Annual Report on the Activities of the Audit Committee for Financial year 2014

26 March 2015
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I.- Introduction

I am pleased to present the Annual Report on the activities of the Fluidra Group's Audit Committee for the 2014 financial year. It was drawn up as provided for in the Company's Articles of Association. It was approved by the Audit Committee, and submitted to and passed by the Company's Board of Directors on 26 March 2015.

During this year we have made progress on the targets we set for ourselves for 2014. The Internal Audit Department welcomed a new Director and additional staff members. An external evaluation was conducted of the financial reporting internal control systems. The Committee supervised the results of both the internal and external evaluations and the actions taken to improve these systems.

Critical risks were reviewed carefully and the risk map was updated. Additionally, further progress was made in the company's risk management through improvements to the regulatory audit reviews. In doing so, emphasis was placed on the assessment of internal controls and the aspects that are of most concern to the Management.

As we move into 2015, our aim is to continue ensuring that the financial reporting internal control system is properly monitored in order to make it more reliable, reinforce internal control policies and procedures, reinforce the actions of the Ethics Committee and foster the effectiveness of the whistle-blower programme.

Gabriel López
Chairman of the Audit Committee
II.- The Audit Committee

The Audit Committee is governed by article 46 of the Articles of Association, article 13 of the Board of Directors’ Regulations and article 14 of the Internal Code of Conduct, a full copy of which is attached as Appendix I.

II.1.- Composition of the Audit Committee and Sessions held in 2014.

The Committee has four members, three of whom were appointed by the Board of Directors on 17 September 2007. To reinforce the Audit Committee, Gabriel López Escobar joined the Board of Directors on 31 October 2014 and was named the new Chairman of the Audit Committee.

At 31 December 2014, the following directors were members of the Audit Committee:

Chairman: Gabriel López Escobar (independent)
Director: Juan Ignacio Acha-Orbea Echeverría (independent)
Member: Joan Planes Vila (external proprietary)
Member (Secretary): Bansabadell Inversió Desenvolupament, S.A. (external proprietary), represented by Carles Ventura Santamans

In accordance with article 13 of the Board of Directors’ Regulations, the members of the Audit Committee were appointed on the basis of their knowledge, skills and experience in the areas of accounting, auditing and risk management, and in relation to other duties assigned to the Committee. The Committee Chairman is an independent director and the Secretary was appointed from among the Committee’s external proprietary directors.

According to the Board of Directors Regulations, the Committee ordinarily meets quarterly although it can be convened by the Chairman at the request of any of its members. There were five meetings in 2014.

II.2.- Committee Functions and Operation

The functions of the Audit Committee are regulated in the Articles of Association, the Board of Directors Regulations and the Internal Code of Conduct. They are summarised below:

• Reporting to the General Shareholders Meeting on questions raised by the shareholders on matters falling under its jurisdiction;
• Proposing to the Board of Directors the appointment of the external auditors (as well as contractual conditions, the scope of their professional mandate, and, if appropriate, their dismissal or non-renewal);
• Supervising the internal audit systems;
• Reviewing the Company’s accounts, ensuring compliance with legal requirements and proper application of generally accepted accounting principles;
• Supervising the risk management and control policies that have an impact on the achievement of corporate objectives;
• Understanding the financial reporting process and verifying the adequacy of the internal control systems;
• Maintaining and supervising relations with the external auditors;
• Overseeing compliance with the audit contract (report and results);
• Examining the fulfilment of the Internal Code of Conduct and the Company’s
genral rules of governance; and
• Receiving information and issuing reports on the disciplinary actions to be taken
against the Company’s executive management staff.

• With respect to internal control and reporting systems, the Audit Committee is
responsible for:
  o Supervising the preparation and integrity of the Company’s financial
reporting process (regulatory compliance, consolidation and correct
application of accounting criteria);
  o Reviewing the internal control and risk management systems;
  o Assuring the independence and efficiency of the internal audit function;
  o Establishing and supervising a mechanism that allows employees to report
irregularities anonymously.

