

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES**

A OWNERSHIP STRUCTURE

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

Last update	Share capital (€)	Number of shares	Number of voting rights
30/03/2006	112,629,070	112,629,070	112,629,070

Indicate whether there are different types of shares with different associated rights:

Yes ☐ No x ☐

A.2 Specify the direct and indirect holders of significant shares in your company at the closing date of the financial year, excluding the Directors:

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
ROBERT GARRIGOS RUIZ	0	11,439,178	10.16%
MANUEL PUIG ROCHA	0	5,642,716	0.00%
NMAS1 ASSET MANAGEMENT SGIIC, S.A.	0	9,007,170	8.00%
MAVEOR, S.L.	5,642,716	0	5.01%
EDREM, S.L.	15,204,914	0	13.50%
DISPUR, S.L.	13,675,534	0	12.14%
BOYSER, S.L.	15,905,405	0	14.12%
QMC II BERIAN CAPITAL FUND FIL	8,268,582	0	7.34%
SANTANDER ACCIONES ESPANOLAS FI	4,790,000	0	4.25%
SANTANDER ASSET MANAGEMENT SA SGIIC	0	7,232,288	0.00%
AMBER SOUTHERN EUROPEAN EQUITY LIMITED	3,503,858	0	3.11%
AMBER CAPITAL UK LLP	0	3,503,858	0.00%
SANTANDER SMALL CAPS ESPAÑA, FI	2,442,288	0	2.17%

Name or corporate name of the indirect holders of the stake	Via: Name or corporate name of the direct holder of the stake	Number of voting rights
ROBERT GARRIGOS RUIZ	ANIOL, S.L.	11,439,178
MANUEL PUIG ROCHA	MAVEOR, S.L.	5,642,716
NMAS1 ASSET MANAGEMENT SGIIC, S.A.	QMC II BERIAN CAPITAL FUND FIL	9,007,170
SANTANDER ASSET MANAGEMENT SA SGIIC	SANTANDER ACCIONES ESPANOLAS FI	4,790,000
SANTANDER ASSET MANAGEMENT SA SGIIC	SANTANDER SMALL CAPS ESPAÑA, FI	2,442,288
AMBER CAPITAL UK LLP	AMBER SOUTHERN EUROPEAN EQUITY LIMITED	3,503,858

Specify the most significant transactions that have taken place during the year in the shareholding structure:

Name or corporate name of the shareholder	Date of	Description of
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	transaction	transaction
SANTANDER ASSET MANAGEMENT SA SGIIC	11/07/2014	5% of the share capital was exceeded
AMBER SOUTHERN EUROPEAN EQUITY LIMITED	04/07/2014	3% of the share capital was exceeded
SANTANDER ACCIONES ESPAÑOLAS FI	04/07/2014	3% of the share capital was exceeded

A.3 Complete the following tables regarding the members of the company's Board of Directors who hold shares in the company with voting rights.

Name or corporate name of the Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
RICHARD J. CATHCART	32,950	0	0.03%
JUAN PLANES VILA	10,000	13,675,534	12.15%
BERNARDO CORBERA SERRA	202,243	0	0.18%
ELOY PLANES CORTS	74,247	0	0.07%
BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.	5,631,454	0	5.00%
ANIOL, S.L.	11,439,178	0	10.16%
GABRIEL LOPEZ ESCOBAR	100	0	0.00%

Name or corporate name of the indirect shareholder	Via: Name or corporate name of the direct shareholder	Number of voting rights
JUAN PLANES VILA	DISPUR, S.L.	13,675,534

% of total voting rights in the possession of the board of directors	27.59%
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Complete the following tables about the members of the board of directors of the company, that possess rights over the shares of the company:

Name or corporate name of the Director	Number of direct voting rights	Number of indirect voting rights	Number of equivalent shares	% of total voting rights
ELOY PLANES CORTS	74,247	0	74,247	0.07%

A.4. Indicate, where applicable, any relations of a family, commercial, contractual or corporate nature that exist between the holders of significant stakes, to the extent that these are known by the company, unless they are not very relevant or derive from normal commercial trade or business:

A.5 Indicate, where applicable, any relations of a commercial, contractual or corporate nature that exist between the holders of significant stakes and the company and/or its group, unless these are not very relevant or derive from normal commercial trade or business:

A.6 Specify whether the company has been notified of any shareholder agreements that may affect it in accordance with the provisions of articles 530 and 531 of the Spanish Stock Market Act. If applicable, give a brief description and list the shareholders related to the agreement:

Yes X ☐ No ☐

Intervening parties in the shareholders' agreement
BOYSER, S.L
DISPUR, S.L.
EDREM, S.L.
ANIOL, S.L.
BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.

% of capital affected 54.92%

Brief description of the agreement:

In 2007, the shareholders stated below entered into a shareholders' agreement intended to regulate voting rights over four (4) years after Fluidra shares were first listed on the stock market on 31st October 2007.

It also intended to regulate the limitations on the transferability of the syndicated shares, whilst excluding from this agreement the resolutions that need to be adopted by the General Meeting for legal reasons. This agreement was disclosed to the CNMV on 2nd January 2008 under registration number 87808. On 1st December 2010 these shareholders agreed to the novation of the Agreement, prolonging its duration until 1st December 2015. This novation was disclosed to the CNMV on 2nd December 2010 under registration number 134239.

Indicate whether the company knows of the existence of concerted actions amongst its shareholders. If applicable, describe them briefly:

Yes [X]☐ No ☐

% of capital affected 54.92%

Brief description of the agreement:

In 2007, the shareholders stated below entered into a shareholders' agreement intended to regulate voting rights over four (4) years after Fluidra shares were first listed on the stock market on 31st October 2007.

It also intended to regulate the limitations on the transferability of the syndicated shares, whilst excluding from this agreement the resolutions that need to be adopted by the General Meeting for legal reasons. On 1st December 2010 these shareholders agreed to the novation of the Agreement, prolonging its duration until 1st December 2015.

Parties to concerted action
BOYSER, S.L
DISPUR, S.L.
EDREM, S.L.
ANIOL, S.L.
BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.

If during the financial year there has been any modification or termination of these agreements or joint actions, expressly indicate this:

Not applicable

A.7 Specify whether any individual or legal entity exists that exercises or has the power to exercise control over the company in accordance with Article 4 of the Stock Market Act. If applicable, please specify:

Yes ☐ No ☒ x ☐

Remarks

A.8 Fill in the following tables regarding the company's treasury stock:

At the close of the financial year:

Number of directly owned shares	Number of indirectly owned shares (*)	Total % of share capital
235,920	0	0.21%

(*) Through:

Specify any significant variations that have taken place during the year, under the provisions of Royal Decree 1362/2007:

A.9 Give details of the conditions and term of the current mandate from the Shareholders' Meeting to the Board of Directors to issue, repurchase or transfer treasury stock.

At the General Meeting of Shareholders held on 6th June 2012, the resolution authorising the Company to carry out the derivative acquisition of own shares, directly or through group companies, was unanimously approved with the express power to reduce share capital in order to redeem own shares, delegating to the Board of Directors the powers necessary for the implementation of the resolutions adopted by the General Meeting regarding this matter (leaving the previous authorisation ineffective) and authorisation to, if applicable, apply the portfolio of treasury stock to cover the execution or coverage of payment systems. The authorisation will have a validity of five (5) years starting from the date of the agreement, namely, until 6th June 2017.

During the meeting of the Board of Directors held on 30th April 2014, the Board decided to empower the Managing Director to acquire treasury stock up to a limit of 4% of the share capital. This authorisation will be valid until 31/12/2015.

A.10 Specify, if applicable, any restrictions on the transfer of shares and/or any other

restrictions pertaining to exercising voting rights. In particular, specify whether there are any other restrictions that could make it difficult to take control of the company by means of the acquisition of its shares on the market.

Yes x ☐ No ☐

Description of restrictions

Article 3 of the amended text of the resolution passed on 1st December 2010 prohibited the transfer of syndicated shares until 1st December 2015, whilst articles 1 and 2 of the aforementioned amended text made provisions for syndicated voting in relation to these shares.

A.11 Indicate whether the General Meeting of Shareholders has agreed to adopt neutralisation measures when faced with a takeover bid, by virtue of the provisions of Law 6/2007.

Yes ☐ No x ☐

If applicable, explain the measures approved and the terms in which the restrictions will become ineffective:

A.12. Indicate whether the company has issued securities that are not traded on an EU regulated market.

Yes ☐ No [X] ☐

If applicable, list the different classes of shares and, for each class of shares, the rights and obligations conferred.

B.

GENERAL MEETING

B.1 Indicate and, where applicable, give details, of whether there are differences regarding the quorum for the constitution of the General Meeting of Shareholders with regard to the system of minimums contemplated in the Capital Companies Act.

Yes ☐ No [X] ☐

B.2 List and, where applicable, give details of any differences with regard to the system contemplated in the Capital Companies Act for the adoption of corporate resolutions.

Yes ☐ No [X] ☐

Describe how it is different from the system contemplated in the Capital Companies Act (LSC).

B.3. State the rules applicable to the amendment of the articles of association. In particular, the majorities stipulated for the amendment of the articles of association as well as, if applicable, the rules established for the protection of the rights of the shareholders in the event of amendment of the articles of association.

The procedure for the modification of the Articles of Association must be in accordance with the provisions of articles 285 and the following of the Consolidated Text of the Capital Companies Act, requiring the approval of the General Shareholders Meeting, with the quorum and majorities envisaged in articles 194 and 201 of the aforementioned Law, as well as the formulation and provision to the shareholders of the necessary director's report justifying this modification. Article 27 of the Articles of Association includes the principle contained in article 194 of the Consolidated Text of the Capital Companies Act and establishes that, in order for the General Meeting (ordinary or extraordinary) to be able to validly make any modification to the Articles of Association it is necessary to have, at the first call, the presence (in person or through representation) of the shareholders that possess, at least fifty percent of the subscribed share capital with voting rights. At the second call, twenty-five percent of this capital shall be sufficient.

Article 5 of the General Meeting Regulations expressly includes, amongst the

competences of the General Meeting, the modification of the Articles of Association. Notwithstanding the powers conferred upon the General Meeting, the Board of Directors may change the Company's registered address, provided it falls within the same municipality as its current address (article 3 of the Articles of Association).

Article 24 of the General Meeting Regulations regulates the procedure for voting on proposed resolutions by the General Meeting and establishes, in the case of modifications to the Articles of Association, that each article or group of articles that is substantially independent should be voted on separately.

B.4 Give details of attendance at general meetings held during the financial year to which this report and those of the previous year refer:

Date of General Meeting	Attendance figures				
	% attendance in person	% by proxy	% remote voting		Total
			Electronic voting	Others	
05/06/2013	24.24%	55.82%	0.0%	0.00%	80.06%
04/06/2014	0.34%	76.46%	0.0%	0.00%	76.80%

B.5 Indicate whether there are any statutory restrictions that establish a minimum number of shares necessary to attend the General Meeting of Shareholders.

Yes ☐ No [X] ☒

B.6. Indicate if it has been decided that certain decisions involving a structural change in the company ("subsidiarisation", sale of key operating assets, operations equivalent to the liquidation of the company, etc) must be submitted for approval by the general meeting of shareholders, although this is not expressly required by Commercial Laws.

Yes [X] ☒ No ☐

B.7 State the address and means of access on the company's website to information on corporate governance and other information regarding general meetings that should be made available to shareholders via the Company's website.

www.fluidra.com

The route that should be followed is SHAREHOLDERS AND INVESTORS, and within this option shall appear, among others:

CORPORATE GOVERNANCE
FINANCIAL INFORMATION
BOARD OF DIRECTORS
GENERAL MEETING

C COMPANY MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 Specify the maximum and minimum number of directors foreseen in the articles of association:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Fill in the table below with the appropriate information about the members of the Board:

Name or company name of the director	Representative	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
RICHARD J. CATHCART		MEMBER	05/09/2007	05/06/2013	VOTING AT MEETING
JUAN PLANES VILA		CHAIRMAN	05/09/2007	05/06/2013	VOTING AT MEETING
BERNARDO CORBERA SERRA		MEMBER	03/10/2002	05/06/2013	VOTING AT MEETING
OSCAR SERRA DUFFO		MEMBER	05/09/2007	05/06/2013	VOTING AT MEETING
ELOY PLANES CORTS		CEO	31/10/2006	08/06/2011	VOTING AT MEETING
JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA		MEMBER	05/09/2007	05/06/2013	VOTING AT MEETING
BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.	CARLES VENTURA SANTAMANS	MEMBER	07/01/2003	05/06/2013	VOTING AT MEETING
ANIOL, S.L.	BERNAT GARRIGÓS CASTRO	DEPUTY SECRETARY MEMBER	06/06/2012	06/06/2012	VOTING AT MEETING
GABRIEL LÓPEZ ESCOBAR		MEMBER	30/10/2014	30/10/2014	COOPTION

Total number of Board members	9
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Specify the resignations tendered from the Board of Directors over the reporting year:

Name or company name of the director	Position of the board member at the time of resignation	Date of resignation
KAM SON LEONG	INDEPENDENT	28/10/2014

C.1.3 Fill in the tables below with the appropriate information about the members of the Board and their positions.

EXECUTIVE DIRECTORS

Name or Company name of the director	Committee that reported their appointment	Position within the company's structure
ELOY PLANES CORTS	APPOINTMENTS AND COMPENSATION COMMITTEE	CEO

Total number of Executive Directors	1
% of the Board	11.11%

EXTERNAL DOMINICAL DIRECTORS

Name or company name of the director	Committee that reported their appointment	Name or company name of the significant shareholder represented or that proposed the appointment
JUAN PLANES VILA	APPOINTMENTS AND COMPENSATION COMMITTEE	DISPUR, S.L.
BERNARDO CORBERA SERRA	APPOINTMENTS AND COMPENSATION COMMITTEE	EDREM, S.L.
OSCAR SERRA DUFFO	APPOINTMENTS AND COMPENSATION COMMITTEE	BOYSER, S.L.
BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.	APPOINTMENTS AND COMPENSATION COMMITTEE	BANSABADELL INVERSIÓ DESENVOLUPAMENT, S.A.U.
ANIOL, S.L.	APPOINTMENTS AND COMPENSATION COMMITTEE	ANIOL, S.L.

Total number of external dominical directors	5
% of the Board	55.56%

EXTERNAL INDEPENDENT DIRECTORS

Name or Company name of the director:

RICHARD J. CATHCART

Profile:

He was born in Washington (USA) on 28th September 1944. He became a pilot on graduating from the United States Air Force Academy.

Between 1975 and 1995 he held various management positions at Honeywell Inc.

In 1996 he was appointed the manager in charge of Pentair Water Businesses (Minneapolis, USA), within the company Pentair.

From 2005 until 2007, he served as Vice Chairman of the Board of Directors of Pentair (Minneapolis, USA), where he was responsible for international operations and business development. In September 2007, Mr. Cathcart was appointed to the Board of Directors of Watts Water Technology Co, where he continues today.

Name or Company name of the director:

JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA

Profile:

He was born in San Sebastian on 1st July, 1956. He graduated in Economics at Madrid Complutense University and earned a Master's Degree in Business Administration at IESE Business School.

From 1982 to 1986, he served as Director of the company Chemical Bank in Madrid and New York.

From 1986 until 1989, he held the post of Director of Variable Income and Investment Funds at Bankinter.

From 1989 until 2003 he was General Manager and Chairman of BBVA Bolsa, S.V.

From 2003 until 2006 he formed part, as an independent director, of the Board of Directors of the listed company TPI Páginas Amarillas.

Furthermore, in the year 2003, he was appointed Chairman of the company Equity Contraste Uno, a post which he continues to hold.

