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

INTERNAL CODE OF CONDUCT OF FLUIDRA, S.A.
1. INTRODUCTION

This document will provide the annual report on the activities of the Fluidra Group’s Audit Committee in 2018. It was prepared in accordance with the company’s articles of association and approved by the Audit Committee, before being submitted to the company’s Board of Directors, which approved it on 26 March 2019.

The committee’s activities this year were highlighted by the merger project with the Zodiac Group, which began with the signing of the merger agreement on 3 November 2017 and was completed on 2 July 2018 when the merger was registered in the mercantile register. The changes from the merger included changes to both the Board of Directors and the Audit Committee due to the need to add the representation of the ownership of the Zodiac Group, in the spirit of boosting the brand and strengthening the value that Fluidra represents for our shareholders.

In relation to these changes, I would like to emphasise the addition of José Manuel Vargas and Jordi Constans to the Audit Committee, both of whom have extensive business experience.

Moreover, this year also included work on the main commitments that were defined for 2018.

On one hand, the company ensured compliance with the requirements laid down by the CNMV’s oversight bodies, and it created and issued new policies and procedures, whilst updating existing ones, all based on the recommendations and observations of the Internal Audit Department. The external auditor also issued a favourable report on the information on the internal financial information control system (SCI-IF) for 2018.

Lastly, the Compliance Coordinator Committee and others focused their efforts this year on the sanctioned countries policy, defining minimum standards for protecting the Fluidra Group, its staff and its shareholders from exposure to the risk of sanctions, and on application of the General Data Protection Regulation, which became mandatory on 25 May this year.

For 2019 the primary objective will be, on one hand, to continue supervising the correct integration of the new group, with a special emphasis on generating synergies, and on the other hand, to continue to improve internal controls by developing policies and strengthening procedures, whilst also continuing to develop all of the purviews of the Compliance Division, all whilst ensuring the quality of the financial information that is published.

Juan Ignacio Acha-Orbea
Chairman of the Audit Committee
2. THE AUDIT COMMITTEE

The Audit Committee is regulated in article 13 of the Regulations of the Board of Directors and in article 14 of the Internal Code of Conduct, the full text of which is attached as Appendix I.

MEMBERS OF THE AUDIT COMMITTEE AND MEETINGS IN 2018

On 31 December 2018, the Audit Committee was made up of the following directors appointed by the Board of Directors:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date first appointed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Juan Ignacio Acha-Orbea (independiente)</td>
<td>Chairman</td>
<td>17/09/2007</td>
</tr>
<tr>
<td>Gabriel López (independiente)</td>
<td>Secretary</td>
<td>30/10/2014</td>
</tr>
<tr>
<td>Bernat Corbera (externo dominical)</td>
<td>Member</td>
<td>03/12/2014</td>
</tr>
<tr>
<td>José Manuel Vargas (externo dominical)</td>
<td>Member</td>
<td>02/07/2018</td>
</tr>
<tr>
<td>Jorge Constans (independiente)</td>
<td>Member</td>
<td>02/07/2018</td>
</tr>
</tbody>
</table>

Pursuant to article 13 of the Regulations of the Board of Directors, the members of the committee were appointed in view of their expertise, skills and experience in the fields of accounting, auditing and risk management, and in the other areas under the committee’s purview.

In November of 2018, as specified under article 529 of the Spanish Corporate Enterprises Act [Ley de Sociedades de Capital] Juan Ignacio Acha-Orbea replaced Gabriel López, who had chaired the committee for four years, and who has now been appointed as its secretary.

The committee meets regularly each quarter as stipulated under the Regulations of the Board of Directors, although it may also meet whenever requested by any of its members and whenever called by the chair. 6 meetings were held in 2018.

