policies.

- Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.
- Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

- Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

The Internal Audit Function is located within the Group's organization structure, and depends on the Audit Committee, so that its independence is guaranteed as well as the performance of the assigned functions. All the actions carried out by the Internal Audit Function that require approval are approved by the Board of Directors at the proposal of the Audit Committee.

Internal Audit prepares and presents an Annual Internal Audit Plan which is reviewed and approved by the Audit Committee. In 2018, Internal Audit met with the Audit Committee in the months of February, April, July, September, November and December to present the results and evolution of its work. At these meetings, Internal Audit reported the weaknesses identified in the design of the internal control model, proposed the corresponding action plans and the dates of implementation of these plans. In turn, Internal Audit supervises the correct implementation of corrective actions.

In the months of May, June, October and December 2018, the Audit Committee, through the Internal Audit Function, has supervised the correct review of the effectiveness of the controls conducted by Financial Management. A small number of weaknesses were detected, in May only, for which group management has set up the necessary provisions. The weaknesses detected are reported to the heads of the Divisions and the corresponding action plans are designed, with a follow-up of their implementation.

**F.5.2** Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether there is an action plan to attempt to correct or mitigate the weaknesses found.

The Audit Committee meets at least four times a year, with the aim of obtaining and analysing the necessary information to fulfil the tasks with which it has been entrusted by the Board of Directors.

Special attention is given to the review of the company's quarterly financial information, which is presented by General Financial Management. In order to carry out this process, the Audit Committee is assisted by Internal Audit, General Financial Management (responsible for preparing the financial information) and the Auditor, with the aim of ensuring the correct application of ruling accounting policies and the reliability of the financial information, and in order to be able to report any significant control weaknesses identified, if there are any, and the corresponding action plans.

Prior to the reports issued by the Audit Committee, Internal Audit discusses the results of its work with local management, Financial Management and Corporate General Management, thus ensuring fluid and efficient communication among all parties.

In relation to the External Auditors, they present annually the scope, timing and areas of emphasis of their audit work on the annual accounts, in accordance with the applicable auditing standards. They also meet with the Audit Committee to present the conclusions of their work and areas for improvements. The weaknesses reported are communicated to Internal Audit for inclusion in the implementation plan. It should be noted that the External Auditors have stated that no significant internal control weaknesses have come to light during the audit performed in 2018.

#### **F.6. Other relevant information.**

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#### **F.7. External audit report.**

Report on:

**F.7.1** Whether the information on ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an appendix. Otherwise, the reasons for this should be provided.

Fluidra has submitted the information on ICFR sent to the markets for 2018 to be reviewed by the External Auditor. The favourable report issued by the External Auditor is attached as an appendix to this document.

## **G. DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED**

State the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If the company does not comply with any recommendation or follows it partially, a detailed explanation of the reasons must be given, providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Generalized explanations will not be acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies [ ☒ ]      Explain [ ☐ ]

2. When a parent and subsidiary company are both listed, they should provide detailed disclosure on:

- a) The business activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

- b) The mechanisms in place to resolve possible conflicts of interest.

Complies [ ☐ ]      Complies partially [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

3. During the ordinary general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a) Changes taking place since the previous ordinary general meeting.

- b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative rules followed instead.

Complies [ ☒ ]      Complies partially [ ☐ ]      Explain [ ☐ ]

4. The company should draw up and promote a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant spokespersons or those charged with its implementation.

Complies [ ☒ ]      Complies partially [ ☐ ]      Explain [ ☐ ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without a preferential subscription right for an amount exceeding 20% of capital at the time of such delegation.

When the board approves any issue of shares or convertible securities without preferential subscription rights, the company should immediately post on its website the reports explaining the exclusion referred to in mercantile legislation.

Complies [ X ]      Complies partially [ ]      Explain [ ]

6. Listed companies that draw up the following reports on a voluntary or compulsory basis should publish them on their website sufficiently in advance of the ordinary general meeting, even if their distribution is not mandatory:

- a) Report on auditor's independence.
- b) Reports on the activities of the audit committee and the appointments and remuneration committee.
- c) Report of the audit committee on related-party transactions.
- d) Report on the corporate social responsibility policy.

Complies [ ]      Complies partially [ X ]      Explain [ ]

Each year the company prepares an annual report on the activities of the Audit Committee. It also prepares a report each year on the auditor's independence. Both of these are published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting. In addition, the Company issues an integrated report that contains aspects relating to corporate social responsibility.