Name or Company name of the director:

GABRIEL LÓPEZ ESCOBAR

Profile:

Born in Madrid (Spain) in 1956, he earned a degree in Business Sciences, a Master in Economic Sciences and a Post-graduate diploma in Economics and Business at the University of Nancy (France). He is also a member of the Institute of Chartered Accountants of Spain and is on the roster of associated accountants of the Public Company Accounting Oversight Board (PCAOB).

Gabriel López chaired the Supervisory Board at PwC España, and has longstanding experience in all types of auditing services, financial advice and financial reports. He joined PwC in 1984 and has been one of the firm's partners since 1995. He has been responsible for the audits of large Spanish groups as well as subsidiaries of international groups.

He has provided services to: Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, Volkswagen/Seat.

Total number of independent Directors	3
% of the Board	33.33%

State whether any director considered independent receives from the company or the group any amount or benefit for any purpose other than remuneration of director, or if they have or

have had, during the last financial year, a business relationship with the company or any group company, either on their own behalf or as a significant shareholder, director or senior manager of a company that has or has had such a relationship.

If this is the case, include a statement of the reasons why the board considers that this director is able to perform their functions as an independent director.

OTHER EXTERNAL DIRECTORS

List the reasons why they cannot be considered dominical or independent and their relationships either with the company or its managers or with its shareholders.

Indicate any changes, if applicable, in the classification of directors that have taken place during the period:

C.1.4 Complete the following table with information regarding the number of female directors over the past 4 years, and the nature of these directors:

	Number of Female Board Members:				% of the total number of directors of each type			
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Dominical	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Others External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	0	0	0	0	0.00%	0.00%	0.00%	0.00%

C.1.5 Explain the measures, if any, that have been taken to seek to include on the board a number of women that would result in a balanced number of men and women.

Explanation of measures
Directors are selected based on impartial objective criteria and the candidates put forward are judged on their personal and professional merits, regardless of their sex. Specifically, the directors have been chosen based on criteria of opportunity in the case of the dominical directors and based on their curriculum vitae in the case of the independent directors.

C.1.6 Explain what measures, if any, the appointments committee has established so that the selection procedures do not suffer from an implicit bias that hinders the selection of female board members, and so that the company deliberately seeks female candidates that meet the required profile:

Explanation of measures
Fluidra, in its criteria for the selection and appointment of Directors, approved by its Board of Directors, states that the company will consider gender diversity before choosing its directors in order to ensure equal opportunities in accordance with the equality Act (22 nd March, 2007). Similarly, Fluidra shall ensure that, amongst the members of its Board of Directors, there is not just diversity of gender but also diversity of geographical area, age and professional experience.

When, despite whatever measures have been taken, there are few or no female directors, explain the reasons for this situation:

Explanation of measures
The criteria set out in article 18 of the Regulations of the Board of Directors have been followed.

C.1.7 Explain the form of representation on the board of shareholders with significant shareholdings.

BOYSER, S.L. represented by Oscar Serra Duffo

Dispur, S.L. represented by Juan Planes Vila

Bansabadell Inversio Desenvolupament, S.A. represented by itself, which designated Carles Ventura Santamans as its representative individual.

Edrem, S.L. represented by Bernardo Corbera Serra

Aniol, S.L. represented by itself, which designated Bernat Garrigos Castro as its representative individual.

C.1.8 Explain, if applicable, the reasons why dominical directors were appointed at the request of the shareholders who own less than 5% of the capital:

Specify whether any formal requests to attend board meetings have been ignored if such requests have been made by shareholders who own the same number or more shares as others and at whose request dominical directors would have been appointed. If applicable, explain why these requests were ignored.

Yes ☐ No ☒

C.1.9 Specify whether any directors have resigned from their posts before the end of their mandate. Give the reasons that were given for doing so and through which means of communication. If such resignations were tendered in writing to the Board, set out the reasons given for doing so below.

Name of the Board member:

KAM SON LEONG

Reason for severance:

Resignation for personal reasons, submitted in a letter of 28th October 2014 addressed to the members of the Board of Directors.

C.1.10 If applicable, specify the duties that are delegated to the CEO.

Name or corporate name of the Director:

ELOY PLANES CORTS

Brief description:

The current CEO, Mr. Eloy Planes has been permanently delegated all powers that can be delegated by Law.

C.1.11 If applicable, specify the members of the Board who act as directors or executives in other companies that form part of the group of the listed company.

Personal or company name of the director	Company name of the group entity	Position
ELOY PLANES CORTS	ASTRAL NIGERIA. LTD	DIRECTOR
ELOY PLANES CORTS	ASTRAL POOL SWITZERLAND	LEGAL REPRESENTATIVE
ELOY PLANES CORTS	ASTRAL POOL AUSTRALIA PTY LTD	DIRECTOR
ELOY PLANES CORTS	FLUIDRA THAILAND CO.. LTD	JOINT AND SEVERAL DIRECTOR
ELOY PLANES CORTS	FLUIDRA INDONESIA. P.T.	DIRECTOR

ELOY PLANES CORTS	CEPEX S.R.L.	DIRECTOR
ELOY PLANES CORTS	FLUIDRA COMMERCIALE ITALIA, S.P.A.	SOLE DIRECTOR
ELOY PLANES CORTS	ASTRAL BAZENOVE PRISLUSENTSVI SRO	JOINT AND SEVERAL DIRECTOR
ELOY PLANES CORTS	FLUIDRA BRASIL INDUSTRIA E COMERCIO LTDA	DIRECTOR
ELOY PLANES CORTS	ASTRAL INDIA PRIVATE LIMITED	DIRECTOR
ELOY PLANES CORTS	FLUIDRA SINGAPORE. PTE LTD	DIRECTOR
ELOY PLANES CORTS	FLUIDRA SOUTH AFRICA (PTY) LTD	JOINT AND SEVERAL DIRECTOR
ELOY PLANES CORTS	AQUAPRODUCTS. INC	DIRECTOR/CHAIRMAN
ELOY PLANES CORTS	FLUIDRA TR SV VE HAVUZ EKIPMANLARI	DIRECTOR
ELOY PLANES CORTS	CERTIKIN INTERNATIONAL. LIMITED	DIRECTOR
ELOY PLANES CORTS	Aquant (Shanghai) Trading Co., Ltd	DIRECTOR
ELOY PLANES CORTS	FLUIDRA YOULI FLUID SYSTEMS (WENZHOU) CO. LTD	DIRECTOR
ELOY PLANES CORTS	POLEG&TEKNIKA/S	DIRECTOR
ELOY PLANES CORTS	APIIMMOBILIERE	SOLE DIRECTOR
ELOY PLANES CORTS	CERTIKIN PORTUGAL. S.A.	DIRECTOR
ELOY PLANES CORTS	FLUIDRA MONTENEGRO. DOO	DIRECTOR
ELOY PLANES CORTS	AQUATRON ROBOTIC TECHNOLOGY. LTD	DIRECTOR/ CHAIRMAN
ELOY PLANES CORTS	TURCAT POLYESTER SANAYI VE TICARET ANONIM SIRKETI	DIRECTOR
ELOY PLANES CORTS	FLUIDRA ROMANIA. S.A.	CHAIRMAN
ELOY PLANES CORTS	ASTRAL POOL THAILAND. CO. LTD	JOINT AND SEVERAL DIRECTOR
ELOY PLANES CORTS	FLUIDRA USA. LLC	DIRECTOR
ELOY PLANES CORTS	FLUIDRA BALKANS JSC	DIRECTOR
ELOY PLANES CORTS	ZAO ASTRAL. SNG	DIRECTOR
ELOY PLANES CORTS	FLUIDRA POLSKA. S.A.	DIRECTOR
ELOY PLANES CORTS	FLUIDRA COLOMBIA. S.A.S.	JOINT AND SEVERAL DIRECTOR
ELOY PLANES CORTS	FLUIDRA HELLAS	DIRECTOR
ELOY PLANES CORTS	FLUIDRA INDUSTRY. SAU	Representative of the Sole Director
ELOY PLANES CORTS	FLUIDRA COMMERCIAL SAU	Representative of the Sole director
ELOY PLANES CORTS	SWIMCO CORP. S.L.	Sole director
ELOY PLANES CORTS	FLUIDRA DEUTSCHLAND GMBH	JOINT AND SEVERAL DIRECTOR
ELOY PLANES CORTS	US.POOL HOLDINGS. INC	DIRECTOR/ CHAIRMAN
ELOY PLANES CORTS	INQUIDE ITALIA. SRL	DIRECTOR
ELOY PLANES CORTS	FLUIDRA MEXICO. S.A. DE CV	Director
ELOY PLANES CORTS	FLUIDRA ADRIATIC	DIRECTOR AND CHAIRMAN
ELOY PLANES CORTS	ASTRAL POOL UK. LIMITED	DIRECTOR

ELOY PLANES CORTS	ASTRALPOOL CYPRUS. LTD	DIRECTOR
ELOY PLANES CORTS	FLUIDRA MALAYSIA	DIRECTOR
ELOY PLANES CORTS	FLUIDRA DANMARKA/S	DIRECTOR
ELOY PLANES CORTS	FLUIDRA CHILE. SOCIEDAD ANONIMA CERRADA	DIRECTOR
ELOY PLANES CORTS	FLUIDRA MAGYARORSZAG. KFT	JOINT AND SEVERAL DIRECTOR
ELOY PLANES CORTS	FLUIDRA MALASYA	DIRECTOR
ELOY PLANES CORTS	FLUIDRA SERBICA DOO	DIRECTOR / CHAIRMAN
ELOY PLANES CORTS	ASTRAL POOL MEXICO, S.A. DE CV	DIRECTOR

C.1.12 If applicable, provide details about the directors of the company who sit on the Board of Directors of other officially listed companies in official stock markets that do not belong to your group and about which the company has been officially notified:

C.1.13 Specify and, if applicable, provide details about whether the company has established rules on the number of boards on which your directors may sit:

Yes ☐ No ☒

C.1.14 Describe the company's general policies and strategies that may only be approved at plenary Board meetings:

	YES	NO
Investment and financing policies	x	
The definition of the group's corporate structure	x	
Corporate governance policies	x	
Policies on corporate liability	x	
The strategic or business plan, management goals and annual expenditure	x	
Policies on remuneration and the assessment of the performance of senior management	x	
Policies on risk management, the regular monitoring of internal information and control systems	x	
Policies on dividends and treasury stock, with particular regard to the thresholds of such	x	

C.1.15 Indicate the remuneration of the board of directors:

Remuneration of the board of directors (thousands of Euros)	853
Total amount of remuneration corresponding to the benefits accrued by the directors for pensions (thousands of Euros)	26
Total remuneration of the board of directors (thousands of Euros)	879

C.1.16 Name the members of the senior management that are not executive directors, and state their total accrued remuneration over the year:

Name or corporate name	Position

IGNACIO ELBURGO ARAMBERRI	BUSINESS UNIT MANAGER
JAVIER ESPARZA HERRAIZ	BUSINESS UNIT MANAGER
JAUME CAROL PAÑACH	BUSINESS UNIT MANAGER
CARLOS FRANQUESA CASTRILLO	BUSINESS UNIT MANAGER
JAVIER TINTORÉ SEGURA	GENERAL MANAGER CORPORATE FINANCE

Total remuneration for senior management (in thousands of Euros)	1,158
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C.1.17 State, where appropriate, the identity of the members of the board of directors who are also board members of significant shareholders and / or companies in their groups:

Name or Company name of the Director	Company name of the substantial shareholder	Position
JUAN PLANES VILA	DISPUR,S .L.	CHAIRMAN
BERNARDO CORBERA SERRA	EDREM, .SL.	CEO
OSCAR SERRA DUFFO	BOYSER, S.L.	MEMBER
ELOY PLANES CORTS	DISPUR, S.L.	MEMBER
ELOY PLANES CORTS	ESTAM-HARITZ, S.L.U.	SOLE DIRECTOR
ELOY PLANES CORTS	EMPRENOVA DE INNOVACIÓN Y GESTIÓN S.L.	MEMBER
ANIOL, S.L.	ANIOL, S.L.	CEO

If applicable, describe any relevant relationships, other than those specified in the above section, that the members of the Board of Directors may have with any of the substantial shareholders and/or organisations in the group:

C.1.18 State whether any changes have been made to the Board's regulations over the past year:

Yes X ☐ No ☐

Description of changes

<p>The Regulations of the Board of Directors were amended by resolution of the Board of Directors on 30th April 2014. In particular, it was decided to amend article 15 of the Regulations in order to envisage the possibility of holding meetings of the Company's Board of Directors by videoconference, by teleconference or multiple-person calls or other long-distance communication techniques, in order to facilitate the meetings of the Board of Directors with the frequency necessary to effectively carry out its duties, especially in those cases in which it is not possible to hold a meeting of the Board of Directors as quickly as required for the relevant resolutions to be adopted.</p>

C.1.19 Describe the procedures for the appointment, re-election, assessment and removal of directors. Provide details about the responsible bodies, the procedures to be followed and the criteria to be applied in each of the procedures.

The Board of Directors shall be made up of no less than five (5) and no more than fifteen (15) board members, as determined by the General Meeting.

The General Meeting of Shareholders is responsible for setting the number of directors. For this purpose, it shall proceed directly by setting this number by means of express resolution or indirectly by filling vacancies or appointing new directors, within the maximum limit established above.

The General Meeting must ensure that, to the extent possible, in the composition of the Board of Directors the number of external or non-executive directors constitute the overwhelming majority with regard to executive directors. Furthermore, the number of executive directors should be the minimum necessary, considering the complexity of the group of companies and the percentage stakes of the executive directors in the Company's share capital. Finally, it should be ensured that the number of independent directors represents at least one third (1/3) of the total number of directors.

The definitions of the different types of directors shall be those established in the good corporate governance recommendations applicable at all times.

In the event that there are any external directors that cannot be considered either dominical or independent directors, the Company shall explain this situation and their connections with either the Company, its executives or its shareholders.

The nature of each director should be explained by the Board to the General Meeting of Shareholders, which shall approve or ratify their appointment.

Appointment of Directors:

- Pursuant to Article 17.1 of the Board's Regulations, directors shall be put forward (i) at the suggestion of the Appointments and Compensation Committee, in the case of independent directors; and (ii) subsequent to a report by the Appointments and Compensation Committee in the case of all other directors. Directors shall be appointed by the General Meeting or the Board of Directors in accordance with the provisions of the Corporate Companies Act.

- With regard to external directors, Article 18 of the Board's Regulations sets out that the Board of Directors must endeavour to ensure that candidates are solvent, competent and have proven experience. These conditions will be strictly upheld in the case of calls to cover the position of independent director, as provided for under Article 6 of the Regulations.

Reappointment of Directors:

- Article 19 of the Regulations of the Board of Directors only states that, before proposing the reappointment of Directors to the General Meeting, it shall evaluate (with the abstention of the individuals concerned, in accordance with Article 22 of the Regulations) the quality of their work and the dedication of the directors proposed during the preceding term.

Assessment of Directors:

- In accordance with the provisions of Article 14 of the Regulations of the Board of Directors, the Nomination and Compensation Committee shall assess the skills, knowledge and experience required on the Board and shall define accordingly the functions and aptitudes necessary in the candidates to fill each vacancy and shall evaluate the time and dedication necessary for them to properly carry out their duties.

Removal of Directors:

- Article 21.1 of the Board's Regulations sets out that directors shall step down from their posts when the period for which they were appointed has terminated, and when the General Meeting so decides should it exercise its legal or statutory powers. This is in accordance with the terms and conditions set out in Article 223 and the following of the Capital Companies Act.

