

**Annual report on the activities of the
Audit Committee in 2013**

27 March 2014





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I. Presentation

It is my pleasure to present the Fluidra Group's Annual Report on the activities of the Audit Committee in 2013. It was drawn up as provided for in the Company's Articles of Association. It was approved by the Audit Committee, and submitted to and passed by the Company's Board of Directors on 27 March 2014.

During this year we have made progress on the targets we set for ourselves for 2013. On the one hand, further progress has been on the work to strengthen the internal Financial Information Control Systems. Additionally, we carried out an update of the of the diagnosis made in 2011 on this area.

It was also made a detailed review of the updated risks. Additionally, further progress was made in the company's risk management through improvements to the regulatory audit reviews. In doing so, emphasis was placed on the assessment of internal controls and the aspects that are of most concern to the Management.

We are now faced with the challenge of 2014. Our aim is to continue ensuring the proper monitoring of the internal control system on financial information to strengthen its reliability, and of the risk management systems in place. We also aim to reinforce the internal audit function.

Juan Ignacio Acha-Orbea Echeverría
Chairman of the Audit Committee

II. The Audit Committee

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

II.1. Membership of the Audit Committee

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

As at December 31st 2013, the Audit Committee comprised the following directors:

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

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

II.2. Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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<p>Mr Carlos Ventura Santamans</p>	<p>Born in Sabadell (Barcelona) in 1969. He graduated and earned a Masters in Business Management from ESADE.</p> <p>In 2001 he joined Banco Sabadell as Corporate Development Director of the BS Capital Unit. Since then, he has held various executive positions within the Banco Sabadell Group, including Head of Corporate Banking and Structured Financing Director. Currently, he is the Director of BS Capital, a Bank Business Unit which manages the group's interests in other companies (venture capital and real estate businesses).</p> <p>At present, Mr. Carlos Ventura Santamans is General Subdirector of Banco Sabadell and Company Banking Director of the group.</p>
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II.4. Relevant Figures

Indicators	2013
No. of sessions	7
No. of appearances by the Company's Executive Management before the Audit Committee	6

III. Activities undertaken in 2013

The Company's Audit Committee met on seven occasions during 2013 to discuss various matters relating to its basic responsibilities, as required by the Articles of Association, the Board of Directors' Regulations and the Internal Code of Conduct. In this respect, it maintained regular contacts with the Chief Executive Officer, the external auditors, internal auditors, the Regulatory Compliance Officer, the Chief Finance Officer and other Central Services Management Officers, in order to provide them with information and/or explanations regarding the matters that arose. Below is a summary of the main activities undertaken during the year.

III.1 Activities undertaken with the Board of Directors

The Audit Committee informed the Board of Directors of the matters dealt with and agreed upon at the meetings held by the Audit Committee during 2013. Each meeting was just before the Board meetings.

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

- Quarterly financial statements to be filed with the CNMV;
- Significant transfer pricing operations that were conducted during the year;
- The results on the ethical channel;
- The update of the financial reporting internal control systems (SCIIF) diagnosis, and
- Conclusions on the update of the risk map.

III.2 Activities undertaken with the CEO

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

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

III.3 Activities undertaken with the Chief Finance Officer

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

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

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

III.4 Activities undertaken with External Auditors

During 2013, the external auditors appeared before the Audit Committee on four occasions. The activities undertaken were as follow:

- To report on the main conclusions reached on the 2012 year's end, neither of which raised any significant issues worth mentioning in the auditors' opinion;
- To put forward the main recommendations regarding internal control and monitoring on which the Company should continue to place special emphasis.
- Explain their conclusions on accounting irregularities identified in the stage of completion of the division of turnkey projects. On this issue, two specific audit committees were held to cover, in which external audit reported on evidence of irregularities, detected by the internal control systems of the company, in the company that manages the turnkey projects; detailed tracking of evidence of irregularities detected; and presented its report on its review of the irregularities and their impact on the financial statements of Fluidra.

External Audit has conducted its activities independently; in accordance with the independence requirements stipulated by the current Spanish regulations in the Audit Law, approved by Legislative Royal Decree 1/2011, 1 July.