DUTIES AND FUNCTIONING OF THE COMMITTEE

The Audit Committee’s duties are regulated in the Regulations of the Board of Directors and in the Internal Code of Conduct. These duties are:

- Reporting to the General Shareholders Meeting on any issues that are raised that are within its scope;
- Proposing external auditors to the board of directors (and the conditions for hiring them, the scope of their professional mission and their removal or renewal);
- Supervising the internal auditing systems;
- Supervising the process of preparing and filing mandatory financial information;
• Reviewing the company’s financial statements, monitoring regulatory compliance and ensuring correct application of the generally accepted accounting principles;

• Conducting and supervising relations with the external auditors;

• Supervising compliance with the auditing contract (report and results);

• Supervising related-party transactions to make sure they comply with regulations.

• Assessing compliance with the Internal Code of Conduct, and in general with the company’s governance rules;

• Receiving information and issuing applicable reports on any disciplinary measures intended for enforcement against the company’s managers;

• In relation to internal control and information systems, the Audit Committee is responsible for:
  ◦ Supervising the preparation and the completeness of financial information (regulatory compliance, consolidation perimeter and correct application of accounting criteria);
  ◦ Periodically reviewing the internal control and risk management systems;
  ◦ Ensuring the independence and effectiveness of the Internal Audit Department; and
  ◦ Creating and supervising a mechanism that allows employees to communicate irregularities confidentially.

• In relation to the external auditor, the committee has the following functions:
  ◦ Sending the Board of Directors proposals for selecting, appointing, re-electing and replacing the auditor;
  ◦ Regularly receiving information from the external auditor on the audit plan and the results from its implementation;
  ◦ Ensuring the independence of the external auditor; and
  ◦ Helping the Group’s auditor assume responsibility for all of the companies that will be audited;

• In relation to the risk policy and risk management, the committee is responsible for:
  ◦ Identifying the various types of risks (operational, technological, financial, legal and reputational), including contingent liabilities and other off-balance sheet risks;
  ◦ Identifying the risk level that is considered to be acceptable;
  ◦ Identifying the measures envisaged for mitigating the impact of risks if they should come to fruition; and
  ◦ Identifying the internal control and information systems for controlling and managing these risks, including contingent liabilities and off-balance sheet risks;

• In relation to the obligations of listed companies, the committee must first report to the board before it makes the corresponding decisions on:
  ◦ The financial information that should be made public;
  ◦ The creation or acquisition of shares in special purpose vehicles or companies that are domiciled in tax havens, or on transactions that might diminish the Group’s transparency;
  ◦ Related-party transactions; and
  ◦ Transactions that would or might entail a conflict of interest.

All of this will be in addition to any other duties that the Board of Directors may assign to it.

The rules in the board regulations also stipulate that minutes must be kept of audit committee meetings that must be made available to all board members.

The committee has the power to request advice from external experts whenever it deems necessary for properly performing its functions.

The Regulations of the Board of Directors allow the committee to ask any Fluidra Group employee to attend its meetings, including managers and the auditor.

As the following activities report shows, the committee remains in constant, fluid contact with the auditor, the regulator compliance director and the Group’s managers, with the Internal Audit Director attending its meetings on a regular basis.
PROFILES OF THE MEMBERS OF THE AUDIT COMMITTEE

Juan Ignacio Acha-Orbea

He was born in San Sebastián on 01 July 1956. He received his licentiate in economics from the Universidad Complutense de Madrid and a master’s in business management from IESE Business School.

He was director of Chemical Bank in Madrid and New York from 1982 to 1986.

From 1986 to 1989, he worked as the Director of Variable Income and Investment Funds at Bankinter bank.

He then became the General Manager and Chairman of BBVA Bolsa, S.V. from 1989 to 2003.

From 2003 to 2006 he served as an independent director on the board of the listed company TPI Páginas Amarillas.

He has served on the Board of Directors of AENA since 2012.

In 2003 he was also made chairman of the company Equity Contraste Uno, a position he still holds.

Gabriel López Escobar

Born in Madrid in 1956, Gabriel holds a licentiate in business, a master’s in economics and a post-graduate degree in economics and European studies from Nancy-Université in France. He is registered in the Official Accountants Charter (ROAC) and the roster of the PCAOB (USA).

He joined PwC in 1984 and was a partner in the company until 2014. He has extensive experience in all types of auditing, financial advisory and financial research services. He has been in charge of auditing major Spanish companies and the subsidiaries of international groups, providing services to companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, and Volkswagen/Seat.