The Board of Directors may only propose the removal of an independent director before the end of the statutory period if there is a good reason for doing so, which must be assessed by the Board subsequent to submitting a report to the Appointments and Compensation Committee. It shall specifically be understood that a director may be justifiably removed should he fail to fulfil the duties inherent to his post or should he for any reason become involved in any of the circumstances that independent directors are barred from as described in the recommendations on good corporate governance that are in force at any time.

C.1.20 Indicate whether the board has carried out an assessment of its activity during the year.

Yes ☐ No [X] ☐

If applicable, explain to what extent the self-assessment has led to major changes to its internal organization and the procedures applicable to its activities:

C.1.21 State the circumstances in which directors must step down.

Pursuant to Article 21.2 of the Board's Regulations, the directors must place their posts at the disposal of the Board of Directors and formalise, if it deems this appropriate, the corresponding resignation in the following cases:

- a) When they step down from the posts as executives that were related to their appointment as directors.
- b) When involved in any legally established circumstances of incompatibility or prohibition.
- c) When seriously warned by the Board of Directors due to having infringed their obligations as directors.
- d) When their permanence on the Board might endanger or prejudice the

interests, credit or reputation of the company or when the reasons for which they were appointed disappear (for example, when a dominical director disposes of its participation in the company);

- e) In the case of independent directors, they may not remain as such for a continuous period of more than twelve years, and therefore once such period has elapsed, they must place their post at the disposal of the Board of Directors and formalise the corresponding resignation.
- f) In the case of dominical directors; (i) when the shareholder they represent sells in full their shareholding stake, and furthermore (ii) in the number which corresponds, when such shareholder reduces its shareholding stake to a level which requires a reduction in the number of dominical directors.

In addition, Article 21.3 sets out that in the case that a director steps down, whether due to resignation or any other reason, before the end of his mandate period, the reasons for doing so must be given in a letter that must be sent to all of the members of the Board.

The Board of Directors may only propose the removal of an independent director before the end of the statutory period if there is a good reason for doing so, which must be assessed by the Board subsequent to submitting a report to the Appointments and Compensation Committee. It shall specifically be understood that a director may be justifiably removed should he fail to fulfil the duties inherent to his post or should he for any reason become involved in any of the circumstances that independent directors are barred from as described in the recommendations on good corporate governance that are in force at any time

C.1.22 Explain whether the duties of chief executive of the company are assigned to the office of the Chairman of the Board of Directors. If so, state the measures that have been taken to limit the risks of accumulation of powers by a sole person:

Yes ☐ No X ☒

State and, if appropriate, explain whether rules have been established to empower one of the independent directors to call a meeting of the Board or to include new items on the agenda, to co-ordinate and express the concerns of the external directors and to direct the evaluation by the Board of Directors.

Yes X ☒ No ☐

Explanation of the Rules
Article 15.5 of the Board's Regulations states that if the CHAIRMAN of the Board of Directors is also the chief executive of the Company (which is not the case at the moment), the Board shall authorize one of its independent directors to be able to request the call to meeting of the Board or the inclusion of new items on the agenda, in order to be able to coordinate and voice the concerns of the external directors and oversee the evaluation by the Board of its CHAIRMAN. If the event that one or more of the Company's Vice Chairmen are considered independent directors, the Board shall empower any of them to perform the functions referred to in this paragraph.

C.1.23 Are higher majorities required, other than those required by law in any decision making processes?

Yes X ☒ No ☐

If applicable, describe the differences.

Description of differences
Amendments to the Regulations of the Board of Directors require a two-thirds majority of the

directors present or represented (article 3.3 of the Regulations of the Board of Directors).

C.1.24 Explain whether there are specific requirements, other than those concerning the Boards, to be appointed as Chairman of the Board of Directors.

Yes ☐ No ☒

C.1.25 State whether the Chairman has a deciding vote:

Yes ☒ No ☐

Matters in which there is a deciding vote

In all matters in the event of a draw

C.1.26 State whether the Articles of Association or regulations of the Board establish any limit on the age of the directors :

Yes ☐ No ☒

C.1.27 Indicate whether the articles of association or the regulations of the board establish a limited mandate for independent directors that is different from that established in the regulations:

Yes ☐ No ☒

C.1.28 Indicate whether the articles of association or the regulations of the board of directors establish specific rules for proxy voting at the board of directors, how this is done and, in particular, the maximum number of representatives that a director may have as well as if there is an obligation to delegate to a director of the same type. If applicable, briefly describe these rules.

Proxies, who must be directors, must be appointed in writing in a letter addressed to the Chairman for any one particular voting session.

The directors must make every endeavour to attend Board meetings and, whenever circumstances prevent them from attending in person, they must appoint another director as a proxy in writing along with any relevant instructions for each voting session they are unable to attend and inform the Chairman of the Board of Directors of the appointment.

C.1.29 State the number of meetings of the Board of Directors held during the business year. Likewise, state, where applicable, the number of times the board met without the Chairman being present: Representations with specific instructions shall be considered attendances:

Number of Board meetings	7
Number of Board meetings not attended by the Chairman	0

State the number of meetings of the different committees of the Board held during the year:

Committee	Number of meetings
APPOINTMENTS AND COMPENSATION COMMITTEE	5
EXECUTIVE OR DELEGATE COMMITTEE	5
AUDIT COMMITTEE	5

C.1.30 State the number of meetings of the Board of Directors held during the year without the attendance of all its members. Representations with specific instructions shall be considered attendances:

Attendances of the directors	5
% of attendances over the total votes during the business year	98.41%

C.1.31 State whether the consolidated individual annual accounts presented to the Board for approval are previously certified:

Yes ☐ No x ☒

Identify, where applicable, the person(s) that certified the company's individual and consolidated accounts for approval by the board:

C.1.32 Explain, if any, the mechanisms established by the Board of Directors to avoid the individual and consolidated accounts prepared by it being presented to the General Meeting of Shareholders with reservations in the auditor's report.

The Board of Directors must make every endeavour to draw up a definitive version of the financial statements without reservations by the auditor. In any exceptional circumstances that may arise, both the Chairman of the Audit Committee and the external auditors must give a clear explanation to the shareholders of the content of the reservations. However, whenever the Board so deems fit, it may make a public disclosure of the content and the scope of the discrepancies.

C.1.33 Is the Secretary to the Board a director?

Yes ☐ No x ☒

C.1.34 Explain the procedures for the appointment and severance of the Secretary to the Board, stating whether his appointment and removal are reported by the Appointments Committee and approved by the plenary Board meeting.

Appointment and severance procedure
Article 5.2 of the Regulations of the Board of Directors establishes that it will be the remit of the Board to appoint and renew the positions on it. Pursuant to Article 10 of the Regulations of the Board of Directors and in order to safeguard independence, impartiality and professionalism of the Secretary, his appointment and severance will be reported by the Appointments and Compensation Committee and approved by the plenary meeting of the Board. The current Secretary to the Board was appointed by the meeting of the Board of Directors held on September 17 th 2007 at the same time as the Remunerations and Appointments Committee was created. His curriculum vitae, which proves his objectivity and professionalism, are included in the Information Prospectus of the Public Offer for the Sale of Shares by Fluidra, S.A. on October 11 th 2007.

	YES	NO
Does the Appointments Committee report on appointments?	YES	
Does the Appointments Committee report on severance?	YES	
Does the Meeting of the Board approve the appointment?	YES	
Does the Meeting of the Board approve severance?	YES	

Does the secretary of the board have special responsibility for ensuring that the recommendations of good governance are followed?

Yes X ☒ No ☐

Remarks
Article 10.3 of the Regulations of the Board of Directors stipulates that amongst other duties the Secretary must closely monitor compliance by the Board with the recommendations on the Company's good governance.

C.1.35 State, if any, the mechanisms established by the Company to ensure the independence of the external auditors, the financial analysts, merchant banks and rating agencies.

See section H.1.

C.1.36 State whether during the financial year, the Company has changed external auditor. If so, identify the incoming and outgoing auditor:

Yes ☐ No X ☒

If there were disagreements with the outgoing auditor, explain the content of these:

☐ ☐

C.1.37 State whether the firm of auditors performs other work for the company and/or its group other than those of auditing. If applicable, state the fees paid for that work and the percentage in terms of the overall fees that were billed to the company and/or group:

Yes X No ☐

	Company	Group	Total
Amounts for work other than auditing (thousands of Euros)	18	59	77
Amount for work other than auditing/total amount billed by the auditing firm in %	7.40%	8.76%	8.41%

C.1.38 State whether the audit report on the Annual Accounts of the previous financial year has reservations or qualifications. If appropriate, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes ☐ No X ☒

C.1.39 State the number of years the current auditing firm has uninterruptedly performed the auditing of the annual accounts of the Company and/or Group. Likewise, state in percentage terms the number of years the current auditing firm has been responsible for auditing the accounts over the total number of years the company has been audited:

	Company	Group
Number of uninterrupted years	11	13
Number of years audited by the current auditing firm/number of years the company has been audited (%)	100.00%	100.00%

C.1.40 State and, if appropriate, specify whether there is a procedure for the directors to be able to obtain external advice:

Yes X ☒ No ☐

Details of the procedure
Pursuant to Article 24 of the Regulations of the Board of Directors, all the directors, in order to be aided in exercise of their duties, may obtain the necessary advice from the Company to perform their duties. To that end, the Company will provide the adequate channels that, under special circumstances, may include external advice at the Company's expense. In

any case, the commission must necessarily concern the specific problems that are of a certain nature and complexity that arise in the performance of duties.

The decision to hire must be reported to the Chairman of the Company and may be vetoed by the Board of Directors if the following is accredited: a) That it is not necessary for the full performance of the duties with which the external directors are entrusted, b) That its cost is not reasonable with regard to the importance of the problem and the assets and revenue of the company, c) That the professional advice obtained may be adequately dealt with by experts and technicians in the Company.

C.1.41 State, and if appropriate, specify whether there is a procedure for directors to obtain the necessary information to prepare the meetings of the governing bodies with sufficient time in advance:

Yes X ☐ No ☐

Details of the procedure

Article 23 of the Regulations of the Board of Directors establishes the following mechanism:

1. Directors may request information on any matter for which the Board is responsible and to this end may examine the books, records, documents and other documentation. The right to information includes investees, whenever this is possible.
2. The request for information must be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board and the appropriate contact at the Company.
3. The Secretary will advise the director of the confidential nature of the information requested and received and of his duty to maintain confidentiality under the terms in the Regulations of the Board.
4. The Chairman may refuse to provide information if he considers (i) that it is not necessary for the full performance of the duties with which the director is entrusted or (ii) that its cost is not reasonable in view of the importance of the problem and the assets and revenue of the Company.

C.1.42 State and, if appropriate, specify whether the company has established rules that oblige the directors to notify, and if appropriate resign, in cases in which they may damage the credibility and reputation of the company:

Yes X ☐ No ☐

Explain the rules

Article 34.2 of the Regulations of the Board of Directors establishes the obligation of directors to inform the Company in cases in which they may damage the credibility and reputation of the company and, in particular, they must inform the Board of criminal cases in which they are charged as accused, as well as the subsequent result of such proceedings, of incapacitation proceedings against them derived from the economical circumstances near to insolvency of the corporate companies in which they participate or which they represent or, if applicable, on the initiation of insolvency proceedings against them. Lastly, that same article establishes that, in the event of a director being prosecuted, or a court order being handed down to take trial proceedings against him for any of the offences stated under Article 213 of the Stock Company Act, the Board shall examine the case as soon as possible and, depending on the specific circumstances, will decide whether or not it is appropriate for the director to remain in office.

C.1.43 State whether any member of the Board of Directors has notified the company that he has been prosecuted or had trial proceedings ordered against him, for any of the offences pursuant to Article 213 of the Stock Company Act:

Yes ☐ No x ☐

State whether the Board of Directors has analysed the case. If so, explain and justify the decision taken as to whether or not the director should remain in their post, or, if applicable, explain the actions taken by the board up until the date of this report or that it intends to take.

C.1.44. Describe any significant agreements that the company has entered into and that enter into force, are modified or concluded in the event of a change to the control of the company due to an initial public offering, and their effects.

NOT APPLICABLE

C.1.45. Identify in aggregate terms and describe in detail any agreements between the company and its directors and executives or employees providing for compensation, indemnity or protection if they resign or are made redundant without a valid reason or if the contractual relationship comes to an end during a takeover bid or other operations.

Number of beneficiaries: 5

Type of beneficiary:

Executive Director / Senior managers

Description of the Agreement:

Improved compensation

Indicate whether these contracts must be communicated to and/or approved by the governing bodies of the company or its group:

	Board of Directors	General Meeting of Shareholders
Body that authorises the clauses	YES	NO

	YES	NO
Is the General Meeting of Shareholders informed of the clauses?	X	

C.2 Committees of the Board of Directors

C.2.1. List all of the committees of the board of directors, their members and the proportion of dominical and independent directors within them:

APPOINTMENTS AND COMPENSATION COMMITTEE

Name	Position	Type
RICHARD J. CATHCART	CHAIRMAN	INDEPENDENT
ANIOL, S.L.	SECRETARY	DOMINICAL
JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	MEMBER	INDEPENDENT
OSCAR SERRA DUFFO	MEMBER	DOMINICAL

% of executive directors	0.00%
% of dominical directors	50.00%
% of independent directors	50.00%
% of other external directors	0.00%

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position	Type
BERNARDO CORBERA SERRA	MEMBER	DOMINICAL
OSCAR SERRA DUFFO	MEMBER	DOMINICAL
ELOY PLANES CORTS	CHAIRMAN	EXECUTIVE
JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	MEMBER	INDEPENDENT
BANSABADELL INVERIÓ DESENVOLUPAMENT, S.A.U.	MEMBER	DOMINICAL
ANIOL, S.L.	SECRETARY	DOMINICAL

% of executive directors	17.00%
% of dominical directors	67.00%
% of independent directors	17.00%
% of other external directors	0.00%

AUDIT COMMITTEE

Name	Position	Type
JUAN PLANES VILA	MEMBER	DOMINICAL
JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	MEMBER	INDEPENDENT
BANSABADELL INVERSIO DESENVOLUPAMENT, S.A.U.	SECRETARY	DOMINICAL
BERNARDO CORBERA SERRA	MEMBER	DOMINICAL
GABRIEL LÓPEZ ESCOBAR	CHAIRMAN	INDEPENDENT

% of executive directors	0.00%
% of dominical directors	60.00%
% of independent directors	40.00%
% of other external directors	0.00%

C.2.2. Fill in the following table with information about the number of female directors included in the committees of the board of directors during the last four years:

	Number of Female Board Members:							
	Year 2014		Year 2013		Year 2012		Year 2011	
	Number	%	Number	%	Number	%	Number	%
APPOINTMENTS AND COMPENSATION COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
EXECUTIVE OR DELEGATE COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
AUDIT COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Indicate whether the following functions correspond to the Audit Committee:

	YES	NO
Supervise the preparation process and integral nature of the financial information regarding the Company and, where applicable, the group, reviewing the fulfilment of the regulation requirements, the appropriate delimiting of the scope of consolidation of the accounts and the correct application of the accounting criteria	YES	
Review periodically the internal control and risk management systems, so that the main risks are identified, handled and recognised suitably	YES	
Ensure the independence and efficacy of the internal auditing function; propose the selection, appointment, re-election and removal of the head of the internal auditing service; propose the budget of the service; receive periodical information on its activities; and verify that the senior executive team takes into account the conclusions and recommendations of their reports	YES	
Establish and supervise a mechanism which enables the employees to communicate confidentially and, if deemed appropriate, anonymously, any irregularities of potential transcendence, especially financial and accounts information, which they might notice within the Company	YES	
Raise before the Board the proposals of the selection, appointment, re-election and replacement of the external auditor, as well as the conditions of their contracts	YES	
Receive regularly from the external auditor information regarding the auditing plan and the results of the execution thereof, and verify that the senior executive team takes into account its recommendations	YES	
Ensure the independence of the external auditor	YES	

C.2.4 Describe the rules governing the organisation, functions, and responsibilities of each of the Board committees.