The external auditors, as well as other Spanish companies affiliated with the international firm, have provided the following non-audit services during 2013:

- In Denmark local management received assistance in preparing the financial statements according to that country's local codes and the corporate tax documentation was reviewed to ensure compliance with the country's tax codes.
- In Australia local management received assistance in preparing the financial statements according to that country's local codes and the corporate tax documentation was reviewed to ensure compliance with the country's local tax codes.
- In Spain assurance services consisted in following the agreed procedures for the information prepared by the companies of the Fluidra S.A. Group and Poltank in relation to the expenses incurred in order to justify the use of grants received.
- In Spain assurance services consisted in following the agreed procedures for the information prepared by the companies of the Fluidra S.A. Group, Certikin Pool Ibérica, S.L. and Manufacturas Gre in relation to the container declarations (ECOEMBES).
- In Spain assurance services consisted in following the agreed procedures for the information prepared by the companies of the Fluidra, S.A. Group in relation to the calculations prepared to justify compliance with the financial ratios

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according to the terms of the syndicated loan and financing agreement with COFIDES, S.A.

- In Brazil assurance services consisted in following the agreed procedures regarding the calculation of EBITDA in relation to the Veico purchase agreement.

III.5 Activities undertaken with Internal Auditors

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

In addition, he reported the conclusions reached on the work completed to update the risk map and to review in the detail the updated risks.

He also explained the recommendations for improvement the management and control on projects.

Finally, he explained jointly with the financial director the plan to implement all the actions undertaken due to the new regulation on the financial reporting internal control systems (SCIIF).

III.6 Activities undertaken with heads of other departments

In addition to the collaborations of the various heads of department mentioned under the other headings, the financial director explained jointly with the internal audit director the controls on several areas (see III.5).

III.7 Activities undertaken with the Regulatory Compliance Officer

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

The person responsible for regulatory compliance has reported at each committee meeting on the main incidences and other comments made about the work performed. On 31/1/13, the Executive Committee of the Spanish Securities Commission (CNMV) agreed to take disciplinary actions against FLUIDRA, S.A. for the alleged serious violation of article 100, letter w), in relation to article 38 ter, both contained in the Stock Market Act 24/1988 of 28 July. The company is accused of manipulating the market during the first eight months of 2009 in relation to its own shares.

Following the presentation of the list of charges against the Company, a proposal was made to settle the matter with a €50,000 fine. The Company is appealing the decision.

III.8 Subsequent events

Before the date of approval of this 2013 Audit Committee Report, the first 2014 meeting was held in which the external auditors from KPMG appeared previously the Committee issued a favourable report on the financial statements to be filed with the CNMV in respect of the second half year of 2013.

Both the “Preparation of the annual accounts and Directors’ Report of the Company and of its consolidated group of companies, in respect of the financial year ended 31 December 2013” and the approval of the “2013 Annual Corporate Governance Report” are due to take place on the date of approval of this Report.

IV. Priorities

The priorities reported on in the 2012 Annual Report were implemented in 2013. The following must also be highlighted:

- We have continued working on the supervision of the financial reporting internal control systems (SCIIF);
- It was tabled a proposal to the Board of Directors, prior to the General Shareholders Meeting, that external auditors be appointed and a review conducted of the terms and conditions of their contract, the scope of their professional services and the termination or renewal of the contract;
- It was included reviews in the internal audit schedule to cover risks related to the strategic objectives defined by the General Management for the purposes of improving internal controls related to the audits that undergo structural changes.

The priorities for 2014 approved by the Audit Committee are as follows:

- Reinforce the internal audit function and the internal control systems;
- To continue working on the supervision of the financial reporting internal control systems (SCIIF);
- To table a proposal to the Board of Directors, prior to the General Shareholders Meeting, that external auditors be appointed and a review conducted of the terms and conditions of their contract, the scope of their professional services and the termination or renewal of the contract; and
- To carry on in the internal audit schedule to cover risks related to the strategic objectives defined by the General Management for the purposes of improving internal controls related to the audits that undergo structural changes.