During his last years in PwC he was chairman of PwC España’s Executive Committee.

In 2015, he was the counselor to the Family Board of Grupo Empresarial Fuertes, S.L., and he has served as an adviser to the Audit Committee of Corporación Químico-Farmaquímico Esteve, S.A. since May 2018.

He joined Fluidra’s board in October 2014, serving as the chair of its Audit Committee until September 2018, and he has been a Lead Director of Fluidra since 2016.

Bernat Corbera

Born in Barcelona in 1965, Mr Corbera holds a licentiate in business from the ESEI and a degree in senior corporate management (PADE) from the IESE.

He began his career by working as an export manager at Astral Export, S.A. in 1989, where he was in charge of expansion in the Middle East and Africa. In 1993 he was made general director of Astral Products, Inc., where his main mission was to get the company into the North American market.

In 1997 he took over management of Polbank, Inc., before returning to Astral Grup, S.A. in 1999 as its North America Director and a member of its Executive Committee.

He currently no longer works for the Fluidra Group, instead focusing his professional efforts on managing various companies. Bernat Corbera Serra is the CEO of the Board of Directors of Edrem, S.L.

José Manuel Vargas

José Manuel Vargas has been a senior consultant at Rhône since 2006 and he became a partner in November 2017. He was previously chairman and CEO of Aena SME, SA, where he led the restructuring process and the partial privatisation of the company and its IPO in 2015. He was also Chief Executive Officer, Chief Financial Officer in Vocento and Director on the Board of ABC. Before working in the communications sector, he was the CFO and general secretary of JOTSA (in the Philipp Holzmann Group).

Mr Vargas has served on several boards, such as those of the COPE network, Net. TV and Diario El Correo. In 2015 he was awarded the Executive of the Year Award by the Spanish Executives Association (AED) and he was recognised as Person of the Year in the economic and financial field by the Spanish newspaper El Economista.

Mr Vargas graduated from the Universidad Complutense de Madrid and holds a licentiate in law from the UNED. He is also a chartered accountant.

Jorge Constans

Jorge Constans received his licentiate in economics from the Universidad de Barcelona, and degrees from the IESE’s general management programme (PDG) and the ESADE’s business administration programme (ADE).

Over his 22-year long career at Danone he held various positions in sales, marketing, and general management in Spain, and he was later the chairman and general manager of Danone France. Constans was then put in charge of the Eurozone, with the USA added later. In his last two years at the company, he was head of the Dairy Division, with €12 billion in turnover and a presence in over 50 countries.

At Louis Vuitton he held the position of chairman and CEO. He currently serves on the boards of THOM Europe (a leading French jeweller), Royal Van Lent (a Dutch shipbuilder in the LVMH Group), Exea, GB Foods, Puig and Fluidra (listed company).
3. 2018 Activities

The company’s Audit Committee met six times in 2018 to discuss various matters related to its basic responsibilities, in accordance with the company’s articles of association, the Regulations of the Board of Directors and the Internal Code of Conduct. In this regard, frequent meetings were held whenever necessary with the Internal Audit Director, the Finance Department, the CEO, the Regulatory Compliance Director, and the external auditors, to obtain information and provide the necessary explanations on the issues raised in the committee.

The most relevant activities that the Audit Committee reviewed, reported on favourably and sent to the Board of Directors for approval and a favourable report were:

- The quarterly, semi-annual and annual reports that must be submitted to the CNMV;
- The significant related-party transactions that occurred in the year;
- An assessment of the financial reporting internal control systems;
- The results from the ethics channel;
- The conclusions from the updates to the risks map.

This section will provide a summary of the Audit Committee’s activities in 2018, discussing them by grouping the activities together based on the committee’s basic functions. What follows is a summary of the main activities that were performed:

**Financial Reporting**

The committee dedicated special attention to reviewing and disseminating the Fluidra Group’s annual, semi-annual and quarterly financial statements before they were reviewed by the Board of Directors, together with the other information that was provided to the markets and the oversight bodies during the year.