SEE SECTION H.1

C.2.5 State, if applicable, whether there are regulations to which the Board's committees are subject, and if so, where they are available for consultation and any amendments made to them during the financial year. Likewise, state whether any non-mandatory annual reports have been issued concerning the activities of each committee.**Name of the Committee****APPOINTMENTS AND COMPENSATION COMMITTEE****Brief Description**

The Committee is governed by the Articles of Association and the Regulations of the Board of Directors, which is published both by the Spanish Stock Exchange Commission and on the Company's website. The Company has drawn up an annual report on the Appointments and Compensation Committee.

Name of the Committee

EXECUTIVE OR REPRESENTATIVE COMMITTEE

Brief Description

The Committee is governed by the Articles of Association and the Regulations of the Board of Directors, which is published both by the Spanish Stock Exchange Commission and on the Company's website.

Name of the Committee

AUDIT COMMITTEE

Brief Description

The Committee is governed by the Articles of Association and the Regulations of the Board of Directors, which is published both by the Spanish Stock Exchange Commission and on the Company's website. The Company has drawn up an annual report on the Appointments and Compensation Committee.

C.2.6 Indicate whether the composition of the executive or representative committee reflects the participation on the Board of the different categories of directors:

Yes [X] ☐ No ☐

D. RELATED AND INTRAGROUP TRANSACTIONS

D.1. Identify the appropriate body and explain, if applicable, the procedure for the approval of transactions with related and intragroup parties.

Body responsible for approving transactions between related parties

The Board of Directors, subsequent to a favourable report by the Audit Committee.

Procedure for the approval of transactions between related parties

The Audit Committee carries out a prior approval procedure. Payments made are based on the arm's length principle.

Explain whether the approval of transactions with related parties has been delegated, indicating, if applicable, the body or persons to whom it has been delegated.

NO

D.2. List any transactions that are significant, due to the value or nature of the transaction, between the company or the companies in its group and significant shareholders of the company:

Name or corporate name of the substantial shareholder	Name or corporate name of the company or the company in its group	Nature of the relationship	Type of transaction	Amount (thousands of Euros)
BOYSER, S.L.	FLUIDRA INDUSTRY France, S.A.R.L	Contractual	Other	717
BOYSER, S.L.	METALAST, SAU	Contractual	Other	828
BOYSER, S.L.	FLUIDRA COMERCIAL ESPAÑA, SAU	Contractual	Purchase of goods (finished or in progress)	955
BOYSER, S.L.	FLUIDRA COMMERCIAL FRANCE SAS	Contractual	Purchase of goods (finished or in progress)	631

D.3. List any transactions that are significant, due to the value or nature of the transaction, between the company and the companies in its group and the directors or managers of the company:

Name or corporate name of the directors or managers	Name or corporate name of the related party	Link	Nature of the transaction	Amount (thousands of Euros)
Richard Cathcart	Fluidra S.A.	Director	Remuneration	91
Juan Planes Vila	Fluidra S.A.	Director	Remuneration	115
Bernardo Corbera Serra	Fluidra S.A.	Director	Remuneration	91
Oscar Serra Duffo	Fluidra S.A.	Director	Remuneration	91
Eloy Planes Corts	Fluidra S.A.	Director	Remuneration	484
Juan Ignacio Acha-Orbea Echeverría	Fluidra S.A.	Director	Remuneration	102
Kam Son Leong	Fluidra S.A.	Director	Remuneration	66
BANSABADELL INVERSIÓ I DESENVOLUPAMENT, S.A.U.	Fluidra S.A.	Director	Remuneration	99
ANIOL, S.L.	Fluidra S.A.	Director	Remuneration	89
GABRIEL LÓPEZ ESCOBAR	Fluidra, S.A.	Director	Remuneration	13

D.4 Give details of any significant transactions carried out by the company with other companies belonging to the same group, provided they are not eliminated in the process of preparation of the consolidated financial statements and do not form part of the normal business of the company in terms of their object and conditions:

In any case, any intragroup transaction carried out with companies established in countries or territories considered tax havens should be reported:

D.5. State the amount of transactions with other related parties.

0 (in thousand Euros).

D.6 Describe the mechanisms in place to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, managers and significant shareholders.

SEE SECTION H.1

D.7 Is more than one company of the Group listed in Spain?

Yes ☐ No [X] ☐

Identify any subsidiaries which are listed in Spain:

Subsidiary listed in the Stock Exchange

Indicate whether the respective spheres of activity and possible business relations between them have been publicly and precisely defined, as well as those of the listed dependent company with the other companies of the group:

Define any business relations between the parent company and the listed subsidiary company and between this and the other group companies

Identify the mechanisms envisaged to resolve any conflicts of interest between the subsidiary listed and the other group companies:

Mechanisms to resolve any conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

Fluidra risk management system is designed to mitigate all of the risks that the company is subject to due to its activities. The risk management structure is based on three pillars:

- The common management systems, specifically designed to mitigate business risks.
- The internal control procedures, designed to mitigate the risks resulting from the formulation of financial information and to improve its reliability, which have been designed in accordance with the ISCFI (Internal System for the Control of Financial Information).
- The risk map, which is the methodology used by Fluidra for the identification, comprehension and evaluation of the risks that affect the company. Its objective is to obtain a comprehensive view of them, designing a system of responses that is efficient and aligned with its business objectives.

These elements constitute an integrated system that enables the proper management of the risks and the controls that mitigate them at all of the levels of the organisation.

Fluidra risk management system is a global and dynamic system. Its area of application is the whole of the organisation and its environment and it is intended to be permanent and compulsory for all of the company's employees, executives and directors.

Furthermore, the internal auditing department is responsible for ensuring the compliance with and proper operation of these systems.

E.2 Identify the bodies of the company that are responsible for the creation and implementation of the Risk Management System.

The responsibility for the formulation and execution of the risk management system is mainly exercised by the Audit Committee, which is specifically supported by the internal auditing department.

The internal auditing department is responsible for the supervision and the correct operation of the risk management system. The objectives of the Audit Committee are:

- To inform the General Meeting of Shareholders regarding the matters brought up

during the meeting within its sphere of competence.

- To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment of the accounting auditors or auditing companies referred to in article 264 of the Capital Companies Act, as well as their hiring conditions, the scope of their professional mandate and (if appropriate) their revocation or non-renewal.
- To supervise the effectiveness of the company's internal controls and, in particular, the internal control of financial information, internal audits, if applicable, and risk management systems, as well as discussing any significant weaknesses in the internal control detected after an audit has been conducted with the account auditors or auditing firms.
- Supervising the process of preparing and filing regulated financial information.
- Reviewing the accounts of the company, ensuring the fulfilment of the legal requirements and the correct application of the generally accepted accounting principles, with the direct collaboration of the external and internal auditors to do so.
 - To liaise with the auditors or auditing companies in order to receive information regarding any issues that could jeopardize the auditors' independence, for their examination by the Committee, and any other issues relating to the accounts auditing process, as well as any other communications envisaged in the accounts auditing legislation and the technical standards for auditing. In any case, each year the auditors or audit firms must send them written confirmation of their independence from any company or companies directly or indirectly related to it, as well as the details of any additional services provided to these companies by these auditors or audit firms, or persons or companies related to them in accordance with the provisions of Law 19/1988 dated 12th July regarding Accounts Auditing.
 - Issue annually, prior to the issuance of the account audit report, a report expressing an opinion about the independence of the auditors or audit firms. In any case, this report must address the provision of the additional services referred to in the previous section.
 - To supervise the fulfilment of the audit contract, ensuring that the opinion on the annual accounts and the main contents of the Audit Report are precise and transparent, as well as to evaluate the results of each audit.
 - To supervise compliance with the regulations related to related-party transactions. In particular, to insure that the information about these transactions is reported to the market, in accordance with the provisions of Order 3050/2004, of the Ministry of Finance and Taxation, dated 15th September 2004.
 - To examine compliance with the Internal Code of Conduct, the Regulations of the Board of Directors and, in general, the rules for the governance of the Company and to make the proposals necessary for its improvement.
 - To receive information and, if appropriate, to issue reports regarding the disciplinary measures that are to be imposed on members of the Company's team of senior executives.

E.3 Describe the main risks that may affect the achievement of the business objectives.

During the process of identification, comprehension and evaluation of the risks that affect the company, the following risk factors have been considered:

Operational risks

- a) Safety incidents
- b) Improper actions and relations with workers
- c) Risks related to the markets and the activities in which the Group operates
- d) Reputation of the brand
- e) Risks related to processes
- f) Economic environment

- g) Climate
- h) Geopolitical risk
- Financial risks
- a) Credit risk
- b) Default/ Insolvency of customers
- c) Liquidity risk

E.4 Identify whether the company has a level of risk tolerance.

The different risks are identified and assessed based on the analysis of the possible events that may lead to them. Their evaluation is carried out through the use of metrics that measure their likelihood and impact. The existing controls to mitigate them are determined along with additional action plans needed if those are deemed insufficient.

This process, which is carried out annually, makes it possible to obtain the company's Risk Map. From this map, the most important risks are extracted and these, along with the main changes with regard to the previous year, are presented to the Audit Committee for discussion and approval.

The definition of the scale of seriousness and the scale of probability is carried out based on qualitative and quantitative criteria. Once the critical risks have been identified and re-evaluated, the Company's Management determines specific actions, establishing deadlines and a person responsible, in order to mitigate their impact and likelihood, whilst reviewing the current controls on them. The analysis of risks, controls and the actions to mitigate their impact and likelihood is presented annually to the Audit Committee, for its supervision and approval. Subsequently, the Audit Committee reports to the Board of Directors.

E.5 State which risks have materialized during the year,

- Negative evolution of exchange rates:

The main currency in which Fluidra operates is the Euro, with 70% of its sales being in the Euro zone. The Group's assets are also mostly concentrated in the euro zone. This is why variations in the exchange rate (although they do impact the company's result when including the company's subsidiaries outside of the euro zone) have a relatively small impact. The individual currency to currency risk is of little significance. However, in 2014, five of these currencies (the Israeli shekel, Turkish lira, Australian dollar, Indonesian rupiah and the South African rand) have evolved in the same way. As a whole this has had an impact of 1,149 thousand Euros on Fluidra's financial results. No hedging of these currencies is carried out because the assets are concentrated in the euro area, which greatly reduces the impact of fluctuations on the conversion of the income statement into Euros. The most relevant currencies are: AUD, ILS, Rublo, USD.

- Impact of the difficult economic situation in Europe.

During 2014 there has been a general contraction in France due to the current macroeconomic situation in the country. The company has carried out a redefinition of its objectives based on reasonable criteria that enable them to be achieved, it has sold its non-core business assets, and finally it has increased its sales in market segments where the economic situation is more favourable.

In turn, the value in use of the cash generating unit resulting from the purchase of Manufacturas Gre, which manages the mass market channel, did not cover the value of the net assets and goodwill assigned and therefore it was necessary to carry out an impairment of the Goodwill resulting from the purchase, reducing it by 3.5 million Euros. The company has carried out structural changes at an operational and logistical level in

order to bring them into line with its expectations and to boost this segment.

E.6 Explain the response and supervision plans for the company's main risks.

Economic environment:

Continuous assessment of the Company's assets by a multidisciplinary team in order to detect any deterioration of the situation early and determine the actions to be taken, in order to maintain the profitability of operations in the area.

Development of new products:

Continuous analysis of the sales of new strategic products and their comparison with competitors based on market research tracking tools and the analysis of statistical data bases by type of market and product. Conduction of comparative studies that make it possible to differentiate them from competitors and update the dossiers on the evaluation of products with the information obtained. Specific action plans aimed at ensuring the adaptation of production capacities to the levels of demand envisaged for these new products.

Financial risks

Continuous monitoring is carried out on risks of a financial nature including, among others, the exposure to exchange rate risk and/or interest rate risk of each Business Unit, with policies and courses of action being recommended to the Corporate Financial and Economic Management.

Credit and default risks:

Fluidra Group has a portfolio of clients, both nationally and internationally, that is very diverse and in which no one customer represents a significant percentage of the year's turnover, therefore credit risk is also mitigated.

Technological risks:

Given the activities undertaken by Fluidra's various Business Units, protecting its technology and developments is of prime importance in order to maintain its competitive advantage. To this end the Group follows certain criteria and policies for development and action, as well as legal protocols to ensure its protection.

Fluidra is clearly determined and convinced that strengthening and standardizing its procedures and internal controls in the company's subsidiaries is the right way to improve the efficiency and greater productivity in all its procedures.

In this sense, it has launched an implementation and roll out project called Invictus, which is a very valuable tool for achieving this goal.

Irregularities in the management of subsidiaries:

Furthermore, during the year 2014 the following measures have been adopted:

- Incorporation of experts in both the Audit Committee and in the Internal Auditing team.
- Incorporation of additional resources for the internal auditing team.
- Adaptation of the Ethics Committee to changes in regulations and the study and promotion of internal actions to encourage the use of the ethical channel across the group.

Development of new activities:

Continuous assessment by Fluidra of new activities that can add value to the group culminated in the year 2014 with the creation of Fluidra Engineering Services.

Aware that any new activity carries with it an inherent risk, the company has hired the services of specialized external consultants who have analyzed the processes and controls necessary to mitigate the risk associated with the development of any new activity. Furthermore, in the case of Fluidra Engineering Services (FES) staff that are experts in this activity have been recruited.

Human Capital Risks:

The Fluidra Group companies have a variable remuneration policy linked to

professional development and the achievement of personal goals, put in place in order to identify and reward their best people.

The parent company has a reporting channel created by the Audit Committee, under the joint management of corporate human resources, Internal Auditing and the Legal department, so that any of the Group's employees can lodge complaints regarding matters related to internal control, accounting, the management of Human Resources, the environment or any other irregular situation.

The company has an Internal Code of Conduct for matters related to the stock market.

Risks related to processes:

These risks are managed by the corresponding Business Unit and monitored centrally by the Department of Management Control and verified by the Internal Audit Department.

The processes for obtaining the consolidated financial information are developed centrally and based on corporate criteria, with the Annual Accounts (both the consolidated annual accounts and the individual annual accounts of each subsidiary) being checked by external auditors.

Weather:

The company manages weather risk through internationalisation and through the development of products and applications that enable the use and enjoyment of the installations in adverse climates.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE PROCESS OF REPORTING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms that make up the risk management and control systems with regard to the process of financial reporting (ICFR) in your company.

F.1. The organisation's Control Environment

Report identifying the main characteristics of at least:

F.1.1. Which bodies and/or functions are responsible for: (i) the existence and maintenance of a suitable and effective ICFR; (ii) its implementation; and (iii) its supervision.

Fluidra S.A. and its subsidiaries (hereinafter, Fluidra) has officially defined the responsibilities of the suitable and effective existence of the ICFR in the Regulations of the Board of Directors.

The Board of Directors has entrusted Fluidra's CFO with the responsibility of implementing and updating the ICFR.

With regard to the supervision of the ICFR, article 13.3 of the Regulations of the Board of Directors specifically designates the Audit Committee with the responsibility of supervising the ICFR and the process of drawing up and filing regulated financial information. The Audit Committee is given support by the personnel who conduct internal audits in the development of its responsibilities, as referred in the regulations.