7. The company should broadcast its general shareholders meetings live on the corporate website.

Complies [ ]      Explain [ X ]

To date the Company has not broadcast general shareholders' meetings live on its website, although if requests to do so were received from shareholders, the Company would study this possibility and would make every effort to implement this measure.

8. The audit committee should strive to ensure that the board of directors presents the company's accounts to the general shareholders' meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of the content and scope of such limitations or qualifications.

Complies [ X ]      Complies partially [ ]      Explain [ ]

9. The company should publish the requisites and procedures it will accept as evidence of ownership of shares, the right to attend general meetings and the exercise or delegation of voting rights permanently on its website.

Such requisites and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies [ X ]      Complies partially [ ]      Explain [ ]

10. When a shareholder entitled to do so exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate these supplementary items and new proposals for resolutions.
- b) Publish the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or inferences about the way of voting.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies [ X ]      Complies partially [ ]      Explain [ ]      Not applicable [ ]

11. In the event that the company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies [ ]      Complies partially [ ]      Explain [ ]      Not applicable [ X ]

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the attainment of a profitable business that is sustainable in the long term, promoting its continuity and maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct based on good faith, ethics and respect for commonly accepted customs and good practice, but also strive to reconcile the company's interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the environment.

Complies [ X ]      Complies partially [ ]      Explain [ ]

13. The board of directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies ☒ Explain ☐

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of the board's needs should be reflected in the appointments committee's report, to be published when the general meeting is convened that is to resolve on the ratification, appointment or re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by female directors by the year 2020.

The appointments committee should perform an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies ☐ Complies partially ☒ Explain ☐

The Appointments and Remuneration Committee oversees selection procedures to ensure they do not suffer from implicit bias that could lead to discrimination on account of age, gender, or training, ensuring that the proposals for appointments to cover vacancies or for the re-election of directors are based on a prior evaluation of the profiles that the directors should have to ensure that the directors' professional profiles are complementary, leading to greater integration and better operation of the Board.

The Company is working with the object of increasing the presence of women on the Board of Directors, by implementing a director selection policy that promotes the goal that are women those who will fill-in any vacancy occurred in the Board of Directors, provided that they fulfill the characteristics of the sought profile. In this regard, it is intended that at least one of the vacancies that will arise in 2019 is filled by a woman, as described in sections C.1.5, C.1.6 and C.1.7. However, the selection policy does not only take into gender diversity but also the other characteristics of the sought profile for the candidate such as knowledge, experience and professionalism, with a view to appointing the best possible candidate.

15. Proprietary and independent directors should constitute an ample majority on the board of directors, and the number of executive directors should be the minimum necessary bearing in mind the complexity of the corporate group and the percentage shareholding of the executive directors in the company's capital.

Complies ☒ Complies partially ☐ Explain ☐

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the capital of the company represented by such directors and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no shareholdings attain the legal threshold to be regarded as significant.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [ X ]      Explain [   ]

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of share capital, independent directors should occupy, at least, a third of board places.

Complies [ X ]      Explain [   ]

Independent directors represent 33% of the total board members. It should be borne in mind that Piscine Luxembourg Holdings 1, S.a.r.l is the owner of a shareholding that represent 42.427% of the Company's share capital and there is a concerted action that represents 25% of the Company's share capital.

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on such shares.

Complies [ X ]      Complies partially [   ]      Explain [   ]

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies [ ☐ ]      Complies partially [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

20. Proprietary directors should resign when the shareholders they represent dispose of their shareholding in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of proprietary shareholders should be reduced accordingly.

Complies [ ☒ ]      Complies partially [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☐ ]

21. The board of directors should not propose the removal of independent directors before the expiry of their term of office established in the Articles of Association, except when there is due cause, found to exist by the board of directors following a report of the appointments committee. In particular, due cause will be deemed to exist when directors take up new posts or responsibilities that prevent them allocating sufficient time to their duties as a board member, or are in breach of the inherent duties of their post or come under one of the disqualifying grounds for classification as independent director enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies [ ☒ ]      Explain [ ☐ ]

22. Companies should establish rules obliging directors to disclose any circumstance that might be damaging to the company's credit and reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

As soon as a director is indicted or tried for any of the offences stated in legislation on companies, the board of directors should examine the case as soon as possible and, in light of the particular circumstances, decide whether or not he or she should remain in office. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies [ ☒ ]      Complies partially [ ☐ ]      Explain [ ☐ ]



23. All directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies [ X ]      Complies partially [ ]      Explain [ ]      Not applicable [ ]

24. Directors who cease to hold their post before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a relevant event, the motivating factors should be explained in the annual corporate governance report.