Senior managers from the Group attended all of the committee’s 2018 meetings, and this allowed the committee to have sufficient advance notice of the process of preparing and consolidating the individual and consolidated quarterly, semi-annual and annual financial statements, and to make sure they comply with regulations and the applicable accounting principles, thus ensuring that the statements properly reflect the Group’s equity status and changes, its financial position, and its results from the period.

In its meetings of 24 April, 26 July and 8 November 2018, the Audit Committee issued a favourable report on the financial statements from 31 March, 30 June and 30 September respectively, before sending them to the board for approval and communicating them to the oversight bodies.

After conducting the corresponding review, the committee issued a favourable report on the 2018 annual financial statements and management report in its meeting of 26 March 2019 and that were sent to the board for preparation, and they will be submitted to the 2019 General Shareholders Meeting scheduled for 8 May.

**Auditor**

EY was the Fluidra Group’s auditor for the 2018 financial year. Under its corporate policy, the Group works to have the same auditor for its various subsidiaries, so long as there are no specific reasons for doing otherwise, in order to ensure proper coordination and to obtain a more effective and efficient auditing process.

The external auditors appeared before the Audit Committee six times in 2018. The following activities were performed:

- Planning of the work for 2018;
- Report on the main conclusions of the limited audit of the 2018 interim financial statement for the six-month period ended 30 June, where no significant issues worth raising were identified, and with a favourable report on the interim financial statement;
- Discussing the main internal control recommendations that the company should especially continue to monitor and control;
- Indicating the progress on the internal procedures prepared until December on auditing the 2018 consolidated annual financial statements, and assessing the internal controls on the interim phase and tracking of recommendations.
- Reporting on the main conclusions of its review of the 2018 annual close, without identifying any issues worth mentioning in its opinion; and

The committee has determined that the annual financial statements for the financial year ended 31 December 2018 provide, in all of their significant aspects, a faithful representation of the Fluidra Group’s equity and financial posi-
tion and an accurate view of its results, its changes in net equity and its cash flows, with all of the information necessary for them to be properly interpreted and understood. These individual and consolidated annual financial statements have been audited by the auditor, which is expected to issue its audit report without reservations on 27 March 2019. The committee has also found that the Group’s individual and consolidated management reports for 2018 provide a faithful analysis of the evolution, business results and position of Fluidra and the Group, together with a description of the main risks and uncertainties that they face. The auditor has confirmed to the committee that it has had full access to all of the necessary information, and that it received adequate cooperation from the Group’s employees in performing its work.

The auditor performed its work independently in accordance with the independence required under current Spanish regulations. The committee has prepared the relevant report concluding that the external auditor is independent from the Fluidra Group.

The external auditors and the other companies affiliated with the Group around the world provided the following non-audit services in 2018:

- In Spain, assurance services, which consist of preparing agreed procedures on the information prepared by the Fluidra Group companies in relation to the calculations performed to show compliance with the financial ratios required under the syndicated facility agreement and under a financing agreement with COFIDES, S.A.
- In Spain, reviewing and evaluating the content of Section F of the annual internal control over financial reporting (SCIIF) report.
- In Spain, report on agreed procedures on the Annual Declaration of packaging.
- In Spain, “assurance” services which consist of preparing agreed procedures on the information prepared by the Fluidra Group companies in relation to the calculation of a “royalty”.
- In Spain, agreed procedures on pro-forma financial reporting.
- In Spain, agreed procedures on pro-forma EBITDA.

The fees for the services provided by EY’s global organisation to the various Group companies in 2018 were for the following items:

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
<td>€1,202,867</td>
</tr>
<tr>
<td>Audit-related services</td>
<td>€ 83,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€ 1,286,367</strong></td>
</tr>
</tbody>
</table>

**INTERNAL AUDITING AND INTERNAL GROUP CONTROL SYSTEMS**

In its meeting of 13 December 2017, the committee approved the 2018 Internal Audit Plan and the department’s budget.

The Internal Audit Director attended the six committee meetings to report on the audits that were conducted and their scope, and on the main conclusions from them, including the conclusions from the accounting alignment work performed in relation to the process of the merger and integration of the Zodiac Group.