F.1.2. In specific relation to the drawing up of the financial information, the following features, if available:

- Departments and/or mechanisms responsible for: (i) designing and reviewing the company's organisational structure; (ii) defining clear lines of accountability and authority, and the distribution of tasks and functions; and (iii) ensuring that the organisation has the proper procedures in place to inform the whole of the company about financial matters.

Fluidra has internal processes that establish the levels of authorisation necessary to modify its organisational structure. The CEO is ultimately responsible for approving the set-up of the structure and its review with the support of the Appointments and Compensation Committee. Until October 2014 the Appointments and Compensation Committee has been made up

of three Board members, two of whom are independent members. From October 2014 onwards the Committee is made up of 4 directors (2 dominical directors and 2 independent directors).

Fluidra's internal organisational chart is posted on the corporate intranet and covers posts held in the main business areas from the CEO down to the general managers of each business.

Specifically, for the purposes of drawing up the regulated financial information, the Group Accounting Manual (GAM) sets out the current basic lines of accountability in the process, policies, required documentation and the schedule to be followed. Fluidra also has an organisational chart broken down by areas and departments (including the departments involved in the preparation, analysis and supervision of the financial information), in which details are given of hierarchical relationships.

- Code of conduct, approving body, scope of dissemination and disclosure, principles and values included (indicating whether the record of transactions and the development of financial information is mentioned), and the body responsible for analysing incidents of non-compliance and proposing corrective actions or penalties.

One of Fluidra's commitments is to seek ways of channelling its efforts so that operations are conducted in an environment of ethical professional practices. On the one hand, it does so by implementing mechanisms designed to prevent and detect frauds or malpractice committed by employees that could be subject to penalties, fines or harm the group's image and, on the other hand, by emphasising the importance of ethical values and integrity amongst its employees.

Fluidra has a code of conduct, hereinafter "Code of Ethics", the first version of which was approved by the Board of Directors at a meeting held on 16 December 2008. Fluidra has now reviewed its Code of Ethics so that it can add changes to it that reflect the modifications made to the legal framework to which it is subject, particularly with regard to the accountability of the Board of Directors and the Audit Committee. The revised version of the Code of Ethics was approved by the Audit Committee on 28th February 2012 and was subsequently disclosed to the Board of Directors.

All of the group's employees must comply with the Code of Ethics. Updates and modifications to the Code of Ethics are made by Fluidra's Audit Committee. The Code of Ethics is available to all employees on the corporate website.

Broadly speaking, the values included in the Code of Ethics are mainly there to ensure maximum transparency in Fluidra's business dealings. It is thus actively engaged in creating an environment of trust for its customers, suppliers, shareholders, employees, public and private institutions, and society in general. The Code of Ethics is based on the 10 principles set out in the UN's Global Compact and is intended to outline the most relevant ethical rules and forms of conduct that should be followed in internal and external relations. It also lists forms of conduct not permitted by law, which are updated on a regular basis.

The general ethical principles covered by Fluidra's Code of Ethics specifically

affect the ICFR in terms of the values related to integrity and professional rules of conduct, the lines of action that to a greater or lesser extent are related to the reliability of financial information and compliance with the regulations in force.

Fluidra has a Committee for the Promotion of the Code of Ethics whose main mission is to promote its dissemination and application throughout the group and provide a communications channel for all employees so that they can send in queries and report any breaches of the Code.

The Audit Committee acts on suggestions made by the Committee for the Promotion of the Code of Ethics to propose corrective actions and impose penalties.

Whenever new employees join Fluidra, they are all given the Code of Ethics, which they must agree to follow in accordance with the company's internal policies.

- Reporting channel, which enables employees to report financial and accounting irregularities to the Audit Committee, in addition to any possible breaches of the Code of Ethics and irregular activities observed in the organisation, informing whether is a confidential matter.

Fluidra has an internal reporting channel to which all employees may address their queries and questions. These can be sent by email.

The role of the Committee for the Promotion of the Code of Ethics is to deal with the queries and complaints received. Its aim is to monitor and control compliance with the principles set out in the Code of Ethics.

The Committee for the Promotion of the Code of Ethics regularly reports to the Audit Committee on any breaches of the Code of Ethics identified, the corrective actions proposed and any disciplinary measures that may need to be taken, for their approval.

All communications between the Committee for the Promotion of the Code of Ethics and Fluidra's employees are strictly confidential, in accordance with the restrictions set out in Organic Law 15/1999, dated 13th December, on Personal Data Protection. In this respect, all of the members of the Committee for the Promotion of the Code of Ethics are authorised to have access to all information relating to queries and notifications received from the group through the procedure for handling queries and notifications. The Committee for the Promotion of the Code of Ethics is responsible for selecting and prioritising the notifications received.

- Regular training programmes and refresher courses for all staff involved in preparing and reviewing financial information, and assessing the ICFR. All such staff is given basic training in the standards used for accounting, auditing, internal controls and risk management.

Fluidra has set up an in-house training scheme through FluidrAcademy in order to promote training. The goal of FluidrAcademy is to build up a range of corporate training courses that deal with cross-disciplinary and business related content in order to promote the transfer of internal skills and the relations between Fluidra's professionals. It has also been designed to encourage internal training by running courses related to Fluidra's main functional and business areas. Whenever possible, the courses are run by internal trainers in order to take full advantage of the expertise of Fluidra's employees.

For aspects related to the preparation of financial information, Fluidra has two core themes in the training of accounting and financial skills:

1.- GAM online training courses: It consists of 6 modules, of which 5 have been published, linked to the most critical areas for the preparation of financial information. It is aimed at those responsible for the preparation of financial statements in all of the group companies, and is an obligatory component. The 2 modules pending publication are expected to be published in 2015.

2.- Training in Subsidiaries: Additionally, the training given in Fluidra's subsidiaries abroad is conducted by means of on-site visits by teams from the divisions and services based at headquarters. They review reporting statements, the different information required by headquarters, and the criteria used to determine slow-moving inventory and bad debt, amongst others. All newcomers are sent on a one-week induction course at headquarters.

Finally, with regard to the audit and internal control areas, the directors of finance and internal audits are responsible for identifying the needs of their teams in terms of training and they propose training courses to cover any specific needs that may arise.

F.2. Risk assessment of financial information

Report regarding, at least:

F2.1. Main characteristics of the risk identification process examined, including errors and fraud, with regard to:

- Whether the process exists and is documented.

The process for identifying risks of error in financial information followed by Fluidra is systematic and has been documented. Fluidra places special emphasis on identifying risks of material errors and fraud by determining the goals of the controls conducted on financial information for each of the risks identified. This process for identifying risks is undertaken and documented by Fluidra's CFO and is supervised by the Audit Committee, with assistance from the team of internal auditors.

- Whether the process covers all of the financial information required (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.

The process is designed in such a way that the factors that can materially affect the financial statements are regularly analysed based on a number of criteria that include quantitative and qualitative factors. Thus, relevant areas/locations are identified in terms of the transactions that can have a material effect on the financial statements.

The scope of the areas identified is reviewed by Fluidra's CFO and is ultimately supervised by the Audit Committee.

If during a business year there are cases of (i) circumstances previously not identified that show signs of possible errors in the financial information, or (ii) substantial changes in Fluidra's operations, the CFO will assess whether such risks should be added to those already identified.

- Whether there is a process for identifying the scope of consolidation, based, amongst other aspects, on the possible existence of complex corporate structures, holding companies or companies with a special purpose.

Following meetings with the general division managers and the Legal Department, the CFO will regularly update the part of the corporate structure that governs the scope of accounting and tax consolidation.

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

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

- The governing body of the company that supervises the process.

As set out in the Regulations of the Board of Directors, the Audit Committee is responsible for regularly reviewing the internal control and risk management systems, so that the main risks are properly identified, managed and made known.

F.3. Control activities

Report identifying the main characteristics, if available, of at least:

F.3.1. Financial information review and authorisation procedures, the description of the ICFR to be released to the securities markets, the designation of the people responsible for these procedures and the documentation describing the workflow of activities and controls (including those related to the risk of fraud) of the various types of transactions that could materially affect the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimations, valuations and forecasts.

The GAM describes the goals to be reached in accounting close procedures and in the preparation of the financial information for all areas. The control activities executed are reported by means of check lists. This ensures that all controls associated with the reporting, valuation, presentation and breakdown of the various types of transactions have been properly performed. This likewise ensures that critical balance sheets that have a material impact on the financial statements are drawn up according to regulations. The control activities identified and officially reported focus on the activities directly related to balance sheets and transactions that can materially affect the financial statements. They have also been designed to mitigate the risk of fraud.

Amongst others, special care has been taken to ensure the check lists cover the following areas:

- Accounting Closes and Financial Reporting
- Sales and accounts receivable
- Goodwill
- Intangible assets with a definite or indefinite useful life
- Fixed assets
- Stocks
- Purchases and accounts payable
- Financial debt

Specifically, the accounting close procedure and the review and authorisation of the financial information reported to the markets are subject to a detailed schedule of closing activities that is duly distributed to all divisions through the GAM. Each subsidiary is then responsible for reporting its financial information in line with a standard format to the Department of Finance, which is responsible for the consolidation process and drawing up the consolidated annual accounts. These are in turn approved by the CFO for their subsequent presentation to and control by the CEO, the internal auditors, the Audit Committee and the Board of Directors.

In order to ensure the integrity of the financial information, during 2013 reporting and consolidation software has been implemented, the functions of which are expected to be fully developed during 2014

The specific review of relevant judgements, estimates, valuations and forecasts is conducted at a basic level through Fluidra's existing controls, whether those put in place for its routine transactions or those used in the process of preparing financial information that are listed in the GAM. Depending on the degree of judgement and estimation applied and the potential impact on the financial statements, any aspects that are of particular relevance in the preparation of financial information are subsequently discussed and reviewed. The reviews are subject to a hierarchical order that goes from division finance managers and general managers, through to the CFO, the CEO, the Audit Committee and the Board of Directors.

When external experts are called in to assess judgements, estimates, valuations and forecasts they discuss and disclose their findings to the CFO, once their work has gone through a number of control and monitoring procedures.

Specifically, the main judgements and estimates subject to review in a business year are discussed in the notes to the consolidated annual accounts.

F.3.2. Internal policies and procedures for controlling information systems (such as secure access, tracking changes, implementing changes, operational continuity and the division of functions) to which the company's relevant processes are subject in relation to the drawing up and publication of financial information.

Fluidra uses information systems to ensure that its operations are properly recorded and controlled. As part of the process for identifying risks of error in its financial information, Fluidra's CFO decides which systems and applications are relevant in preparing it. The systems and applications identified include both those directly used to prepare the financial information and the interfaces with the system, of which the link between sales/accounts receivable and purchases/accounts payable can be highlighted.

The policies and procedures used by Fluidra's information systems cover physical and cyber security with regard to access (restricted access is used to ensure the proper division of functions), procedures for checking the design of new systems or modifications to existing ones, and the continued operation of systems (or the set-up of alternative systems and applications) should unforeseen events occur that affect their operation. Amongst other aspects, these policies are designed to guarantee the following:

- Secure access to both data and applications
- Changes made to applications are tracked
- Applications operate properly
- Data is available and applications are in working order
- Functions are divided appropriately

a) Secure access

A number of measures have been taken at different levels to prevent unauthorised access to both data and applications.

Access to applications, operating systems and databases is controlled through the use of usernames and passwords as a preventive control. Access to data is restricted to user profiles but a matrix for dividing

functions to ensure that they are not incompatible has not been developed.

b) Tracking changes

A change management methodology has been developed and implemented that establishes the precautions and validations needed to limit the risk of this process. Since 2012 a new methodology called “change request” has been applied.

Its main aspects include the following:

- Approval by business areas
- Tests are conducted as a preliminary step to production
- Specific environments for development tasks and testing
- Backtracking procedures
- Division of functions as the development team does not have access to production.

c) Transaction:

To ensure that transactions are properly performed, the interfaces between the systems involved in preparing financial information are monitored.

Additionally, there is an internal Help Desk that users can contact should they detect any type of incident, have a query or wish to request training. The Help Desk also controls the efficiency of the performance of the information systems.

d) Availability and continuity

The company has two Data Processing Centres (a central and a backup) which ensures that information systems are available in cases of contingencies. Further backup is provided by means of a Disaster Recovery Plan (DRP) that sets out the tasks and steps to be followed to restore the systems in this case. The DRP is tested under real conditions once a year.

Additionally, a daily backup is made of data and applications that is temporarily kept in a safe place. There is a specific procedure for restoring this data although full tests are not regularly run. However, partial processes of restoration of information are carried out on a regular basis.

e) Division of functions:

A number of profiles have been defined to set the functions to which each user should have access on 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 for overseeing the management of outsourced activities, as well assessments, calculations or valuations entrusted to independent experts that may have a significant effect on the financial statements.

Fluidra, as part of the procedure that it carries out annually to identify the scope of the ICFR, specifically identifies in which locations and financial lines there are:

- Subcontracted activities.

When an agreement is established to work with a subcontractor, the competitiveness, certification, technical and legal capacity and independence of the third party are verified.

During 2014, Fluidra has not subcontracted activities that could have a significant effect on the financial statements.

- Assessments, calculations or valuations carried out by independent experts.

Fluidra only uses experts for work that is used to support valuations, judgments or accounting estimates when they are registered with the relevant Professional Bodies or have equivalent certification, declare their independence and are companies with that are highly regarded in the market.

During 2014, Fluidra has not had assessments, calculations or valuations carried out by independent experts that could have a significant effect on the financial statements.

F.4. Information and communication

Report identifying the main characteristics, if available, of at least:

F.4.1. One specific function for defining, keeping updated the accounting policies (by the accounting areas or departments) and resolving any queries or disagreements about their interpretation, maintaining smooth communications with the organisation's heads of operations, and defining a manual of accounting policies updated and communicated to all of its business units.

Amongst other functions, the CFO is responsible for keeping the accounting policies that apply to the group up to date. Therefore, the CFO is responsible for updating the GAM, which includes the group's accounting criteria and its accounting plan, as well as an analysis of any changes to regulations/accounting standards that may have an impact on Fluidra's financial information.

The GAM is updated periodically, or when a significant change makes it necessary. The last update was in February 2015. In the updates, both the accounting criteria based on changes to the EU-IFRS regulations that apply and the group's accounting structure are reviewed to ensure traceability between the individual accounting plans of the group's subsidiaries and the Fluidra's accounting plan, which serves as the basis for drawing up the various reports containing the financial information to be provided to external bodies. Once the GAM has been updated, it is sent to all of the organisation's directors of finance by email.

The CFO is also responsible for resolving any queries about the accounting treatment of any transactions that those responsible for Fluidra's financial information may have.

F.4.2. Methods of collecting and preparing the financial information in homogeneous formats to be applied and used by all of the group's units for inclusion in the main financial statements and the notes, as well as the information required for the ICFR.

All of the companies that are included in the group's consolidated financial statements at the 2014 closing follow a single, homogeneous reporting model. Most of them (around 78% of turnover) use the same corporate accounting system for collecting and preparing financial information. Fluidra ensures that the remaining 25%, which have not yet implemented this information system, use homogeneous formats for preparing financial information through mechanisms that reflect those used in the integrated tool. The financial information reported by all of the subsidiaries covers the composition of the main Financial Statements and their notes. Fluidra's Department of Finance is

responsible for obtaining the information required from all of the subsidiaries, based on which any consolidation adjustments that may be required are made to obtain consolidated figures and it supplements the financial information with the notes to the Consolidated Financial Statements. During 2013, a new reporting and consolidation application was implemented, which is fully active in 2014. To ensure that figures reported by subsidiaries are reliable, they must submit a monthly report of the various pieces of information that make it possible to conduct analyses of any variations in equity items and results obtained between the monthly budget and that of the year before, for which a number of items from the balance sheet and the income statement are compared, which provides greater details about the local operations reported. Furthermore, the company has implemented an ISCFI management application by means of which twice per year the subsidiaries considered key receive alerts and must fill in control questionnaires, providing evidence in the controls that are considered key. These questionnaires are duly supervised by the directors of finance of the corresponding division, creating action plans in the event that it is considered necessary. Internal Auditing carries out a verification of the effectiveness of the controls twice per year and reports their results to the Audit Committee.