Complies [ X ]      Complies partially [ ]      Explain [ ]      Not applicable [ ]

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve:

Complies [ ]      Complies partially [ X ]      Explain [ ]

The Board Regulations establishes that the Appointments and Remuneration Committee is responsible for assessing the necessary competence, knowledge and experience of the Board, defining the duties and necessary aptitudes in the candidates who are to fill each vacancy, evaluating the time and dedication required so that they can discharge their responsibilities effectively. Although the Board Regulations do not establish the maximum number of Boards on which its directors may service, this information is taken into account in evaluating the suitability of candidates in the process for the appointment and re-election of directors in order to evaluate the time and dedication available to them to discharge their duties as directors effectively.

26. The board should meet with the necessary frequency to properly perform its functions, and at least eight times a year, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [ X ]      Complies partially [ ]      Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate another director to represent them and issue appropriate instructions.

Complies ☒ ]    Complies partially ☐    Explain ☐ ]

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes if the person expressing them so requests.

Complies ☒ ]    Complies partially ☐    Explain ☐    Not applicable ☐ ]

29. The company should establish suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external advising at the company's expense.

Complies ☒ ]    Complies partially ☐    Explain ☐ ]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies ☐    Complies partially ☒    Explain ☐ ]

Even if training and working sessions in matters of interest are carried out, a formal training and working program has not been established as such.

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

When, exceptionally, for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the agenda, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies ☒ ]    Complies partially ☐    Explain ☐ ]

32. Directors should be regularly informed of movements in share ownership and of the views of significant shareholders, investors and rating agencies on the company and its group.

Complies ☒ ]    Complies partially ☐    Explain ☐ ]

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies [ X ]    Complies partially [   ]    Explain [   ]

34. When a lead independent director has been appointed, the Articles of Association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice-chairs, if any; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies [ X ]    Complies partially [   ]    Explain [   ]    Not applicable [   ]

35. The secretary of the board should make special efforts to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code that are applicable to the company.

Complies [ X ]    Explain [   ]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The operation and composition of its committees.
- c) The diversity in the composition and competences of the board.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of each individual director, with particular attention to the chairs of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company in its group has with the company or with any company in its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be described in the annual corporate governance report.

Complies ☒ ]    Complies partially ☐    Explain ☐ ]

37. Where there is an executive committee, the participation structure of the different categories of directors should be similar to that of the board. The secretary of the board should also act as secretary to the executive committee.

Complies ☒ ]    Complies partially ☐    Explain ☐    Not applicable ☐ ]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the executive committee's minutes.

Complies ☒ ]    Complies partially ☐    Explain ☐    Not applicable ☐ ]

39. The members of the audit committee, particularly its chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management matters. A majority of the members of this committee should be independent directors.

Complies ☒ ]    Complies partially ☐    Explain ☐ ]

40. Under the supervision of the audit committee, there should be a unit in charge of the internal audit function to oversee proper operation of reporting and internal control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies ☒ ]    Complies partially ☐    Explain ☐ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit a report on its activities at the end of each year.

Complies ☒ ]    Complies partially ☐    Explain ☐    Not applicable ☐ ]

42. In addition to the functions established by law, the audit committee should have the following functions:

1. In relation to internal control and reporting systems:

- a) Supervise the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.
- b) Ensure the independence of the unit that undertakes the internal audit function; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; propose the budget for the service; approve the approach and its work plans, ensuring that its activity is focused mainly on the relevant risks of the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

2. In relation to the external auditor:

- a) Investigate the circumstances giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other regulations on auditor independence.

Complies [ X ]    Complies partially [   ]    Explain [   ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior manager.

Complies [ X ]    Complies partially [   ]    Explain [   ]

44. The audit committee should be informed of any structural and corporate modification operations the company is planning, so the committee can analyse and report to the board beforehand on their economic conditions and accounting impact, especially, when applicable, on the proposed swap ratio.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

45. The risk management and control policy should identify at least:

- a) The different types of financial and non-financial risks the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures devised to mitigate the impact of the risks identified, should they materialize.
- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.