The internal audit reports prepared during the year were duly distributed to the members of the Audit Committee, the Group’s management and the auditor. Moreover, the Internal Audit Director periodically reported to the committee on the resolution of the incidents that were detected in the internal audits, and the Group’s management had to justify the incidents that had not been resolved satisfactorily, proposing new plans and resolution deadlines.

The Internal Audit Department conducted limited audits of the periods closed in March and September and that have to be submitted to the CNMV, reporting to the committee and the Financial Department on the work it performed and its conclusions.

The conclusions from the work on updating the risks map were also presented, together with the actions performed during the year and the future actions for mitigating these risks.

The Internal Audit Department and the CFO also explained the initiatives and the work that have been undertaken to continue strengthening and improving the company’s accounting policies and procedures.

Meanwhile, the Internal Audit Department has also reviewed how effective the Fluidra Group’s internal controls were over preparation of the financial information in the Group’s consolidated annual financial statements at 31 December 2018, with it concluding, as it stated in the committee meeting of 26 March 2019, that they had no significant deficiencies and weaknesses in relation to the internal control model. The external auditor referred to this conclusion in its favourable report on the information on the internal financial information control system (SCIIF) for 2018.

Lastly, it reported to the Audit Committee on the activity detected in the internal reporting channel put in place by the Ethics Committee, and on the reviews and on-going improvement work that was performed.

The Internal Audit Director confirmed that the Internal Audit Department acted with total independence and objectivity in its work in 2018.

The Audit Committee reported to the board of Directors on the Internal Audit Department’s activities.
REGULATORY COMPLIANCE

Over the course of 2018, the Regulatory Compliance Director reported to the Audit Committee on the supervision and monitoring tasks performed in the division. The following tasks bear highlighting:

- Ensuring that the company’s relevant facts were filed properly and on time.

Of note in this section are the numerous relevant facts that were submitted over the course of the year and that derived directly or indirectly from the merger with Zodiac (the investment agreement, the novation of the shareholders agreement, the novation of the syndication contract, resignations and appointments of board members, communications on the rating and the financing, and others).

- Receiving communications from the CNMV, and responding to its requests.

- The Corporate Compliance Plan focused on working on two aspects:

  - Ensuring fulfilment of the condition precedent agreed in the investment agreement with Rhône on prohibited territories in compliance with United States regulations. In this regard, significant training and awareness-raising work has been performed in the company with specialised advisers. A monitoring system (World Check) has also been hired, and procedures have been put in place for conducting periodic monitoring and control.

  - Extremely intense work was also performed in conjunction with the Systems Department to prepare for the General Data Protection Regulation, which entered into force in May. A Data Protection Officer has been appointed.

  - Lastly, as in previous years, training on compliance issues was promoted among the staffs of the various divisions susceptible to risk, with a special focus this year on sanctioned territories and the Data Protection Regulation.

- Further work was performed to strengthen the current internal control policies and procedures, with a special emphasis on reviewing them and complying with them;

- The financial reporting internal control systems were supervised, monitoring compliance with the plans of action implemented by the Group’s management;

- The roles and actions of the Compliance Committee Coordinator were consolidated, especially with regard to the sanctioned countries policy and the General Data Protection Regulation;

- The internal audit reviews were planned and implemented to cover the risks related to the strategic objectives defined by the Group’s management, in addition to covering any other areas that are more exposed to potential significant errors (quantitative, qualitative, estimates, judgement calls, complex accounting procedures, etc.), with the goal of improving internal controls in the areas related to them.

The Audit Committee has defined the following priorities for 2019:

- Continuing the coordination and supervision work to facilitate the effective integration of the Zodiac Group;

- Ensuring compliance with the bodies that supervise the markets where the Fluidra Group is listed;

- Continuing to develop new internal control policies and procedures and to distribute them effectively throughout the organisation;

- Continuing to reinforce the Compliance Committee Coordinator’s role and actions, with a special emphasis on developing the compliance programme in Group subsidiaries.