• With regard to the external auditors, the Committee is responsible for:
  o Making proposals to the Board of Directors for the selection, appointment,
re-election and substitution of the auditors;
  o Receiving reports from the external auditor on the auditing plan and the
results of its implementation on a regular basis;
  o Ensuring the independence of the external auditor and
  o Encouraging the Group’s auditor to take responsibility for all companies to
be audited.

• In relation to the Group’s risk management policy, the Committee is responsible
for:
  o Identifying the different types of risk (operational, technological, financial,
legal and reputational), including contingent liabilities and other off-balance-sheet
risks;
  o Identifying the level of risk that is considered acceptable;
  o Identifying the measures in place to mitigate the impact of the identified
risks should they occur and
  o Identifying the internal reporting and control systems to be used to control
and manage the aforementioned risks, including contingent liabilities and
off-balance-sheet risks.

• In relation to the obligations imposed on listed companies, the Audit Committee
has a duty to report to the Board before taking relevant decisions concerning:
  o The financial information that all listed companies must disclose;
  o The creation or acquisition of shares in special purpose vehicles or entities
registered in tax havens, and any other transactions or operations that could
impair the Group’s transparency;
  o Related party transactions; and
  o Transactions that involve or could involve a conflict of interest.

All without prejudice to any other functions assigned to the Committee by the Board of
Directors.
The rules of the Audit Committee contained in (Article 13) of the Board of Directors Regulations call for minutes of each sessions of the Audit Committee to be drafted and made available to all Board Members.

The Audit Committee may consult with external experts as necessary for the proper performance of its functions.

The Audit Committee is authorised by the Board of Directors Regulations to request the presence of any Fluidra employee - including management staff - and the auditor.

As reflected in this report, the Committee maintains regular contact with the auditors, the Head of Regulatory Compliance and the Group's management staff. Its meetings are usually attended by the Director of Internal Audit.
II.3.- Biographies of Audit Committee Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Experience and Education</th>
</tr>
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<tbody>
<tr>
<td>Gabriel López Escobar</td>
<td>Born in Madrid in 1956, he holds a Bachelor's in Business, a Master's in Economics and a Graduate Diploma in Economics from the University of Nancy (France). He is registered in the Official Register of Auditors and the PCAOB Roster (USA). He was previously the Chairman of the Supervisory Committee of PwC Spain and has vast experience with all kinds of auditing services, financial consulting and financial research. He joined PwC in 1984 and has been a partner in the firm since 1995. He was responsible for auditing large Spanish groups and the Spanish affiliates of international groups. He has worked with companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, Volkswagen/Seat.</td>
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<tr>
<td>Juan Ignacio Acha-Orbea Echeverría</td>
<td>Born in San Sebastián on 1 July 1956. He graduated in Economics from the Universidad Complutense of Madrid and earned an MBA from IESE Business School. From 1982 until 1986 he managed Chemical Bank, a company based in Madrid and New York. From 1986 until 1989, he carried out the post of Director of Variable Income Securities and Investment Funds for Bankinter. From 1989 until 2003 he was President and General Manager of BBVA Bolsa, S.V. From 2003 until 2006 was an independent Director on the Board of Directors of the listed company TPI Páginas Amarillas. He has been a Director of AENA’s Board of Directors since 2012. Furthermore, in 2003 he was appointed Chairman of the company Equity Contraste Uno, a post which he continues to exercise at present.</td>
</tr>
<tr>
<td>Name</td>
<td>Experience and Education</td>
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<tr>
<td>Juan Planes Vila</td>
<td>Chairman and founder of the Company, he was born in 1941 in Estamariu (Seu d’Urgell). After earning a degree in Industrial Engineering he began his professional career as head of production and quality control at Paris Morató, a company in the automotive sector. In 1969, together with three other shareholders, he founded Astral S.A. de Construcciones Metálicas, a company that made metal accessories for swimming pools. The continuous progress and internationalisation of the company led Juan Planes to create the Fluidra Group, of which he is the Managing Director. In 2013, he was awarded the Cross of St. Jordi by the Generalitat de Catalunya. He has been the Chairman of the Board of Directors of Fluidra since September 2007 and is also the Chairman of the Board of Dispur, S.L.</td>
</tr>
<tr>
<td>D. Carlos Ventura Santamans</td>
<td>Born in Sabadell (Barcelona) in 1969. Holds a bachelor’s and master’s degree in Business from ESADE. In 2001 he joined Banco Sabadell as Corporate Development Director of the BS Capital Unit. Since then, he has held various executive positions within the Banco Sabadell Group, including Head of Corporate Banking and Structured Financing Director. Currently, he is the Director of BS Capital, a Bank Business Unit which manages the group’s interests in other companies (venture capital and real estate businesses). At present, Mr. Ventura Santamans is Deputy Director of Banco Sabadell and Director of the Group’s Commercial Bank.</td>
</tr>
</tbody>
</table>
III.- Activities in 2014