Complies ☒ Complies partially ☐ Explain ☐

46. Companies should establish an internal risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that all the significant risks the company is exposed to are adequately identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks adequately in the context of the policy defined by the board of directors.

Complies ☐ Complies partially ☒ Explain ☐

This is done by internal audit

47. Members of the appointments and remuneration committee - or of the appointments committee and the remuneration committee, if they are separate - should be appointed ensuring that they have adequate knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies ☐ Complies partially ☒ Explain ☐

The members of the Appointments and Remuneration Committee have been appointed taking into account their knowledge, skills and experience as well as the mission of the Committee. At present, as regulated in the Board Regulations, the Committee is made up of four non-executive directors, two of which are independent. The Chairman of the Committee, as regulated in the Committee Regulations, is an independent director.

48. Large cap companies should have separate appointments and remuneration committees.

Complies [ ☐ ]

Explain [ ☐ ]

Not applicable [ ☒ ]

49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director should be able to approach the appointments committee to propose candidates that it might consider suitable.

Complies [ ☒ ]

Complies partially [ ☐ ]

Explain [ ☐ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior management contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the committee.

e) Verify the information on director and senior manager remuneration contained in corporate documents, including the annual report on directors' remuneration.

Complies [ ☒ ]

Complies partially [ ☐ ]

Explain [ ☐ ]

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior managers.

Complies [ ☒ ]

Complies partially [ ☐ ]

Explain [ ☐ ]



52. The rules on the composition and operation of the supervisory and control committees should be set out in the board of directors regulations and should be consistent with the rules applicable to legally mandatory committees in accordance with the above recommendations, including the following rules:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of the directors and each committee's terms of reference; discuss their proposals and reports; and report back on their activities and work at the first full board meeting following each committee meeting.
- d) The committees may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Minutes of their meetings should be drawn up and made available to all board members.

Complies [ X ]    Complies partially [   ]    Explain [   ]    Not applicable [   ]

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the appointments committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organization, with at the least the following functions:

- a) Oversee compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of the other stakeholders.
- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practice and assess the degree of compliance.
- f) Oversee and evaluate processes in relation to the different stakeholders.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies [ X ]    Complies partially [   ]    Explain [   ]

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be developed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relating to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the application of the practices referred to above, identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect honour and integrity.

Complies [ X ]    Complies partially [   ]    Explain [   ]

Fluidra has a Corporate Social Responsibility master plan for the group for the period 2017-2020. Fluidra has a Corporate Social Responsibility committee that meets 5-6 times a year. It also has an ethics committee that receives reports of breaches of the ethics code and reports them to the Audit Committee. An integrated report is also drawn up each year. Fluidra has a plan to promote compliance with the ethics code by suppliers. The United Nations Global Compact has been signed and is renewed annually. The Board approved an Equality and Diversity policy in 2010. The ethics code, updated and amended in 2015, was implemented with all employees in 2017.

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies [ X ]    Complies partially [   ]    Explain [   ]

56. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies [ X ]    Explain [   ]

57. Variable remuneration linked to the company and the director's performance, and remuneration in the form of awarding shares, options or rights on shares or instruments linked to the share price and long-term savings schemes such as pension plans, retirement systems or other benefits should be confined to executive directors.

Share-based remuneration of non-executive directors may be considered when it is subject to the condition that the shares must be kept until the end of their term of office. This condition, however, will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other similar circumstances.

In particular, variable remuneration components should meet the following conditions:

- a) They should be subject to predetermined and measurable performance criteria that take into account the risk assumed to obtain a given outcome.
- b) They should promote the sustainability of the company and include non-financial criteria that are relevant for the creation of value in the long term, such as compliance with the company's internal rules and procedures and its risk management and control policies.
- c) They should be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]    Not applicable ☐ ]

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]    Not applicable ☐ ]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce the amount of such earnings.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]    Not applicable ☐ ]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]    Not applicable ☐ ]

62. Once shares or options or rights on shares have been awarded as part of share-based remuneration, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]    Not applicable ☐ ]

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment was not in line with the director's actual performance or based on data subsequently found to be inaccurate.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]    Not applicable ☐ ]

64. Severance payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that the director has met the predetermined performance criteria.