- Continuing to plan and implement internal auditing reviews to cover the risks related to the strategic objectives defined by the Group’s management, in addition to covering any other areas that are more exposed to potential significant errors (quantitative and qualitative errors, estimates, judgement calls, complex accounting procedures, etc.), with the goal of improving internal controls in the areas related to them.

4. PRIORITIES

The 2018 priorities specified in the 2017 report were put into practise this year. It bears emphasising that:

- New internal control policies and procedures continue to be developed and distributed throughout the organisation effectively,
5. CONCLUSION

This report provides a summary of the work that the Audit Committee performed in 2018 to satisfy the responsibilities entrusted to it.

Over the course of the year, the committee worked together with the various Group departments and the auditors, in addition to receiving invaluable support from Internal Auditing to perform its duties as specified in its regulations.

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

- Believe that the committee has satisfactorily performed the functions that have been assigned to it in accordance with its regulations;
- Have reported to the Board of Directors and the company’s management on aspects related to the company’s economic/financial information, the efficacy of its control systems with regard to its relevant risks, and the company’s degree of compliance with regulations and the recommendations on good governance; and
- Have reported to the Board of Directors and the company’s management on the aspects that could be potentially improved in their respective areas of responsibility.
In Sabadell, on 26 February 2018

Chair
__________________________________________
Juan Ignacio Acha-Orbea

Board Member
__________________________________________
Gabriel López Escobar

Board Member
__________________________________________
Bernat Corbera

Board Member
__________________________________________
José Manuel Vargas

Board Member
__________________________________________
Jorge Constans
REGULATIONS OF THE BOARD OF DIRECTORS OF FLUIDRA, S.A

Article 13. Audit Committee. Members, responsibilities and functions

1. An audit committee will be formed in the Board of Directors that will consist of at least five (5) directors (who must only be non-executive directors) who will be appointed by the Board of Directors, although executive directors or senior managers may attend the committee when so requested by its members. At least three (3) of the committee’s members must be independent directors, and one of them will be appointed in view of her or his expertise and experience in accounting or auditing or both. The members of the Audit Committee, and especially its chair, will be appointed in view of their accounting, auditing and risk management experience and expertise, and based on their knowledge, aptitudes and experience, taking into account the committee’s other duties.

2. The Chair of the Audit Committee will be appointed from among the independent board members on the committee, and a new chair must be reappointed every four years, although a former chair may be re-elected one and a half years after resigning. The committee’s secretary will be designated by the committee itself, and the secretary may or may not be a director.

3. In addition to any other tasks it may be required to perform at any time by law or under the company’s articles of association or the Board of Directors Regulations, the Audit Committee will also have the following basic responsibilities:

- Supervising the process of preparing and filing mandatory financial information.
- Reviewing the company’s accounts and overseeing compliance with legal requirements and the proper application of generally accepted accounting principles, with direct assistance from the external and internal auditors to do this.
- Conducting and supervising the relations with the external audit firms or auditors to receive information on any issues that might put their independence at risk so that they can be assessed by the committee, and on any other matters related to the auditing process, and to receive any other communications specified under accounting regulations and auditing rules.
- Supervising compliance with the audit contract, and ensuring that the opinion on the annual financial statements and the main contents of the audit report are composed clearly and precisely, in addition to assessing the results of each audit.
- Supervising related-party transactions to make sure they comply with regulations. In particular, the committee must make sure that the information on these transactions is communicated to the market as stipulated in Spanish Ministerial Order 3050/2004, of the Ministry of Economy and Finance, of 15 September 2004.
- Examining the company’s compliance with its Internal Code of Conduct, these Regulations and, in general, its governance rules, and making any proposals that may be necessary for improving them.
- Receiving information and, if necessary, issuing reports on any disciplinary measures intended for enforcement against the company’s senior managers.