The Company’s Audit Committee met on five occasions during 2014 to discuss various matters relating to its basic responsibilities, as required by the Articles of Association, the Board of Directors’ Regulations and the Internal Code of Conduct. In this respect, it maintained regular contacts with the Director of Internal Audit and as required with Corporate Management, the CEO, the Head of Regulatory Compliance, and the external auditors to obtain information and/or give explanations regarding the Committee matters.

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

- Quarterly, bi-annual and annual financial statements reported to the CNMV;
- Significant transfer pricing operations that were conducted during the year;
- Evaluation of the Financial Reporting Internal Control Systems (SCIIF);
- The results on the ethical channel; and
- Conclusions on the update of the risk map.

This section contains a summary of the Audit Committee’s activities in 2014, which are divided into the Committee’s basic functions. The main activities are summarised below:

III.1 Financing Reporting

The Committee placed special emphasis on reviewing the Fluidra Group’s annual accounts as well as the quarterly financial statements and other information reported to the markets or to regulatory bodies during the year, before sending the information on to the Board of Directors for approval and release.

The Group’s senior management staff attended all of the Committee meetings held in 2014. This enabled management to understand, sufficiently in advance, the process used to prepare and consolidate the quarterly financial statements and the individual and consolidated annual accounts, verify the appropriateness of the accounting standards and principles used and thereby ensure that the financial statement accurately reflected the Group’s equity, change in financial situations and results for the period in question.

At the sessions held on 6 May, 27 August, 4 November 2014 and at the meeting held on 24 February 2015, the Audit Committee issued a favourable report on the financial statements as at 31 March, 30 June, 30 September and 31 December 2014, prior to being approved by the Board and released to the markets and regulators.

The 2014 annual accounts and directors’ report will be submitted to the 2015 General Meeting of Shareholders for approval which is scheduled for 5 May 2015. At the meeting held on 26 March 2015, the Committee reviewed the information and issued a favourable report on the contents before the accounts were formulated by the Board.
III.2 Auditors

At the session held on 27 March 2014, the Committee agreed to make a proposal to Fluidra’s Board of Directors to include on the agenda of the 2014 General Meeting of Shareholders to re-elect KPMG Auditores, S.L. as the auditors of the annual accounts and directors’ report of Fluidra and its group of companies for 2014. The motion was proposed to the shareholders at the General Meeting and was passed with 99.673% of the capital present and represented.

KPMG Auditores, S.L. were auditors of the Fluidra Group’s individual and consolidated accounts for the 2014 financial year. Unless there is a specific reason for not doing so, it is the Group’s policy to use the same auditor for the different subsidiaries for coordination purposes and to guarantee the most efficient and effective auditing process.

In 2014, the external auditors appeared before the Audit Committee on three occasions. The activities undertaken were as follows:

- To report on the main conclusions reached on the 2013 year's end, none of which raised any significant issues worth mentioning in the auditors’ opinion;
- To explain the main recommendations regarding internal control and monitoring on which the Company should continue to place special emphasis; and
- To communicate the audit plan for the 2014 financial year.