Complies ☒ ]    Complies partially ☐ ]    Explain ☐ ]    Not applicable ☐ ]

## H. OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance in the company or entities of the group that have not been included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices in the entity or its group, briefly describe them.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial, or other codes of ethical principles or good practice. If so, identify the code in question and the date of adherence thereto. In particular, mention whether the company has signed up to the Code of Good Tax Practice, of 20<sup>th</sup> July 2010:

### \*Section A.12.

The consolidated text of the Agreement on Syndication of votes and shares formalized on 3<sup>rd</sup> November 2017 establishes that none of the syndicated shareholders (as defined in the agreement) may sell, transfer, assign, convey or otherwise dispose of or encumber titles to the Syndicated Shares (25% of the share capital) and/or ownership of the inherent voting or economic rights of the shares throughout the syndication period, i.e. the period running from the date on which the shares of Fluidra are admitted for trading (31 October 2007) and the first of the following dates: (i) the date on which three (3) years have elapsed since the date of registration of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à.r.l. (transferor) in the Mercantile Registry of Barcelona, (ii) the date on which three (3) months have elapsed since the date of termination of the shareholders' agreement formalized on 3<sup>rd</sup> November 2017 between certain shareholders of Fluidra, S.A. (the "Current Shareholders") and Piscine Luxembourg Holdings 1, S.à.r.l., (company controlled by Rhône Capital LLC) (the "SHA") or (iii) the date on which the obligation may arise to submit a take-over bid for all the securities of Fluidra, in accordance with the provisions of Royal Decree 1066/2007, of 27<sup>th</sup> July, on the regime of takeover bids, as a result of the decisions to invest in shares in Fluidra by a shareholder or shareholders, exercising their rights under the SHA. The Agreement also establishes the mechanism for syndicating the votes associated to the Syndicated Shares.

In turn, the SHA establishes a general lock-up term of 36 months and a series of rules and commitments, including a pre-emption right, for transfers after the aforesaid term of 36 months.

### \*Section B.2.

The shareholders' agreement entered into on 3<sup>rd</sup> November 2017, Relevant Event no. 258222, provides for certain qualified majority voting rules for the adoption of certain resolutions by the General Shareholders' Meeting. Such provision relating to certain qualified majority voting rules is also established in article 33 of the Articles of Association and in article 25 of the General Meeting Regulations. See paragraph B.3 for more detail.

### \*Section C.2.1.

Name of committee

APPOINTMENTS AND REMUNERATION

COMMITTEE Description

The Committee will be made up of 4 non-executive directors, at least two of whom must be independent directors, who will be appointed by the Board of Directors, notwithstanding that executive directors or senior managers may attend meetings when the members of the Committee so agree expressly.

The members will be appointed taking into account their knowledge, skills and experience as well as the tasks entrusted to the Committee. Any director may ask the Committee to take candidates into consideration to cover vacancies, if they are considered suitable.

The Chairman shall necessarily be an independent director, elected among the independent directors who form part of the Committee.

Notwithstanding any other functions that may be assigned by law, the Articles of Association or the Board of Directors, the Appointments and Remuneration Committee has the following basic responsibilities according to the internal regulations:

- To draw up and review the criteria to be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.

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- To ensure the skills, knowledge and experience necessary in the Board and, consequently, define the necessary duties and skills of candidates who are to fill each vacancy, and evaluate the time and dedication required so that they can discharge their duties.
- Report and submit to the Board of Directors the proposals for the appointment and removal of senior managers and managers proposed by the chief executive, and the basic conditions of their contracts.
- Report to the Board on matters of gender diversity and qualifications of directors, as established in article 6.2 of the Board Regulations.

- It will propose to the Board of Directors: (i) the remuneration policy for directors and general managers or whoever carries out senior management tasks directly accountable to the Board, the Executive Committee or CEO; (ii) the individual remuneration of executive directors and other conditions of their contracts; (iii) the policies for hiring senior managers of the Company and the basic conditions of their contracts.
- To examine and organize, in the manner considered appropriate, the succession of the Chairman and the chief executive and, as the case may be, make proposals to the Board, so that this succession takes place in an orderly and well-planned manner.
- To ensure that the remuneration policy established by the Company is respected and that remuneration is transparent.
- To establish a goal for representation of the least-represented sex on the Board of Directors and to draw up guidelines as to how to reach this goal.
- To submit to the Board of Directors the proposals for the appointment of independent directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders Meeting.
- To report on proposals for the appointment of the remaining directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as proposal for their re-election or removal by the General Shareholders' Meeting.