The Audit Committee is also responsible for:

- In relation to the company’s internal information and control systems:
  (a) Supervising the preparation and the completeness of the financial information on the company, and where applicable, on the Group, reviewing compliance with regulatory requirements and the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
  (b) Periodically reviewing the internal control and risk management systems to ensure that the main risks are identified, managed and duly reported.
  (c) Ensuring the independence and effectiveness of the Internal Audit Department; nominating, appointing, re-electing and dismissing the head of the Internal Audit Department; proposing the department’s budget; receiving periodic information on its activities; and making sure that senior management takes into account the conclusions and recommendations in its reports.
(d) Implementing and supervising a mechanism for employees to confidentially, and if considered appropriate, anonymously report any potentially significant irregularities, especially financial and accounting irregularities, that they may detect in the company.

- In relation to the auditor or external audit firm:
  
  (a) Sending the board proposals for nominating, appointing, re-electing and replacing the external audit firm or auditor, and the terms and conditions for hiring them.
  
  (b) Regularly receiving information from the external audit firm or auditor on the audit plan and the results from implementing it, and making sure that senior management takes their recommendations into account.
  
  (c) Ensuring the independence of the external audit firm or auditor in the exercise of their functions, and to this end, making sure: (i) that the company reports any changes in external auditors to the CNMV as relevant facts together with a statement on the possible existence of disagreements with the outgoing auditor; (ii) that the company and the auditor adhere to the regulations in force on the provision of non-audit services, and in general, to the other rules in place for ensuring auditor independence; and (iii) that an examination is conducted, where applicable, of the circumstances surrounding why the external audit firm or auditor resigned.

Each year, the external audit firms or auditors must send the Audit Committee written confirmation of their independence from the company and from any entities related to it directly or indirectly, and information on any type of additional services that were rendered and the corresponding fees that the auditors or firms may have received from these entities or companies or from individuals or legal entities related to them pursuant to the legislation on auditing.

Each year before the audit report is issued, the Audit Committee must also issue a report expressing an opinion on the independence of the auditors or audit firms. This report must include, under all circumstances, an assessment of the additional non-audit services provided as indicated in the preceding paragraph individually and as a whole, and of the rules on independence and the rules regulating audits.

(d) In the case of groups, the Group’s auditor should preferentially also be in charge of the audits of the Group’s companies.

- In relation to the risk policy and risk management:
  
  (a) Identifying the various types of risk (operational, technological, financial, legal, reputational) to which the company is exposed, with the financial and economic risks including contingent liabilities and other off-balance sheet risks.
  
  (b) Identifying the definition of the risk level that the company considers to be acceptable.
  
  (c) Identifying the measures envisaged for mitigating the impact of the identified risks if they should come to fruition.
  
  (d) Identifying the internal control and information systems that will be used for controlling and managing these risks, including contingent liabilities and off-balance sheet risks.

- In relation to the specific obligations of listed companies:
  
  Reporting to the Board of Directors (before it makes the corresponding decisions) on all of the matters required by law and under the company’s articles of association and the Regulations of the Board of Directors, and in particular with regard to:

  (a) The financial information that the company must periodically publish as a listed company. The Audit Committee must make sure that the interim financial statements are prepared with the same accounting criteria as the annual financial statements and, to this end, it should determine whether there should be a limited review of the external audit firm or auditor.
  
  (b) The creation or acquisition of shares in special purpose vehicles or companies domiciled in tax havens, and any other analogous transactions and operations that, due to their complexity, might diminish the Group’s transparency.
  
  (c) Related-party transactions.
  
  (d) Transactions that would or might entail a conflict of interest. The Audit Committee will not exercise the functions envisaged in sections (a), (b) and (c) above if the articles of association attribute them to another oversight and control committee in accordance with the law.

4. The Audit Committee will hold ordinary meetings each quarter to review the periodic financial information that must be submitted to the market authorities and the information the Board of Directors must approve and that must be included in its annual public documents. It will also meet whenever requested by any of its members and called by its chair, who must call a meeting whenever the board or the chair of the board requests a report or the adoption of proposals and, in any event, whenever a meeting would be appropriate for the proper performance of its functions.