In addition, in December 2014, the external auditors presented a progress report on the work that had been done up to that time on the 2014 consolidated annual accounts and their evaluation of internal controls for the interim period and follow-up of recommendations.

Prior to the approval of the Audit Committee’s 2014 report, the Committee held its first meeting in 2015 which was attended by the auditors who reported to the Committee before releasing the financial statements for the second half of 2014 to the CNMV.

In the Committee’s opinion, the annual accounts for the financial year ended 31 December 2014 express, in all material aspects, a true image of the equity and financial situation of Fluidra and its consolidated group as at that date, as well as the changes in equity and cash flows in 2014 and they contain the information required for a clear understanding and interpretation. The individual and consolidated annual accounts were audited by the external auditors, who will presumably issue an unqualified opinion on 27 March 2015. Moreover, in the Committee’s opinion, the Group’s individual and consolidated directors reports for 2014 include an accurate analysis of the evolution of the business results and the position of the Fluidra Group, as well as a description of the main risks and uncertainties it faces. The external auditors have confirmed to the Committee that they had full access to all of the information required and the full collaboration of their Group’s staff.

The external auditors have conducted their activities independently, in accordance with the independence requirements stipulated by the current Spanish regulations in the revised text of the Audit Law approved by Legislative Royal Decree 1/2011 of 1 July.
The external auditors, as well as other Spanish companies affiliated with them, provided the following non-audit services in 2014:

- In Denmark, advice to local management on the accounting standards used in that country in the context of preparing the financial statements in accordance with local regulation and review of the corporate tax documentation prepared according to local requirements of that country.
- In Australia, advice to local management on the accounting standards used in that country in the context of preparing the financial statements in accordance with local regulation and review of the corporate tax documentation prepared according to local requirements of that country.
- In Spain, “assurance” services that consisted of carrying out the agreed procedures on the information prepared by Group companies, Fluidra Comercial España, S.A. and Manufacturas Gre with regard to container declarations (ECOEMBES).
- In Spain, “assurance” services that consisted of carrying out the agreed procedures on the calculations prepared by Fluidra Group companies to justify compliance with the financial ratios imposed under a syndicated loan and a financing agreement with COFIDES, S.A.
- In Spain, review and evaluation of the contents of part F of the Annual Corporate Governance Report (SCIIF).
- In Australia, demographic study of the populations in the different sales areas of the Company’s distributors.
- In the United Kingdom, advice to local management on how to prepare and file the financial statements in XBRL format in accordance with the local regulations in that country.

The fees charged for services rendered by the KPMG organisation world-wide to the different companies of the Group are broken down as follows:

- Audits ........................................................................................................................................ €833,963
- Audit-related services ................................................................. €11,900
- Tax consulting services fiscal .................................................... €7,047
- Other services ................................................................................................................................ €57,682

Total ........................................................................................................................................... €910,592
III.3 Internal audit and the Group’s internal control systems

The internal audit function was reinforced during the year with the addition of a new Director. Both the new director and the person previously in charge provided information about scheduled internal audits, the scope of their reviews and the main conclusions reached.

Internal audit conducted limited reviews of the quarterly closes in March, June and September to be reported to the CNMV, reporting to the Committee and to General Management on the work performed and the conclusions reached.

In addition, Internal Audit presented the conclusions of the work completed to update the risk map and plans for future actions to mitigate those risks.

Internal Audit, along with the General Director, explained the initiatives and actions carried out to continue reinforcing the Financial Reporting Internal Control Systems following an external expert’s evaluation of the year-end close at 31 December 2013. In this regard, in order to reinforce internal control and risk management systems, a forum was created for the Finance Department to improve the Company’s accounting policies and procedures following Internal Audit’s recommendations.