The Appointments and Remuneration Committee will meet, ordinarily, every quarter. It will also meet every time a meeting is convened by its Chairman, who must do so whenever the Board or the Chairman of the Board asks for a report or for proposals to be accepted and, in any case, whenever appropriate for the proper discharge of its duties. Notice convening ordinary meetings of the Appointments and Remuneration Committee will be sent by registered letter, fax, telegram or e-mail, and will be authorized with the signature of the Chairman of the Committee or, as the case may be, the signature of the Secretary of the Committee by order of the Chairman. Notice will be sent at least five days in advance and must include the agenda for the meeting. The Chairman of the Committee may convene extraordinary meetings of the Committee when, in his opinion, the circumstances so require, and in this case the term of prior notice indicated above shall not apply. Furthermore, meetings of the Appointments and Remuneration Committee will be deemed valid without the need for prior notice if all the members are present and represented and agree unanimously to hold the meeting.

The resolutions of meetings of the Appointments and Remuneration Committee held by videoconference, multiple conference call or other remote communication techniques will be valid provided that none of the members of the Committee objects to this procedure, they have the necessary means to hold the meeting in this way and can recognize each other. This must be expressly stated in the minutes of the Committee meeting. In this case, a single meeting of the Committee will be deemed to have been held at the Company's registered office. The meetings of the Committee will be quorate when at least a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman does not have a casting vote. For the better fulfilment of its duties, the Appointments and Remuneration Committee may obtain advising from external experts when considered necessary for the adequate discharge of its duties. The Committee must report on its activity and give an account of the work carried out at the first full meeting of the Board of Directors held after its meetings. The Committee must also draw up minutes of its meetings, a copy of which will be sent to all the members of the Appointments and Remuneration Committee and which will be available to the members of the Board of Directors. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting can speak fluent Spanish, in which case the meeting will be held in Spanish. The Committee must consult the Chairman and chief executive of the Company, especially with regard to matters concerning the executive directors and senior managers. The Board of Directors will deliberate on the proposals and reports that the Committee submits to it.

Name of committee

AUDIT COMMITTEE

Description

The Committee will be made up of 5 directors, who will be exclusively non-executive directors, who will be appointed by the Board of Directors, notwithstanding that executive directors or senior managers may attend meetings when the members of the Committee so agree expressly. At least two of the members of the Committee will be independent directors and one of them will be appointed taking into account his/her knowledge, skills and experience in the field of accounting, auditing or both. The members of the Audit Committee, especially the Chairman, will be appointed taking into account their knowledge, skills and experience in the field of accounting, auditing or risk management as well as their knowledge, skills and experience with regard to the other tasks entrusted to the Committee. The Chairman of the Audit Committee will be appointed out of the independent directors who form part of it, and must be replaced every four years. The Chairman may be re-elected once one year has elapsed since the date of stepping down from the post. The person designated out of the Committee's members shall act as Secretary, and may be a director or someone who is not a director. Notwithstanding any other functions that may be assigned by law, the Articles of Association or the Board of Directors, the Audit Committee shall have the following basic functions:

- To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
- To supervise the efficiency of the Company's internal control, especially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
- To supervise the process of drawing up and presenting regulated financial information.
- To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
- To handle and oversee relations with the external auditors or audit firms to receive information on any matters that could endanger their independence, to be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.
- To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
- To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15<sup>th</sup> September 2004.





- To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
- To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.

The Audit Committee is also responsible for the following:

1) In relation to internal control and reporting systems:

(a) Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.

(b) Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

(c) Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

(d) Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

2) In relation to the external auditor or audit firm:

(a) Submitting proposals to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor or audit firm, and their contract conditions

(b) Receiving regular information from the external auditor or audit firm on the audit plan and the results of the audit and verifying that senior management takes into account their recommendations;

(c) Ensuring the independence of the external auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal provisions in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the external auditor or audit firm the circumstances causing it be examined. The Audit Committee must receive each year from the external auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided and the fees received from such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of legislation on auditing. The Audit Committee must also issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services as referred to above, other than statutory audit, individually considered and in aggregate, and in relation to the regime of independence or with legislation regulating auditing.

(d) In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.