F.5. Supervision of the operation of the system

Report, identifying the main characteristics of at least:

F.5.1. The ICFR monitoring activities undertaken by the Audit Committee, as well as if the company has internal auditors whose powers include supporting the Committee in its supervision of the internal control system, including the ICFR. Likewise, information will be given about the scope of the assessment of the ICFR performed in the business year and the procedure used by the person responsible for the assessment to disseminate results, as well as whether the company has a plan of action that lists possible corrective measures, and whether its impact on the financial information has been considered.

The functions of the Audit Committee related to the monitoring of the ICFR are set out in article 13 of the Regulations of the Board of Directors and, amongst others, consist of:

- Supervising the efficiency of the company's internal controls and, in particular, the internal control of financial information, internal audits, if applicable, and risk management systems, as well as discussing any significant weaknesses in the internal control detected after an audit has been conducted with the account auditors or auditing firms.
- Supervising the process of preparing and filing regulated financial information.
- Reviewing the accounts of the company, ensuring the fulfilment of the legal requirements and the correct application of the generally accepted accounting principles, with the direct collaboration of the external and internal auditors to do so.
- In relation to the information and internal control systems:
 - Supervising the drawing up and the integrity of the company's and, if applicable, the group's financial statements, ensuring that regulations are complied with, that the scope of consolidation is abided by and that accounting standards are properly applied.
 - Periodically revising the internal control and risk management systems, so that the main risks are adequately identified, managed and made known.
 - Ensuring that internal auditing systems are objective and efficient; proposing

the selection, appointment, re-election and dismissal of the person responsible for the internal audit service; proposing the budget for the service; receiving regular information about its activities; and ensuring that senior management takes into account the conclusions and recommendations put forward in its report.

-Establishing and monitoring a system whereby employees are able to supply confidential or anonymous information about irregularities that they have detected in the company, which have potentially serious consequences, particularly with regard to financial and accounting practices.

Fluidra's internal audit system was set up as an independent, objective and exclusive valuation activity. This is why the Internal Audit department reports to the Audit Committee.

In 2014, the Audit Committee has continued its work of supervising the correct design, implementation and testing of the ICFR model used by Fluidra, with the support of the Internal Auditors.

Specifically, in relation to the monitoring activities conducted by the Audit Committee:

During business year 2014, an independent evaluation of the correct operation of the ICFR model implemented at Fluidra was carried out, following which corrective action plans were recommended and the Audit Committee informed about them.

The Internal Audit department carried out an evaluation of the effectiveness of the controls in June 2014 in order to identify existing weaknesses and propose action plans. In December 2014 another evaluation was carried out to verify the effectiveness of the controls. The evaluation revealed that there was a small number of weaknesses, and it was concluded that they would not have an impact on financial information, although corrective action plans have been put in place. Of the monitoring activities carried out by the Internal Audit department during business year 2014, no relevant incidents have been detected in the areas monitored.

The Internal Audit department has formally submitted its report to the Audit Committee regarding the results of the independent evaluation of the ICFR model, the results of the evaluations carried out by Internal Auditors and the fulfilment of the action plans for the correction of the weaknesses detected.

F.5.2. State whether there is a procedure whereby the accounts auditor (in accordance with the procedures established in Spain's auditing standards – the NTA), the internal auditors and other experts can inform to the senior management and the Audit Committee or the directors of the company, any significant weaknesses in internal controls identified during the review process of the annual accounts or any other reviews that may be conducted.. Likewise, state whether any action plans have been devised to try to correct or mitigate the weaknesses observed.

The Internal Auditing department periodically informs the Audit Committee and the senior management of the internal control weaknesses identified during the reviews of the processes carried out during the business year, as well as the state of implementation of the action plans established for their mitigation.

Furthermore, the group's accounting auditor has direct access to the groups senior management and holds periodic meetings with them both to obtain the information necessary to carry out his work as well as to report the internal control weaknesses detected during his work.

Each year, the external auditors present a report to the financial management and to the Audit Committee in which the internal control

weaknesses revealed during their work are described in detail.

F.6. Other relevant information

Fluidra has always had a firm commitment to rigour with regard to financial information control systems. As a result of the policies and procedures implemented throughout this period, deficiencies were detected in the design of certain controls, which had been corrected by December 2014.

F.7. External auditor's report

Report of:

F.7.1. State whether the information of the ICFR sent to the markets has been subject to review by the external auditor, in which case the company must include the corresponding report as an appendix. Should it fail to do so, the grounds must be given for doing so.

Fluidra has developed a financial information control system that is reliable, transparent and suited to the size and scope of its business. Thus, since Fluidra has been publishing its financial information, the group has maintained sound, robust systems that ensure this information is reliable in accordance with regulations, as borne out by the fact that no significant corrections due to accounting errors have needed to be made, nor have reworded or qualifying statements had to be issued in the auditor's reports published. Likewise, the Audit Committee has not found itself in situations in which it has had to modify the financial information prepared by the senior management as a result of weaknesses in the internal control systems.

Given this track record, it has been considered that there is no reason for information published taken from the ICFR to be subjected to an annual review by third parties. Fluidra has concluded that in view of its regular reviews of the financial information, together with the reasons discussed in the above paragraph, there is no need to subject the information for 2014 sent to the markets resulting from the ICFR to review by the external auditor. However, this does not preclude the possibility of such a review in future years within the framework of a regular review of the ICFR.

G

DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations given in the unified code of good governance.

In the event that any recommendation is not followed or not followed completely, a detailed explanation of the reasons should be provided so that shareholders, investors and the market in general have sufficient information to evaluate the Company's behaviour. General explanations are not acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that can be issued by the same shareholder or contain other restrictions that prevent the company from being taken over through the purchase of its shares on the market.

See epigraphs: A.10, B.1, B.2, C.1.23 and C.1.24.

Complies ☒ Explain ☐

2. When the parent company and the subsidiary are listed, they must both publicly define the following in detail:

- a) Their respective activity areas and possible business relations between them, as well as those of the listed subsidiary with the other companies in the group;

- b) The mechanisms laid down to solve possible conflicts of interests as they arise.

See epigraphs: D.4 and D.7

Complies Complies partially Explain Not applicable X

3. Although it is not expressly required in mercantile legislation, they should submit the transactions that involve a modification to the company's structure for approval by the General Shareholders Meeting, especially the following:

- a) The change of listed companies into holding companies through "subsidiarisation" or the incorporation into entities dependent on essential activities carried out until then by the company itself, even though the said company maintains full control over them;
- b) The acquisition or transfer of essential operating assets when there is an actual modification of the corporate purpose;
- c) The transactions whose effect is equivalent to that of the company's liquidation.

See epigraph: B.6

Complies X Complies partially ☐ Explain ☐

4. The detailed proposals of the agreements to be adopted by the General Shareholders Meeting, including the information referred to in recommendation 27, should be published with the publication of the announcement of the call to the meeting.

Complies X Explain ☐

5. In the General Shareholders Meeting, the matters that are substantially independent must be voted separately so that shareholders can exercise their voting preferences separately. And the said rule should be applied, in particular:

- a) On the appointment or ratification of the members of the board, which should be voted individually;
- b) In the case of modifications to the articles of association, each article or group of articles that is substantially independent.

Complies X Complies partially ☐ Explain ☐

6. The companies should allow the division of the vote so that the financial brokers legitimated as shareholders but acting on behalf of different clients can issue their votes in accordance with the instructions given by the said clients.

Complies X Explain ☐

7. The board should carry out its functions on the basis of a unified purpose and independence, giving the same treatment to all the shareholders and following the company's interest, understood as maximising the company's economic value in a sustained manner.

It should also ensure that, in its relations with the stakeholders, the company observes legislation and regulations; fulfils its duties and contracts in good faith; observes the uses and good practices of the sectors and territories in which it operates; and observes the additional principles of corporate liability it has voluntarily accepted.

Complies X Complies partially ☐ Explain ☐

8. As the core of its mission, the board should adopt the company's strategy and the organisation required for its implementation, as well as supervising and controlling the management's fulfilment of targets and observance of the company's corporate interest and purpose. Accordingly, in its plenary session, the board reserves the power to adopt the following:

a) The company's general strategies and policies, in particular:

- (i) The strategic or business plan, as well as management targets and annual budgets;
- (ii) The investment and finance policy;
- (iii) The definition of the structure of the group of companies;
- (iv) The corporate governance policy;
- (v) The corporate responsibility policy;
- (vi) The salary policy and appraisal of senior management performance;
- (vii) The risk management and control policy, as well as the regular monitoring of internal information and control systems.
- (viii) The dividend policy, as well as the treasury stock policy and, in particular, its limits.

See epigraphs: C.1.14, C.1.16 and E.2

b) The following decisions:

- i. On the proposal of the company's chief executive, the appointment and removal of senior managers, as well as their severance clauses.
- ii. The salaries for the members of the board, as well as, in the case of executives, the additional payment for their executive functions and other conditions to be observed in their contracts.
- iii. The financial information which, due to its status as a listed company, it has to publish on a regular basis.
- iv. The investments or transactions of all kinds which, owing to their high amount or special characteristics, are of a strategic nature, unless their approval corresponds to the General Shareholders Meeting;
- v. The creation or acquisition of shares in entities with special purposes or domiciled in countries or territories that are considered as tax havens, as well as whatsoever other similar transaction or operation which, owing to its complexity, could undermine the group's transparency.

c) The transactions completed by the company with members of the board, important shareholders or shareholders represented on the board or with related individuals ("related transactions").

However, this authorisation by the board should not be considered necessary for the related transactions that meet the following three conditions:

- 1.^a They are carried out by virtue of contracts whose terms and conditions are standardised and applied generally to many clients;
- 2.^a They are carried out at prices or rates generally established by the person acting as the supplier of the good or service in question;
- 3.^a Their amount does not exceed 1% of the company's annual revenue.

It is recommended that the board should approve the related transactions after a favourable report has been issued by the Audit Committee or,

where applicable, any other party to which that function has been commissioned; and, besides not exercising or delegating their right to vote, the members of the board who are affected should leave the meeting room while the board deliberates and votes on the matter.

It is recommended that it should not be possible to delegate the powers attributed to the board here, except for those mentioned in paragraphs b) and c), which may be adopted in emergencies by the Delegate Commission and subsequently ratified by the board in its plenary session.

See epigraphs: D.1 and D.6

Complies X Complies partially ☐ Explain ☐

9. The board should have the necessary size for effective, participatory operation, which means that it should not have fewer than five or more than fifteen members.

See epigraph: C.1.2

Complies X Explain ☐

10. The external dominical and independent directors should represent a broad majority of the Board and the number of executive directors should be the required minimum, taking into account the complexity of the corporate group and the percentage of interest of the executive directors in the company's capital.

See epigraphs: A.3 and C.1.3

Complies X Complies partially ☐ Explain ☐

11. If there is an external director who cannot be considered as either a dominical or independent director, the company should explain the said circumstance and his association either with the company or its managers, as well as with its shareholders.

This criterion of strict proportionality could be reduced as the weight of the dominical directors is greater than that which would correspond to the total percentage of the share capital they represent

1. In companies with a high level of capitalisation, when the shares that are legally considered as significant are zero or low-level, but where shareholders exist, with blocks of shares of high absolute value

2. When it is a question of companies in which there is a plurality of shareholders represented on the Board who are not related between them.

See epigraphs: A.2, A.3 and C.1.3

Complies X Explain ☐

12. The number of independent directors should represent at least one third of the total number of directors.

See epigraph: C.1.3

Complies [X] ☐ Explain

13. The nature of each director must be explained by the Board before the General Shareholders Meeting that is to carry out or ratify his appointment, which should be confirmed or reviewed annually, as appropriate, in the annual report on corporate governance, with prior confirmation by the Appointments Committee. The said report should also explain the reasons why dominical directors have been appointed at the request of shareholders whose holding is less than 5% of the share capital; and reasons should be given for the rejection, where applicable, of formal requests for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose request dominical directors have been appointed.

See epigraphs: C.1.3 and C.1.8

Complies X Complies partially Explain ☐

14. When the number of female directors is zero or almost zero, the Appointments Committee should ensure that, when new vacancies arise:

- a. The selection process does not involve implicit bias that prevents the selection of female directors;
- b. The company should deliberately look for and include among potential candidates women that comply with the professional profile being sought.

See epigraphs: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies ☐ Complies partially X Explain ☐ Not applicable ☐

The criteria for the selection and appointment of Directors, as approved by Fluidra's Board of Directors stipulate that special attention should be paid to the diversity of gender in the choice of directors with the aim of complying with the equal opportunities provided for in the Equality Act.

Furthermore, the selection of Directors must be made in line with impartial objective criteria and the candidates put forward are judged on their personal and professional merits, as well as on their ability to discharge the duties of a director. Therefore, the selection process is not subject to any implicit bias that would stand in the way of the selection of female directors, as any women candidates who fit the job profile at any given time may be found amongst the potential candidates for the post of director.

15. As the person responsible for the effective operation of the Board, the Chairman should ensure that the directors receive sufficient information beforehand; stimulate debate and the active participation of the directors during the board's sessions, safeguarding his free standpoint and opinion; and organise and coordinate with the chairmen of the relevant commissions the regular assessment of the board, as well as that of the CEO or chief executive, where applicable.

See epigraphs: C.1.19 and C.1.41

Complies X Complies partially ☐ Explain ☐

16. When the Chairman of the Board is also the company's chief executive, one of the independent directors should be empowered to request the call to meeting of the Board or the inclusion of new matters on the agenda; coordinate and echo the concerns of the external directors; and direct the Board's assessment of its

Chairman.

See epigraph: C.1.22

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

17. The Secretary of the Board should make sure, in particular, that the board's actions:

- a. Comply with the content and spirit of legislation and the corresponding regulations, including those adopted by the regulating bodies;
- b. Comply with the company's articles of association and with the regulations of the General Shareholders Meeting, the Board and other company regulations;
- c. Take into account the recommendations on good governance laid down in the unified code accepted by the company.

And in order to safeguard the Secretary's independence, impartiality and professionalism, his appointment and removal must be reported by the Appointments Committee and approved by the Board in its plenary session; and the said appointment and dismissal procedure must be laid down in the Board regulations.

See epigraph: C.1.34

Complies X Complies partially ☐ Explain ☐

18. The board should meet as regularly as necessary to carry out its functions effectively, following the schedule of dates and business laid down at the beginning of the year, where each director may propose other business for the agenda not considered initially.

See epigraph: C.1.29

Complies X Complies partially ☐ Explain ☐

19. The non-attendance of the directors should be reduced to essential cases and quantified in the annual corporate governance report. And if representation is essential, it must be designated with instructions.

See epigraphs: C.1.28, C.1.29 and C.1.30

Complies X ☐ Complies partially ☐ Explain ☐

20. When the directors or the Secretary express concern for any proposal or, in the case of the directors, for the company's progress and the said concern is not resolved by the board, it should be recorded in the minutes of the meeting at the request of the person expressing the said concern.

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

21. In its plenary session, the board should assess the following once a year:

- a. The quality and efficiency of the board's operations;
- b. Based on the report issued by the Appointments Committee, the functions carried out by the Chairman of the Board and the company's chief executive;

c. The running of its Committees, based on the reports they issue.