Internal Audit also reviewed the effectiveness of the Fluidra Group’s internal controls on the generation of the financial information contained in the Group’s consolidated annual accounts as at 31 December 2014, concluding, as explained at the Committee meeting held on 26 March 2015, that they had not identified any significant deficiencies or material weaknesses in the internal control model.

Finally, the Audit Committee was informed of the reports filed through the whistle-blower programme established by the Ethics Committee as well as the reviews conducted and the improvements implemented.

The Internal Audit Committee reported to the Board of Directors on its activities.

III.4 Regulatory Compliance

The Head of Regulatory Compliance reported at each Committee meeting on the supervisory and monitoring activities carried out by the compliance area. The two most noteworthy incidents in 2014 are described below:

- Publication in the Official State Gazette (BOE) on 17/06/2014 of the fine imposed by the CNMV on Fluidra, S.A., for the treasury stock operations in 2009 prior to signing the liquidity contract in the terms that had been reported to the Committee since the year 2013, the details of which are included in the Audit Committee’s 2013 Activity Report. The Company paid the €50,000 fine in October.
- Change of treasury stock operator (from BANCO ALCALÁ, S.A. to BNP PARIBAS PERSONAL INVESTORS) which required that a new liquidity contract be signed, which was validated by the CNMV on 09/07/2014, and filing of a Relevant Event to report the change.
IV.- Priorities

The priorities for 2014 contained in the 2013 report were implemented during the year, most notably:

- The oversight of internal control and financial reporting has been reinforced with the addition of the new Chairman of the Audit Committee.
- The internal audit function has been reinforced with the addition of a new Director and additional internal audit staff.
- A forum was created with the Finance Department to guarantee the continuous improvement of internal control procedures;
- The Committee continues to oversee the work being done to improve financial reporting control systems;
- Internal audits were conducted as planned, covering risks related to the strategic objectives defined by corporate management and improving internal control in the associated areas;
- A proposal was made to the Board of Directors, before the General Meeting, on the appointment of the external auditors (along with a revision of the contractual conditions, the scope of the professional mandate and revocation or renewal).

The priorities for 2015 agreed with the Audit Committee are as follows:

- Reinforce internal control policies and procedures, with special emphasis on review and compliance by the Group’s subsidiaries;
- Oversee financial reporting control systems and monitor compliance with the actions plans implemented by general management;
- Reinforce the actions of the Ethics Committee and make all Company employees aware of the whistle-blower programme;
- Plan and conduct internal audits, covering risks related to the strategic objectives defined by corporate management and improving internal control in the associated areas;
- Make a proposal to the Board of Directors, before the General Meeting, on the appointment of the external auditors (along with a revision of the contractual conditions, the scope of the professional mandate and revocation or renewal).
V.- Conclusions

This Report contains a summary of the activities undertaken by the Audit Committee in the 2014 financial year in order to fulfill the duties with which it was entrusted.

In order to perform its duties according to the provisions set out in its regulations, the Committee was supported during the year by the Group’s various management bodies, the external auditors and the internal audit area.

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

Sabadell, 26 March 2015

The Chairman

Gabriel López

Member

Joan Planes Vila

The Secretary

Carles Ventura Santamans

Member

Juan Ignacio Acha-Orbea Echeverría
Appendix I

Articles of Association of Fluidra, S.A.
Article 46. Audit Committee. Membership, responsibilities and operations

1. An Audit Committee will be set up within the Board of Directors in keeping with the following rules:
   a) The Audit Committee will have a minimum of three members, with a majority of non-executive members appointed by the Board of Directors.
   b) At least one of its members will be independent and will be designated taking into account his knowledge and experience in accounting or auditing matters or both.
   c) The Chairman of the Audit Committee will be elected from among said non-executive Board members and must be replaced every four years; the Chairman may be re-elected after an interval of one (1) year from end of his last term.
   d) A Secretary will be elected from among the Committee members.

The members of the Audit Committee and especially its Chairman will be designated in consideration of their knowledge and experience in the area of accounting, audit or risk management.