3) In relation to risk management and the risk policy:

(a) Identifying the different types of risks (operational, technological, financial, legal, reputational) the company is exposed to, including contingent liabilities and other off-balance-sheet risks as financial or economic risks.

b) Identifying the risk level the Company considers acceptable.

c) Identifying the measures devised to mitigate the impact of the risks identified, should they materialize.

d) Identifying the internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

4) In relation to the obligations of listed companies:

Reporting to the Board of Directors, before it adopts the corresponding decisions, on all the matters established by law, the Articles of Association and in the Board of Directors Regulations, in particular, on:

(a) The financial information which the Company is required to publish on a regular basis in its capacity as a listed company. The Audit Committee must ensure that the interim accounts are drawn up using the same accounting policies as the annual accounts and, to that end, must consider whether it is appropriate for the external auditor or audit firm to carry out a limited review.

(b) The creation or acquisition of shares in special-purpose entities or entities that are domiciled in countries or territories considered to be tax havens, and any other transactions or operations of a similar nature which, in light of their complexity, may undermine the group's transparency.

(c) Related-party transactions.

(d) Transactions that entail or could entail a conflict of interest.

The Audit Committee will not exercise the functions described in sections (a), (b) and (c) above when these functions have been attributed in the Company's Articles of Association to another supervisory or control committee, in accordance with the provisions of the law.

The Audit Committee will meet, ordinarily, every quarter in order to review the periodic financial information that has to be sent to the Stock Exchange authorities as well as the information that the Board of Directors has to approve and include within its annual public documentation. It will also meet at the request of any of its members and whenever a meeting is convened by its Chairman, who must do so whenever the Board of the Chairman of the Board asks for a report to be issued or for proposals to be adopted and, in any case, whenever advisable for the proper discharge of its duties.

Notice convening ordinary meetings of the Audit Committee will be sent by registered letter, fax, telegram or e-mail, and will be authorized with the signature of the Chairman of the Committee or, as the case may be, the signature of the Secretary of the Committee by order of the Chairman. Notice will be sent at least five days in advance and must include the agenda for the meeting. The Chairman of the Committee may convene extraordinary meetings of the Committee when, in his opinion, the circumstances so require, and in this case the term of prior notice indicated above shall not apply. Furthermore, meetings of the Audit Committee will be deemed valid without the need for prior notice if all the members are present and represented and agree unanimously to hold the meeting.

The resolutions of meetings of the Audit Committee held by videoconference, multiple conference call or other remote communication techniques will be valid provided that none of the members of the Committee objects to this procedure, they have the necessary means to hold the meeting in this way and can recognize each other. This must be expressly stated in the minutes of the Committee meeting. In this case, a single meeting of the Committee will be deemed to have been held at the Company's registered office. The meetings of the Committee will be quorate when at least a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman shall not have a casting vote. The Audit Committee may meet with any member of the management team or any employee of the Company and may even order their appearance without the presence of any other senior manager. Such persons will be bound to attend the meetings of the Audit Committee and provide their collaboration and access to any information in their possession. The Committee may also require that the auditors attend its meetings. For the better fulfilment of its duties, the Audit Committee may obtain advising from external experts when considered necessary for the adequate discharge of its duties.

The Company has an internal audit function which, under the supervision of the Audit Committee, ensures the proper operation of the internal control and reporting systems. The person responsible for the internal audit functions must submit the annual work plan to the Audit Committee, and must also report directly to the Committee any incidents arising in the course of such work and must submit a report on its activities to the Committee at the end of each year. The Audit Committee must report on its activity and give an account of the work carried out at the first full meeting of the Board of Directors held after its meetings. The Committee must also draw up minutes of its meetings, a copy of which will be sent to all the members of the Audit Committee and which will be available to the members of the Board of Directors. The Audit Committee will draw up an annual report on its operation, highlighting the main incidents arising, if any, in relation to its inherent functions. Furthermore, when the Audit Committee considers it appropriate, it will include proposals in that report for the improvement of the Company's governance rules. The report of the Audit Committee will be attached to the Company's annual corporate governance report and will be made available to shareholders and investors through the website. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting can speak fluent Spanish, in which case the meeting will be held in Spanish. The Board of Directors will deliberate on the proposals and reports that the Committee submits to it.