See epigraphs: C.1.19 and C.1.20

Complies ☒ X Complies partially ☐ Explain ☐

22. All the directors should be able to exercise the right to compile any additional information they consider necessary on business that falls within the remit of the Board. And, unless the articles of association or the regulations of the board lay down otherwise, they should address their requirement to the chairman or secretary of the board.

See epigraph: C.1.41

Complies ☐ X Explain ☐

23. All the directors have the right to obtain the advice they need for the fulfilment of their functions from the company. The company should lay down the appropriate ways of exercising this right, which, under special circumstances, could include external advisory services on the company's account.

See epigraph: C.1.40

Complies ☐ X Explain ☐

24. The company should establish a guidance programme to provide new directors with rapid and sufficient knowledge of the company, as well as its rules on corporate governance. They should also offer directors programmes for updating their knowledge when circumstances so recommend.

Complies ☐ X Complies partially ☐ Explain ☐

25. The company should require the directors to devote the time and effort necessary for carrying out their function effectively and, consequently:

a) The directors should report to the Appointments Committee on their other professional duties in case they interfere with the required dedication;;

b) The companies should lay down rules on the number of boards on which their directors can sit.

See epigraphs: C.1.12, C.1.13 and C.1.17

Complies ☐ Complies partially ☒ X Explain ☐

No rules have been established on the number of boards on which the directors can sit.

26. The proposal for the appointment or re-election of directors raised by the Board to the General Shareholders Meeting, as well as their provisional appointment by co-optation, should be approved by the board:

a. At the proposal of the Appointments Committee, in the case of independent directors.

b. After a report issued by the Appointments Committee, in the case of the

other directors.

See epigraph: C.1.3

Complies X Complies partially ☐ Explain ☐

27. The companies should publish the following information about their directors on their website and keep the said information up-to-date:

- a) Professional and biographical profile
- b) Other boards on which they sit, whether the companies are listed or not;
- c) Indication of the category of director to which they belong, where applicable, indicating, in the case of the dominical directors, the shareholder they represent or with whom they are related.
- d) Date of their first appointment as a director of the company, as well as of the subsequent appointments; and
- e) The shares they own in the company and the stock options over the said shares.

Complies X Complies partially ☐ Explain ☐

28. The dominical directors should present their resignation when the shareholder they represent sells all his shares in the company. They should also present their resignation, in the corresponding number, when the said shareholder lowers his shares in the company to a level that requires a reduction in the number of his dominical directors.

See epigraph: A.2, A.3 and C.1.2

Complies X Complies partially ☐ Explain ☐

29. The Board of Directors should not propose the removal of any independent director before the fulfilment of the statutory term for which he has been appointed, except when there is just cause, understood as such by the Board after a report issued by the Appointments Committee. In particular, just cause shall be understood as applicable when the director is in breach of the duties inherent to his post or has entered into any of the circumstances laid down in epigraph 5 of section III on definitions in this code.

The removal of independent directors resulting from takeover bids, mergers or other similar corporate transactions that represent a change to the company's share capital structure could be proposed when the said changes to the structure of the board are brought about by the criterion of proportionality indicated in Recommendation 11.

See epigraphs: C.1.2, C.1.9, C.1.19 and C.1.27

Complies X Explain ☐

30. The companies should establish rules that oblige the directors to report and, where applicable, resign in cases that can damage the company's reputation and credit and, in particular, oblige them to inform the board of the criminal cases in which they appear as an accused party, as well as their subsequent procedural events.

If a director is tried or a sentence is issued against him for the commencement of a hearing for any of the crimes laid down in article 124 of the Spanish Public Limited

Companies Act, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide whether or not it is fitting for the director to continue in his post. And, the Board should give a reasoned account of all the events in the Annual Corporate Governance report.

See epigraphs: C.1.42 and C.1.43

Complies ☒ X Complies partially ☐ Explain ☐

31. All the directors should clearly express their opposition when they consider that any proposed decision submitted to the Board may be contrary to the company's interests. And this should apply especially to the independent directors and other directors not affected by the potential conflict of interest in the case of decisions that may damage the shareholders not represented on the Board.

When the Board adopts significant or reiterated decisions on which the director has formulated serious reservations, the said director should draw the corresponding conclusions and, if he decides to resign, explain the reasons in the letter referred to in the following recommendation.

The scope of this recommendation also includes the Secretary of the Board, even though he does not have the status of director.

Complies ☒ X Complies partially ☐ Explain ☐ Not applicable ☐

32. When either due to resignation or any other reason, a director abandons his post before the end of his mandate, he should explain the reasons in a letter sent to all the members of the Board. And, without prejudice to the said resignation being notified as a relevant event, the reason for the resignation should be accounted for in the Annual Corporate Governance report

See epigraph: C.1.9

Complies ☒ X Complies partially ☐ Explain ☐ Not applicable ☐

33. The payments made through shares in the company or companies in the group, stock options or instruments referenced to the value of the share, variable payments associated with the company's performance or company pension plans should be limited to the executive directors.

This recommendation will not cover the provision of shares when it is conditioned to the directors maintaining them until their resignation as a director.

Complies ☒ X Complies partially ☐ Explain ☐ Not applicable ☐

34. The salary payments of the external directors must be the amount necessary for compensating the devotion, qualification and responsibility required by the post; but not so high as to compromise their independence.

Complies ☐ X Complies partially ☐ Explain ☐

35. The salary payments related to the company's results should take into account the possible exceptions included in the external auditor's report, which may reduce the said results.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒ X

36. In the event of variable salary payments, the salary policies should incorporate the necessary technical precautionary measures to ensure that the said salary payments are related to the professional devotion of the beneficiaries and do not result simply from the general evolution of the markets or the company's activity sector or other similar circumstance.

Complies X Complies partially ☐ Explain ☐

37. When there is a Delegate or Executive Committee (hereinafter called "Delegate Committee"), the participation structure of the various categories of directors should be similar to that of the Board itself and its secretary should be the Secretary of the Board.

See epigraphs: C.2.1 and C.2.6

Complies X Complies partially ☐ Explain ☐ Not applicable ☐

38. The Board should always be aware of the matters dealt with and the decisions adopted by the Delegate Committee and all the members of the Board should receive a copy of the minutes of the meetings of the Delegate Committee.

Complies X Complies partially ☐ Explain ☐

39. The Board of Directors should create not only the Audit Committee as required by the Stock Exchange Act, but also one or two separate committees: the Appointments Committee and the Compensation Committee.

The rules governing the make-up and operation of the Audit Committee and the Appointments and Compensation Committee or Committees should be recorded in the regulations of the Board and include the following:

a) The board should appoint the members of these Committees, bearing in mind the know-how, skills and experience of the directors and the missions of each Committee; it should deliberate on its proposals and report; and it should report on its activities and respond for the work carried out during the first plenary session of the Board after its meetings.

b) The said Committees should be made up exclusively of a minimum of three external directors. The above is understood as without prejudice to the attendance of executive directors or senior managers when so agreed expressly by the members of the Committee.

Their Chairmen should be independent directors.

d) They should be able to seek external consultancy services when they consider it necessary for their functions.

e) Minutes should be recorded of their meetings and a copy of the said minutes should be sent to all the members of the Board

See epigraphs: C.2.1 and C.2.4

Complies X Complies partially ☐ Explain ☐

40. The supervision of compliance with the internal code of conduct and the rules of corporate governance should be the responsibility of the Audit Committee, the Appointments Committee or, if they exist separately, the Corporate Governance or Fulfilment Committees.

See epigraphs: C.2.3 and C.2.4

Complies X Explain ☐

41. The members of the Audit Committee and, in particular, its chairman should be appointed on the basis of their know-how and experience in bookkeeping, audits and risk management.

Complies X Explain ☐

42. The listed companies should have an internal audit function which, under the supervision of the Audit Committee, should monitor the correct functioning of the internal control and information systems.

See epigraph: C.2.3

Complies X Explain ☐

43. The person responsible for the internal audit function should present his annual work plan to the Audit Committee; he should inform it directly of the incidents occurring during its development; and, at the end of each year, submit an activities report.

Complies X Complies partially ☐ Explain ☐

44. The risk management and control policies should identify at least:

- a) The different types of risk (operative, technological, financial, legal, reputational, etc.) facing the company, where the financial or economic risks should include the contingent liabilities and other off-balance-sheet risks.
- b) The level of risk considered acceptable by the company;
- c) The measures laid down to reduce the impact of the risks that are identified should they occur;
- d) The internal control and information systems that will be used to control and process the said risks, including the contingent liabilities or off-balance-sheet risks.

See epigraph: E

Complies ☐ Complies partially X Explain ☐

The Company carried out a detailed update of its business risk identification and assessment control mechanisms based on its activity and the current climate, as well as the controls associated with these risks, with particular emphasis on those classified as high risk and/or that are subject to weak controls. Additionally, the recommendations and action plans from previous reviews related to the critical risks identified in the latest update of the risk map were analyzed in detail, as well as their status.

A schedule was agreed on with the Management for continuing work on the project during 2015. It is important for the Company to identify improvements to these measures and these controls in order to make the risk management practices

more effective and more efficient.

45. The Audit Committee should be responsible for the following:

1. In relation to the internal control and information systems:

- a) That the main risks identified as a result of monitoring the effectiveness of the company's internal control and internal auditing, if applicable, are properly managed and made known.
- b) Ensuring the independence and effectiveness of the function of the internal audit; proposing the selection, appointment, re-election and dismissal of the person responsible for the internal audit service; proposing the budget of the service; receiving regular information on its activities; and ensuring that senior management takes into account the conclusions and recommendations put forward in its report.
- c) Setting up and supervising a mechanism that enables employees to communicate any significant irregularities, especially those related to finance and bookkeeping, and to do so in a confidential manner.

2. In relation to the external auditor:

- a) Regularly receiving information from the external auditor on the audit plan and the results of its implementation and ensuring that senior management takes into account the corresponding recommendations.
- b) Ensuring the independence of the external auditor and, to this end:
 - i) That the company notifies the Spanish Stock Exchange Commission (CNMV) of any change of auditor as a relevant event, whilst declaring any disagreements with the outgoing auditor and their content.
 - ii) That, in the case of resignation of the external auditor, it examines the circumstances that caused this.

See epigraph: C.1.36, C.2.3, C.2.4 and E.2

Complies X Complies partially ☐ Explain ☐

46. The Audit Committee should be able to call any of the company's employee or manager and also have them appear without the presence of any other manager.

Complies X Complies partially ☐ Explain ☐

47. The Audit Committee should report to the Board before the Board adopts the corresponding decisions on the following matters indicated in Recommendation 8:

- a) The financial information which, due to its status as a listed company, must be published by the company on a regular basis. The committee should ensure that the interim accounts are prepared under the same bookkeeping criteria as the annual accounts and, accordingly, consider the appropriateness of a limited review by the external auditor.
- b) The creation or acquisition of shares in entities with special purposes or domiciled in countries or territories that are considered as tax havens, as well as whatsoever other similar transaction or operation which, owing to its complexity, could undermine the group's transparency.
- c) The related transactions, unless the preliminary report function has been attributed to another control and supervision Committee.

See epigraphs: C.2.3 and C.2.4

Complies X Complies partially ☐ Explain ☐

48. The Board of Directors should seek to present the accounts to the General Shareholders Meeting without any reservations or qualifications in the audit report and, in whatsoever exceptional case, both the Chairman of the Audit Committee and the auditors should clearly explain to the shareholders the content and scope of the said reservations or qualifications.

See epigraph: C.1.38

Complies X ☐ Complies partially ☐ Explain ☐

49. Most of the members of the Appointments Committee (or the Appointments and Compensation Committee, if there is only one Committee) should be independent directors.

See epigraph: C.2.1

Complies ☐ Explain X ☐ Not applicable ☐

Following the resignation of the director Kam Son Leong on 29 October 2014 and the appointment of Juan Ignacio Acha-Orbea and Óscar Serra Duffo 30 October 2014 and 3 December 2014, respectively, as members of the Appointments and Compensation Committee, it is now made up of four (4) members, two (2) of whom are independent directors and two (2) of whom are dominical directors. Therefore, on 31 December 2014, no one category of director holds a majority on the Appointments and Compensation Committee.

50. Besides the functions indicated in the above recommendations, the following responsibilities should correspond to the Appointments Committee:

- a) Assessing the skills, know-how and experience required of the Board and, consequently, defining the functions and skills required of the candidates to cover each vacancy; and assessing the time and devotion necessary for them to carry out their task correctly.
- b) Examining or organising, as considered appropriate, the succession of the Chairman and the chief executive and, where applicable, making proposals to the Board so that the said succession occurs in an orderly and well-planned manner.
- c) Reporting the appointments and resignations of senior executives as proposed to the Board by the chief executive.
- d) Reporting to the Board on matters of gender diversity as per Recommendation 14 of this code.

See epigraph: C.2.4

Complies X ☐ Complies partially ☐ Explain ☐ Not applicable ☐

51. The Appointments Committee should consult the company's Chairman and chief executive, especially with regard to business concerning the executive directors. And any director should be able to ask the Appointments Committee to consider potential candidates for the vacancy of director if they consider them to be ideal.

- Complies ☒ X Complies partially ☐ Explain ☐ Not applicable ☐
52. Besides the functions indicated in the above recommendations, the following responsibilities should correspond to the Compensation Committee:
- a) Proposing to the Board of Directors:
 - i. The salary policy for directors and senior managers;
 - ii. The individual salaries of the executive directors and the other terms and conditions of their contracts.
 - iii. The basic terms and conditions of the senior managers' contracts.
 - b) Ensuring the observance of the salary policy laid down by the company.
See epigraphs: C.2.4
- Complies ☒ X Complies partially ☐ Explain ☐ Not applicable ☐
53. The Compensation Committee should consult the company's Chairman and chief executive, especially with regard to business concerning the executive directors.
- Complies ☐ X Complies partially ☐ Explain ☐

☒ H OTHER INFORMATION OF INTEREST

1. If there is any other relevant aspect of corporate governance in the company or the group's companies that has not been included in the other sections of this report, but that needs to be included in order to provide more complete and reasoned information on the structure and the governance practices of the company or its group, briefly explain this.
2. Within this section, you may include any other information, clarifications or nuances related to the above sections of the report, to the extent that they are relevant and not reiterative.

Specifically, state whether the company is subject to non-Spanish legislation with regard to corporate governance and, if so, state what information it is obliged to provide that is different from that required in this report.

3. The company may also indicate whether it has voluntarily adhered to any other ethical principles or codes of best practices established by international, sectoral or other authorities. If applicable, state the code in question and the date of adhesion.

*C.1.35.

To ensure the Independence of the auditor:

Article 46 of the Articles of Association establish that the Audit Committee must:

- Propose the appointment of the external accounts auditors or audit firms to the Board of Directors for submission to the General Meeting of Shareholders, as provided in article 264 of the Capital Companies Act, as well as their conditions of hiring, the scope of their professional mandate and, as appropriate, their revocation or renewal.
- Liaise with the auditors or audit firms in order to receive information on any issues that could jeopardize the auditors' independence and any other issues

relating to the Account Auditing process, as well any other disclosures envisaged in Account Auditing legislation and technical standards for auditing.

- Liaise with the auditors or audit firms in order to receive information regarding any issues that could jeopardize the auditors' independence, for their examination by the Committee, and any other issues relating to the Account Auditing process, as well any other disclosures envisaged in the Account Auditing legislation and the technical standards for auditing. In any case, each year the auditors or audit firms must send the Committee written confirmation of their independence from any company or companies directly or indirectly related to the Company, as well as the details of any additional services provided to these companies by these auditors or audit firms, or persons or companies related to them in accordance with the provisions of Law 19/1988 dated 12th July regarding Account Auditing.