2. Without prejudice to any other duties that may be assigned to it at any time by the Board of Directors, the Audit Committee’s basic functions are as follow:
   - Inform the General Meeting of Shareholders regarding issues that fall within the scope of its jurisdiction.
   - Propose to the Board of Directors for submission to the General Meeting of Shareholders the appointment of the auditors or audit companies referred to in article 264 of the Corporations Law as well as their contractual conditions, the scope of their professional mandate, and, if appropriate, their dismissal or non-renewal.
   - Supervise the efficacy of the Company’s internal control systems, in particular, the internal control of financial reporting, internal audits and risk management systems, and discuss with the auditors any significant weaknesses in the internal control system detected during the audit.
   - Supervise the process of preparing and submitting regulated financial information.
   - Review the Company’s accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, in close collaboration with the external and internal auditors.
   - Maintain relations with the auditors or auditing firms in order to receive
information about those issues that may jeopardise their independence, for examination by the Committee, and any other issues associated with the audit process, as well as those other communications called for by audit legislation and audit standards. In any case, each year the auditors or audit firms will provide written confirmation of their independence from the company or its directly or indirectly related companies, and information on the additional services of any kind provided to such companies by such auditors or audit companies or by their related persons or companies as provided for in the Audit Law number 19/1988 of July 12.

- Issue each year, prior to the issuance of the audit report, a report stating an opinion on the independence of the auditors or auditing firms. These reports must contain an opinion on any additional services of the kind mentioned in the previous section.
- Oversee compliance with the audit contract, ensuring that the opinion on the annual financial statements and the contents of the audit report are written clearly and accurately, and assess the results of each audit.
- Oversee compliance with legislation regarding swaps. In particular ensure that information about such operations is released to the market in compliance with Order 3050/2004 of the Ministry of the Economy and Treasury of September 15, 2004.
- Examine compliance with the Internal Code of Conduct, the Rules and Regulations of the Board of Directors and in general with the Company’s rules of governance, and make the necessary proposals to improve them.
- Receive information and issue reports on any disciplinary measures it intends to impose on members of the Company’s senior management staff.

3. The Audit Committee will ordinarily meet quarterly to review the periodic financial information to be submitted to the stock-exchange authorities and the information which the Board of Directors has to approve and include in its annual public documentation. It will also meet at the request of any of its members and whenever convened by the Chairman, who must do so whenever the Board or its Chairman asks that a report be issued or proposals adopted, and in any case whenever it is appropriate for the proper performance of its functions.

4. The Audit Committee will prepare an annual report on its operations that will include, if deemed appropriate, proposals for improving the Company’s rules of governance.
Regulations of the Board of Directors of Fluidra, S.A.  
Article 13. Audit Committee. Membership, responsibilities and operations

1. The Board of Directors will create an audit committee from among its members comprised of at least three directors. A majority will be non-executive directors, and they will be appointed by the Board of Directors, without prejudice to the participation of senior management and executive directors when so required by the members of the Committee. At least one of the committee members will be independent and will be designated taking into account his knowledge and experience on accounting matters or audit matters or both. The members of the Audit Committee and, particularly, its chairman, will be designated based on their knowledge and experience in the field of accounting, auditing and risk management, as well as taking into consideration their other knowledge, skills and experience in other matters relevant to the Committee.

2. The position of chairman of the Audit Committee will be filled from among the non-executive directors and will hold the position for four years. The Chairman may be re-elected to another term with at least a one-year interlude between terms. A Secretary will be elected from among the members of the Committee.

3. Without prejudice to any other functions assigned by the Board of Directors, the basic functions of the Audit Committee are as follows:

   • Inform the General Meeting of Shareholders regarding issues that fall within the scope of its jurisdiction.
   
   • Propose to the Board of Directors for submission to the General Meeting of Shareholders the appointment of the auditors or audit companies referred to in article 264 of the Corporations Law as well as their contractual conditions, the scope of their professional mandate, and, if appropriate, their dismissal or non-renewal.
   