**\* Section D.6.**

In accordance with the provisions of the Board of Directors Regulation, a Board member must inform the Board of Directors of the existence of any conflicts of interest and refrain from attending and intervening in the deliberations that affect matters in which that member has a personal interest. A personal interest of the Board member is also considered to exist when the matter affects any of the following persons: the spouse or person with a similar relationship; ascendants, descendants and siblings and the respective spouses or persons with a similar relationship; ascendants, descendants and siblings of the spouse or person with a similar relationship; and concerted persons and companies or entities on which any of the persons enumerated above may exercise a significant influence. If the Board member is a legal person, the following shall be deemed to be related persons; members who, in relation to the legal person that is a director, are in any of the situations contemplated in the first paragraph of article 42 of the Code of Commerce, Board members, de facto or in law, liquidators and attorneys-in-fact with general powers of the legal person that is a Board member, companies that form part of the same group, and their members and persons who are deemed to be related parties of the representative or director that is a legal person. Board members may not use the Company's name or cite their status as Board members in order to carry out operations on their own account or on the account of persons related to them. Board members may not carry out, directly or indirectly, professional or commercial transactions with the Company unless they notify the Board in advance of the situation of conflict of interest and the Board approves the transaction. In the case of transactions carried out in the ordinary course of the business activity and which are of a habitual or recurring nature, a generic authorization from the Board of Directors will suffice. Board members must report any direct or indirect stake that they or their related persons hold in the capital of a company with the same, a similar or complementary kind of activity to that which constitutes the corporate object. Furthermore, Board members may not engage, on their own account or on the account of another, in the same, a similar or complementary kind of activity to that which constitutes the corporate object and may not hold the post of Board member or executive in companies that are competitors of the Company, except for any posts they may hold, as the case may be, in group companies, unless with the express authorization of the Company, and notwithstanding the provisions of the Companies Act.

Situations of conflict of interest of the Board members will be disclosed in the annual report. Furthermore, article 2 of the Internal Rules of Conduct on the Securities Market includes within its scope of application (i) Board members, (ii) the secretary, (iii) the vice-secretary of the Board of Directors of the Company, (iv) the Manager of Legal Advising, (v) senior executives, designated executives and employees of both the Company and its subsidiaries, who carry out their work in areas related to securities markets or who habitually have access to privileged information related, directly or indirectly, to the Company and its subsidiaries, (vi) the Initiated, (vii) personnel belonging to the Stock Exchange services of the companies of the Fluidra Group and (viii) the persons expressly designated by Legal Advising at the proposal of the Regulatory Compliance body. In accordance with article 10 of the Internal Rules of Conduct, the following is established in relation to conflicts of interest: Subject Persons in a situation of conflict of interest must observe the following general principles of conduct:

**Independence:** Subject Persons must act at all times with freedom of judgement, with loyalty to the Company and its shareholders and independently of their own interests or those of any other party. Consequently, they will refrain from favouring their own interests to the expense of the Company's interests. **Abstention:** They must refrain from acting or influencing decision-making that could affect the persons or entities with which there is a conflict and from accessing Confidential Information affecting such a conflict. **Communication:** Subject Persons must inform the Manager of Legal Advising of the Company of any possible conflicts of interest in which they may find themselves.

A conflict of interest is considered to be any situation in which the Company's interests or those of any of the companies of its group clash with the personal interest of the Subject Person. A personal interest of the Subject Person will exist when the matter affects him/her or persons related to him/her. Finally, in accordance with the provisions of article 35 of the Board Regulations, the execution by the Company of any transaction with Board members and with significant shareholders or shareholders who are represented on the Board or with persons related to them will be submitted to the Board of Directors for authorization, subject to the prior favourable report of the Audit Committee. However, the Board's authorization will not be deemed necessary in related-party operations that comply simultaneously with the following three conditions: (i) they are carried out by virtue of contracts with standard terms and conditions applicable en masse to a large number of



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customers; (ii) they are carried out at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and (iii) the amount thereof does not exceed 1% of the Company's annual revenues.  
Board members affected by one of such transactions will not exercise or delegate their vote and will leave the room during the Board meeting while the Board is deliberating on the matter, and will be subtracted from the number of members of the Board for the purposes of determining quorum and majorities in relation to the matter in question.

This annual corporate governance report was approved by the Board of Directors of the company at its meeting held on:

[ 27/03/2019 ]

State whether any directors voted against or abstained in relation to the approval of this Report.

[ ] Yes

[ ☒ ] No