- Issue annually, prior to the issuance of the audit report, a report expressing an opinion about the independence of the auditors or audit firms. In any case, this report must address the provision of the additional services referred to in the previous section.

Article 54 establishes that auditors will be appointed by the General Meeting of Shareholders before the end of the period to be audited, for a specific period of time that may not be less than three years or exceed nine, without prejudice to the rules governing account auditing with regard to the possibility of extension.

The Meeting may appoint one or several individuals or corporations to act jointly.

When those appointed are individuals, the Board must appoint as many deputies as Auditors.

The General Meeting of Shareholders may not revoke the auditors before the end of the period for which they were appointed, unless there is a fair reason.

Moreover, the Regulations of the Board of Directors of the Company, and more specifically Article 13, establishes that the Audit Committee:

- Must regularly receive information from the external auditor or auditing company on the audit plan and the results of execution and verify that senior management takes its recommendations into account;

- Must ensure the Independence of the accounts auditor or the auditing Company and, to such purpose, (i) the Company must report any change of auditor to the Spanish Securities Commission (CNMV) as a relevant fact, accompanied by a declaration on the eventual existence of disagreements with the outgoing auditor and their subject matter, if any; (ii) it must ensure that the Company and auditor abide by the regulations in force on the provision of services other than auditing and, in general, the other regulations established to ensure the independence of auditors; and (iii) in the event of an external auditor resigning, the circumstances giving rise to this must be examined.

- In the case of groups, it must encourage the auditor of the group to assume responsibility for the auditing of the companies that belong to it.

Each year, the auditors or audit firms must send the Audit Committee written confirmation of their independence from any company or companies directly or indirectly related to the Company, as well as the details of any additional services provided to these companies by these auditors or audit firms, or persons or companies related to them in accordance with the provisions of Law 19/1988 dated 12th July regarding Account Auditing.

Furthermore, the Audit Committee must issue annually, prior to the issuance

of the account audit report, a report expressing an opinion about the independence of the auditors or audit firms. This report must address the provision of the additional services referred to in the previous section.

In order to preserve the independence of financial analysts, investment banks and rating agencies:

The Company maintains a relationship with financial analysts and investment banks which ensures the transparency, non-discrimination, accuracy and reliability of the information provided. It is the Corporate Finance Department, through the Investor Relations Department, that coordinates dealings with and manages requests for information from private or institutional investors. The mandates given to Investment Banks are granted to them by the General Management of Corporate Finance. The Analysis and Planning Department grants the appropriate advisory mandates to investment banks within its area of activity in conjunction with the Corporate Finance Department.

The Company does not have a credit rating and therefore it has no relationship with rating agencies.

The independence of financial analysts is protected through the existence of the Investor Relations Department, which is specifically dedicated to dealing with investors in order to ensure their objective, fair and non-discriminatory treatment.

In order to guarantee the principles of transparency and non-discrimination and in accordance with the regulations related to the Securities Market, the Company has several channels of communication:

- . Personalised service for analysts and investors
 - . Publication of information related to quarterly results, relevant facts and other disclosures. Publication of press releases.
 - Email on the website (investor_relations@fluidra.com, accionistas@fluidra.com).

Information for shareholders telephone line (+34 937243900).

List of presentations that can be attended personally or that are transmitted by phone. Visits to the Company's facilities

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

*C.2.4.

Committee Name
APPOINTMENTS AND COMPENSATION COMMITTEE

Brief description

The Appointments and Compensation Committee must be made up of at least three external directors, the majority of whom must be independent. They must be appointed by the Board of Directors, notwithstanding the attendance at meetings by executive directors and senior managers, should the members of the Committee expressly invite them to do so.

The members of the Appointments and Compensation Committee are appointed on the basis of their expertise, skills and experience, as well as on their ability to properly discharge the

Committee's duties. Any director may put forward potential candidates to the Committee to cover vacancies on the Board should they consider that such candidates are suited to the post. The Chairman of the Appointments and Compensation Committee must be an independent director, chosen from amongst the aforementioned external directors. The Secretary of the Committee will be the person appointed to act as such by its members.

Notwithstanding any other functions delegated to it by the Board of Directors, the Appointments and Compensation Committee has the following basic responsibilities (regulated by article 14.3 of the Regulations of the Board of Directors):

- Formulate 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.
- Evaluate the competence, knowledge and experience necessary on the Board, define, as a result, the duties and aptitudes necessary in the candidates to cover each vacancy, and evaluate the time and dedication needed in order for them to carry out their duties properly.
- Inform of and raise before the Board of Directors the appointments and removals of senior executives and managers that the chief executive proposes, in order for the Board to appoint them.
- Inform the Board on matters of gender diversification and qualifications of directors.
- It will propose to the Board of Directors: (i) the remuneration policy for the directors and senior executives; (ii) the individual remuneration of the senior executives and any other conditions of their employment contracts; (iii) the recruitment policies and basic conditions of the Company's senior executives' employment contracts.
- Examine or organise, so that it is suitably understood, the succession of the Chairman and of the chief executive and, where applicable, make proposals to the Board so that such succession takes place in an orderly, well-planned manner.
- Ensure the observance of the remuneration policy established by the Company and the transparency of remunerations.

The Committee must inform of its activity and be answerable for the work carried out before the first plenary session of the Board of Directors subsequent to its meetings. Furthermore, the Committee must record Minutes of its meetings, of which it will send copies to all members of the Board.

The Committee must consult the Chairman and chief executive of the Company, especially when dealing with matters relating to executive directors and senior executives.

The Board of Directors must discuss the proposals and reports presented to it by the Committee.

Committee Name

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

Without prejudice to the delegation of powers in favour of one or more delegate directors and powers of attorney that may be granted to any individual, the Board of Directors may appoint a Delegate Committee that will be made up of five directors. In as far as is possible, the Delegate Committee shall reflect the make-up of the Board in terms of the quality and balance between executive, dominical directors and independent directors.

Committee Name

AUDIT COMMITTEE

Brief description

An Audit Committee has been set up within the Board of Directors, made up of five non-executive directors appointed by the Board of Directors. Notwithstanding any other duties it may be assigned by the Board of Directors from time to time, the Audit Committee will exercise the following basic duties:

- Inform in the General Shareholders' Meeting of matters raised therein by the shareholders in matters that fall within the scope of its responsibility.
- Propose to the Board of Directors the appointment of the external accounts auditors or audit firms referred to in article 264 of the Spanish Capital Companies Act, as well as the conditions for contracting them, the scope of their professional mandate and, where applicable, their revocation or non-renewal.
- Supervise the efficiency of the company's internal controls and, in particular, the internal control of financial information, internal audits, if applicable, and risk management systems, as well as discussing any significant weaknesses in the internal control detected after an audit has been conducted with the account auditors or auditing firms.
- Supervise the process of preparing and filing regulated financial information.
- Review the accounts of the Company, ensure the fulfilment of the legal requirements and the correct application of the generally accepted accounting principles, with the direct collaboration of the external and internal auditors to do so.
- Liaise with and supervise the auditors or auditing companies in order to receive information regarding any issues that could jeopardize the auditors' independence, for their examination by the Committee, and any other issues relating to the accounts auditing process, as well as any other disclosures envisaged in the accounts auditing legislation and the technical standards for auditing.
- Supervise compliance with the auditing agreement, ensuring that the opinion regarding the annual accounts and the main contents of the auditing report are drawn up clearly and precisely, and evaluate the results of each audit.
- Examine the fulfilment of the Internal Code of Conduct, of these Regulations and, in general, of the rules of management of the Company, and make the proposals necessary for their improvement.
- Receive information and, where applicable, issue reports on the disciplinary measures that it intends to impose on members of the senior executive team of the Company.

Furthermore, the following corresponds to the Audit Committee:

- In relation to the information and internal control systems:
 - a) Supervise the preparation process and integral nature of the financial information regarding the Company and, where applicable, the group, review the fulfilment of statutory requirements, the appropriate delimitation of the scope of consolidation of the accounts and the correct application of the accounting criteria.
 - b) Review periodically the internal control and risk management systems, so that the main risks are identified, handled and recognised suitably.
 - c) Ensure the independence and efficacy of the internal auditing function; propose the selection, appointment, re-election and removal of the head of the internal auditing service; propose the budget of the service; receive periodical information on its activities; and verify that the senior executive team takes into account the conclusions and recommendations of its reports.
 - d) Establish and supervise a mechanism that enables the employees to communicate confidentially and, if deemed appropriate, anonymously, any irregularities of potential transcendence, especially financial and accounts information, which they might notice within the Company.

- In relation to the external auditor or auditing company:
 - a) Raise before the Board the proposals of the selection, appointment, re-election and replacement of the external auditor, as well as the conditions of the external auditor's contract.
 - b) Receive regularly from the external auditor information regarding the auditing plan and the results of the execution thereof, and verify that the senior executive team takes into account its recommendations.
 - c) Ensure the independence of the external auditor and, to such end: (i) that the Company informs as a relevant event to the CNMV any change in auditor and accompanies this with a statement regarding the possible existence of disagreements with the outgoing auditor and, should these have existed, of their content; (ii) that it ensures that the Company and the auditor respect prevailing norms on the provision of services other than those on auditing and, in general, all other established norms in order to ensure the independence of the auditors; and (iii) that in the event of the resignation of the external auditor, that it examines the circumstances giving rise thereto.

Each year, the auditors or audit firms must send the Audit Committee written confirmation of their independence from any company or companies directly or indirectly related to the Company, as well as the details of any additional services provided to these companies by these auditors or audit firms, or persons or companies related to them in accordance with the provisions of Law 19/1988 dated 12th July regarding Account Auditing.

Furthermore, the Audit Committee must issue annually, prior to the issue of the account audit report, a report expressing an opinion about the independence of the auditors or the audit firms. In any event, this report must address the provision of the additional services referred to in the previous section.

- d) In the case of groups, encourage the auditor of the Group to assume responsibility for the auditing of the companies comprising it.
- In relation to policy and risk management:
 - a) Identify the various different types of risk (operational, technological, financial, legal, reputation-related) which the Company faces, including the financial or economic, contingent liabilities and other risks beyond the balance sheet.
 - b) Establish the level of risk the Company considers acceptable.
 - c) Identify the measures envisaged in order to mitigate the impact of the risks identified, should they materialise.
 - d) Identify the information and internal control systems to be used to control and manage said risks, including contingent liabilities and other risks beyond the balance sheet.
 - In relation to the obligations inherent to listed companies:

Inform the Board of Directors, prior to the latter adopting the corresponding decisions regarding:

- a) The financial information which, due to it being listed, the Company must make public periodically. The Audit Committee must ensure the interim accounts are prepared using the same accounting criteria as the annual accounts and, to such end, consider the appropriateness of a limited review of the external auditor or auditing company.
- b) The creation or acquisition of participations in special purpose entities or those domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, might be detrimental to the transparency of the Group.
- c) Any related operations, unless this duty of prior reporting has been attributed to another Committee for supervision and control.
 - d) Any operations that involve or may involve conflicts of interest.

*D.6.

In accordance with the Regulations of the Board of Directors, directors must report the existence of any conflicts of interest to the Board of Directors and refrain from attending and participating in deliberations on matters in which they have a personal interest.

It is also considered that a personal interest exists when a matter concerns any of the following persons: the spouse or anyone with a similar personal relationship; parents, children and siblings and their respective spouses or people with a similar personal relationship; parents, children and siblings of the spouse or of the person with a similar personal relationship; and persons and companies or entities with which agreements have been entered into over which any of the aforementioned persons may hold a significant influence. In the case of directors that are legal entities, the following shall be considered to be related persons: shareholders that are, with regard to the legal entity, in any of the situations referred to in Article 4 of Law 24/1988 dated 28th July, of the Securities Market, the *de facto* or *de jure* directors, liquidators or representatives with general powers of attorney of the legal entity, the companies belonging to the same group, as defined in Article 4 of Law 24/1988, dated 28 July, of the Securities Market and their shareholders. The Directors may not use the company name or their status as a director when carrying out transactions on their own behalf or, on behalf of related persons.

Directors may not directly or indirectly engage in professional or business transactions with the Company unless they have previously reported the conflict of interest and the Board approves the transaction.

In the case of transactions that are part of the ordinary course of business and that are of a habitual or recurring nature, a general authorisation of the Board of Directors is sufficient.

The directors must report any direct or indirect stake that they or persons related to them have in the capital of a company that carries out the same, a similar or a complementary activity to that which constitutes the corporate object.

Furthermore, the directors may not carry out, on their own account or on behalf of others, similar or complementary activities to those which constitute the corporate object, nor hold the office of director or manager in companies that are competitors of the Company, with the exception of any posts they may hold in group companies, unless expressly authorised by the General Meeting, without prejudice to the provisions of the Capital Companies Act.

Any situations of conflict of interest related to the directors must be reported in the Annual Report.

Furthermore, article 2 of the Stock Market's Internal Rules of Conduct includes within its subjective area of application (i) the directors, (ii) the secretary, (iii) the vice-secretary of the Company's Board of Directors, (iv) the Legal Counsel, (v) the senior managers, and the managers and employees of both the Company and the companies in which a stake is held who carry out their work in areas related to the stock market or who habitually have access to Insider Information that is directly or indirectly related to the Company and the companies in which it holds a stake, (vi) those indicated, (vii) the staff involved in the stock market services of the companies in the Fluidra Group and (viii) the persons specifically designated by the Head of the Legal Department at the request of the Regulatory Compliance body.

In accordance with the Internal Rules of Conduct, Article 10 states the following with regard to conflicts of interest:

Persons subject to conflicts of interest must observe the following general principles: Independence. Persons Affected by a conflict of interest must act at all times with independent judgment and be loyal to the Company and its shareholders, regardless any personal or other interests. Therefore, they must refrain from looking after their own interests at the expense of

those of the Company.

Abstention. They must abstain from participating in or influencing the taking of decisions that may affect the persons or entities with which there is a conflict of interest and accessing Confidential Information related to this conflict of interest.

Disclosure. The Persons Affected must inform the Company's Legal Counsel of any possible conflicts of interest in which they are involved.

A conflict of interest shall be considered to exist when the interests of the Company or any of the companies in its group directly or indirectly conflict with the personal interests of the Person Affected. The Persons Affected shall be considered to have a personal interest when the matter affects them or persons connected to them.

Lastly, in accordance with the provisions of article 35 of the Regulations of the Board of Directors, any transaction conducted by the Company with the Directors and shareholders that have a significant stake or that are represented in the Board, or with persons related to them, shall require the authorisation of the Board of Directors, as well as a favourable report issued beforehand by the Audit Committee. However, the Board's authorisation shall not be considered necessary for related-party transactions that simultaneously meet the following three conditions: (i) that they are carried out by virtue of contracts whose conditions are standardised and are generally applied to many clients; (ii) that they are carried out at generally established prices or rates by the supplier of the goods or services in question; and (iii) that the amount does not exceed 1% of the Company's annual income.

The Directors affected by one of these transactions may not exercise or delegate their voting rights and must leave the meeting of the Board of Directors during the deliberation, and they shall be deducted from the number of members of the Board of Directors for the purposes of the calculation of quorums and majorities with regard to the matter concerned.

Before authorising transactions of this nature being conducted by the Company, the Audit Committee and the Board of Directors shall evaluate the operation from the point of view of equal treatment of the shareholders and market conditions.

This Annual Corporate Governance Report has been approved by the Board of Directors of the Company, during its meeting held on 26/03/15.

Indicate whether there were any directors that voted against or abstained in relation to the approval of this report.

Yes ☐ No X ☐