   • Supervise the efficacy of the Company’s internal control systems, in particular, the internal control of financial reporting, internal audits and risk management systems, and discuss with the auditors any significant weaknesses in the internal control system detected during the audit.
   
   • Supervise the process of preparing and submitting regulated financial information.
   
   • Review the Company’s accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, in close collaboration with the external and internal auditors.
   
   • Maintain and supervise relations with the auditors or auditing firms in order to receive information about those issues that may jeopardise their independence, for examination by the Committee, and any other issues associated with the audit process, as well as those other communications called for by audit legislation and audit standards.
   
   • Oversee compliance with the audit contract, ensuring that the opinion on the annual financial statements and the contents of the audit report
are written clearly and accurately, and assess the results of each audit.

- Examine compliance with the Internal Code of Conduct, the Rules and Regulations of the Board of Directors and in general with the Company’s rules of governance, and make the necessary proposals to improve them.

- Receive information and issue reports on any disciplinary measures it intends to impose on members of the Company's senior management staff.

Other responsibilities of the Audit Committee:

- Regarding internal control and reporting systems:
  
  (a) Supervising the preparation and integrity of the Company’s and Group’s financial reporting process, assuring compliance with regulatory requirements and the appropriate establishment of the scope of consolidation and the correct application of accounting criteria.
  
  (b) Periodically reviewing the internal control and risk management systems to assure that the primary risks are appropriately identified, managed and reported.
  
  (c) Assuring the independence and efficiency of the internal audit function; proposing the selection, appointment, re-election, and dismissal of the manager of the internal audit area; proposing the audit budget; receiving information periodically on their activities and verifying that senior management take into account the conclusions and recommendations contained in the reports.
  
  (d) Establishing and supervising a mechanism that allows employees to confidentially and anonymously report any anomaly or irregularity that they may notice, with special attention to finance and accounting.

- With regard to the auditors or auditing firm:
  
  (a) Proposing to the Board of Directors the selection, appointment, re-election and substitution of the auditor or auditing firm as well as the contractual conditions.
  
  (b) Receiving regular information from the auditor or auditing firm on the audit plan and the results of its implementation and verifying that senior management is taking their recommendations into account.
  
  (c) Assuring the independence of the auditors or auditing firm and to that end: (i) assuring that the Company notifies the CNMV of any change in the auditor as a relevant event, accompanying the notification with a report on any existing disagreements with the former auditor and the content thereof; (ii) that the Company and the auditor respect the applicable rules on the provision of non-auditing services and, in general, any other rules established to guarantees the auditors’ independence; and (iii) in the event of the
resignation of the auditor or audit company, investigating the reasons.

Each year, the Audit Committee will receive written confirmation from the auditors or auditing firm of their independence vis-à-vis the directly or indirectly related company or companies and information on the additional services of any kind provided to such companies by such auditors or companies, or by their related persons or entities pursuant to the Audit Law number 19/1988 of 12 July.

In addition, each year, prior to the issuance of an audit report, the Audit Committee will issue an opinion on the independence of the auditors or auditing firm. These reports must contain an opinion on any additional services of the kind mentioned in the previous section.

(d) In the case of groups, encourage the group’s auditors to assume responsibility for auditing all member companies.

- Regarding risk management policy:
  (a) Identify the different types of risk (operating, technological, financial, legal, image) faced by the Company including risks arising from contingent liabilities and other off-balance-sheet risks.
  (b) Identify the acceptable level of risk established for the Company.
  (c) Identify the measures established for the mitigation of identified risks, should they materialise.
  (d) Identify the information and internal control systems to be used for managing and controlling identified risks, including contingent liabilities and off-balance sheet risks.