5. The calls to the Audit Committee’s ordinary meetings will be sent out via certified post, or by fax, telegram or email, and they must be authorised with the signature of the chair of the committee, or that of the secretary of the committee, where applicable. Meeting calls must be sent out at least five days in advance and they must always include the agenda for the meeting. The Committee Chair may call extraordinary committee meetings if she or he decides circumstances so dictate. In these cases, advance notice will not be required. The Audit Committee will also be duly convened with no need for a call if all of its members are present or represented and they unanimously agree to hold a meeting.
6. Audit Committee resolutions will be valid if they are resolved in meetings held by videoconference, teleconference, multiple-way phone call or other remote communication techniques, so long as none of the members oppose this method, and provided that there are the necessary resources to do so, and that the members recognise each other, with this duly recorded in the meeting minutes. In this case, the committee will be deemed to have met in a single meeting at the company’s headquarters.

7. The committee will be duly convened if at least a majority of its members are present or represented.

8. Resolutions will be adopted by a majority of the members in attendance (present or represented) at the meeting. In the event of a tie, the chair will cast the deciding vote.

9. The Audit Committee may summon any of the company’s managers and employees to its meetings, and it may also order them to come without the presence of another director. These persons will be required to attend the Audit Committee meetings and to work with it and provide it access to the information they possess. The committee may also require the auditors to attend its meetings.

10. In order to best fulfil its duties, the Audit Committee may gather advice from external experts if it deems so necessary for duly performing its functions.

11. The company will have an Internal Audit Department that will report to the Audit Committee and that will monitor the proper functioning of the company’s internal information and control systems. The Internal Audit Director must submit an annual work plan to the Audit Committee, directly reporting any incidents to it that may arise in the plan’s implementation, and submitting an activities report to the committee at the end of each year.

12. The Audit Committee must report on its activities and answer for the work it performed in the first plenary meeting of the Board of Directors after its meetings. The committee must also keep minutes of its meetings in both English and Spanish, and a copy of the minutes must be sent to all the members of the Audit Committee, and in any event these minutes must be made available to the members of the Board of Directors. The Audit Committee will prepare an annual report on its work that must highlight the main incidents that occurred, if any, in relation to its specific functions. If the Audit Committee deems appropriate, it will also include proposals in the report on how to improve the company’s governance rules. The Audit Committee’s report will be appended to the annual report on the company’s corporate governance, and it will be made available to shareholders and investors on the corporate website. Meetings will be held in English with simultaneous interpretation in Spanish, unless all of the members in attendance speak fluid Spanish. In this case, the corresponding meeting will be held in Spanish.

The Board of Directors must deliberate any proposals and reports that the committee may submit to it.

INTERNAL CODE OF CONDUCT OF FLUIDRA, S.A.


As stipulated in the company's articles of association and the regulations of its Board of Directors, the Audit Committee is responsible for supervising effective compliance with the obligations specified in these regulations. To this end, it is considered to have authority over the following fields:

(i) Complying with and ensuring compliance with the rules of conduct of the securities market and the rules of these regulations and their procedures, and with any other present or future complementary regulations.

(ii) Promoting subjects’ familiarity with the regulations and the other securities market rules of conduct.

(iii) Developing any procedures and implementing regulations that it may deem appropriate for applying the regulations.

(iv) Interpreting the rules in the regulations and resolving any doubts or questions that subjects may raise.

(v) Investigating disciplinary cases for subjects who violate rules of these regulations.

(vi) Sending the company’s Board of Directors proposals on any changes or improvements that it believes would be appropriate for these regulations.

The Audit Committee will have the necessary powers to fulfil its duties, and its powers will especially include:

(i) Demanding any data or information that it deems necessary from subjects.
(ii) Defining the information requirements, control rules and other measures that it deems appropriate.

The Audit Committee must provide the Board of Directors a report every year, or as often as it deems necessary, on the measures that have been adopted to ensure compliance with the regulations, on the degree of compliance with them, and on any incidents that occurred and cases that were opened in the period.

To help the Audit Committee satisfy these obligations, the CEO will appoint a Regulatory Compliance Director who will report directly to it and who must ensure compliance with the company's internal rules and the regulations set forth by the CNMV and the other official institutions that have authority over the company as a listed company. The Regulatory Compliance Director must also periodically report to the Audit Committee on the degree of regulatory compliance, so that the Audit Committee can fulfil its responsibilities under this section.