- Regarding the obligations of publicly listed companies:
  Provide information to the Board of Directors so that it may adopt appropriate decisions regarding:
  (a) The financial information that the Company must disclose periodically as a publicly traded company. The Audit Committee must assure that the accounting criteria are applied to the interim financial statements as to the annual financial statements and, to this end, consider the appropriateness of a limited review by the auditor or audit committee.
  (b) The creation or acquisition of an equity interest in special-purpose vehicles or entities domiciled in countries or territories considered as tax havens, and any other transaction or operation of a similar nature which due to its complexity could impair the group’s transparency.
  (c) Operations with related parties, unless this function has been assigned to a different supervision and control committee.
  (d) Transactions that could involve a conflict of interest.
4. The Audit Committee will ordinarily meet on a quarterly basis to review the financial information that must be reported to the exchange authorities and the information that the Board of Directors must approve and include within the annual statements. The Committee will also meet at the request of any of its members or any time the Chairman or the Board of Directors requests a report prior to adopting relevant resolutions, as required for the proper performance of its functions.

5. The Audit Committee may request the presence of any member of the Company’s management team or staff and may ask any employee to appear without the presence of any other executive. All employees called before the Audit Committee will render full cooperation and collaboration, providing such information as required. The Committee may similarly request the presence of the auditors.

6. For the proper performance of its functions, the Audit Committee may consult with external experts when it deems necessary.

7. The Company will have an internal audit function operating under the supervision of the Audit Committee which will oversee the appropriate functioning of the internal control and information systems. The supervisor of the internal audit function will submit an annual internal audit plan to the Audit Committee and will report on any incidence occurring in the performance of the internal audit functions and, at the close of each year, submit an annual activity report.

8. The Audit Committee will report on its activities in the first meeting of the Board of Directors following the meeting of the Audit Committee. The minutes of the meetings of the Audit Committee will be sent to all members of the Board of Directors. Similarly, the Audit Committee will prepare an annual report on its activities, highlighting any incidents occurring during the year. The Audit Committee may include any proposals for improving the rules of corporate governance followed by the Company in the said annual report. The report of the Audit Committee will be attached to the annual report on corporate governance issued by the Company and will be made available to shareholders and investors through the corporate website.

The Board of Directors will deliberate on the reports and proposals presented by the Audit Committee.
Internal Code of Conduct of Fluidra, S.A.
Article 14. Overseeing compliance with the Internal Code of Conduct

In accordance with the provisions of the Articles of Association and the Regulations of the Company’s Board of Directors, the Audit Committee is to supervise the effective compliance with the obligations covered in these Regulations, to which end its responsibilities in this regard are as follows:

(i) Complying with and enforcing compliance with the standards of conduct for the securities markets and the rules of these Regulations, procedures and other complementary legislation, present or future.
(ii) Promoting knowledge of the Regulations and the remaining standards of conduct for the stock market applicable to affected parties.
(iii) Developing the procedures and rules considered necessary for the application of the Regulations.
(iv) Interpreting the contents of the Regulations and resolving the doubts or questions raised by the affected parties.
(v) Overseeing the disciplinary actions against affected parties for breach of the rules contained in these Regulations.
(vi) Proposing to the Company’s Board of Directors any modifications or improvements to these Regulations that are deemed necessary.

The Audit Committee is vested with all of the powers needed perform its functions and in this regard is especially empowered to:

(i) Request from any data or information it deems necessary from any affected party.
(ii) Establish information requirements, controls and other measures it deems necessary.

The Audit Committee will report to the Board of Directors annually and as often as necessary or when required by the Board on the measures adopted to ensure compliance with the provisions of the Regulations, the level of compliance, the incidents arising during the period and any open cases.

In order to facilitate compliance with the aforementioned obligations of the Audit Committee, the Managing Director will designate a “Compliance Officer” who will report directly to the Managing Director and will monitor the compliance with the Company’s internal rules and those established by the CNMV and other official entities that could affect Fluidra as a publicly listed company. The Compliance Officer will report to the Audit Committee periodically on the level of the compliance with these rules so as to enable the Committee to discharge its duties as indicated in this section.