V. Conclusions

This Report contains a summary of the activities undertaken by the Audit Committee in the 2013 financial year in order to fulfill the duties with which it was entrusted.

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

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

- Considered that the Committee performed its duties satisfactorily with regard to the duties assigned to it according to its regulations;
 - Informed the Board of Directors and the Company's Management of matters relating to the Company's financial situation, the effectiveness of its internal control systems for monitoring relevant risks and the degree to which the Company complies with the standards and recommendations of good governance; and
 - Informed the Board of Directors and the Company's Management of the potential improvements that could be made in their respective fields of responsibility.
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Sabadell, 27 March 2014

The Chairman

The Secretary

Mr Juan Ignacio Acha-Orbea

Mr Carles Ventura Santamans

Member

D. Joan Planes Vila

APPENDIX I

ARTICLES OF ASSOCIATION OF FLUIDRA, S.A.

Article 46. Audit Committee. Membership, responsibilities and operations

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

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

2. Without prejudice to any other duties that may be assigned to it at any time by the Board of Directors, the Audit Committee shall exercise the following basic functions:
 - Inform the General Meeting of Shareholders regarding issues arising within it in matters for which it is responsible.
 - Propose to the Board of Directors for submission to the General Meeting of Shareholders the appointment of the auditors or audit companies referred to at article 264 of the Corporations Law, and their contractual conditions, the scope of their professional mandate, and, if appropriate, their dismissal or non-renewal.
 - Supervise the efficacy of the internal control of the Company, and in particular, the Internal Control of the Financial Information, the internal audit, if appropriate, and the risk management systems, and discuss with the auditors or audit companies, the significant weaknesses of the internal control system detected during the audit.
 - Supervise the process of preparation and submission of regulated financial information.
 - Review the Company's accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, with the direct cooperation of the external and internal auditors.
 - Maintain relations with the auditors or audit companies in order to receive information about those issues that may jeopardise their independence, for

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its examination by the Committee, and any other issues associated with the audit process, as well as those other communications called for by audit legislation and in the audit standards. In any case, they shall receive each year from the auditors or audit companies written confirmation of their independence from the company or its directly or indirectly related companies, and information on the additional services of any kind provided to such companies by such auditors or audit companies or by their related persons or companies as provided for by Law 19/1988, of July 12, Audit Law.

- Issue each year, prior to the issuance of the audit report, a report stating an opinion on the independence of the auditors or audit companies. Such report shall always issue an opinion on the provision of additional services contemplated in the above paragraph.
 - Oversee compliance with the audit contract, ensuring that the opinion on the annual financial statements and the main contents of the audit report are written clearly and accurately, and assess the results of each audit.
 - Oversee compliance with legislation regarding swaps. In particular it will ensure that information about said operations is communicated to the market in compliance with Order 3050/2004 of the Ministry of the Economy and Treasury of September 15, 2004.
 - Examine compliance with the Internal Rules of Conduct, the Rules and Regulations of the Board of Directors, and in general with the Company's rules of governance, and make the necessary proposals to improve them.
 - Receive information and, if appropriate, issue a report on the disciplinary measures it is intended to impose on members of the Company's top management team.
3. The Audit Committee shall ordinarily meet quarterly to review the periodic financial information to be submitted to the stock-exchange authorities, and the information which the Board of Directors has to approve and include in its annual public documentation. It will also meet at the request of any of its members and whenever convened by its Chairman, who must do so whenever the Board or its Chairman asks that a report be issued or proposals adopted, and in any case whenever it is appropriate for the proper performance of its functions.
4. The Audit Committee shall prepare an annual report on its operations that will include, if deemed appropriate, proposals for improving the Company's rules of governance.

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

1. The Board of Directors shall create an audit committee from among its members comprised of at least three directors. In no case shall a majority of the directors appointed be executive directors, without prejudice to the participation of senior management and executive directors when so required by the members of the Committee. At least one of the committee members shall be independent and shall be designated taking into account his knowledge and experience on accounting matters or audit matters or both. The members of the Audit Committee and, particularly, its chairman, shall be designated based on their knowledge and experience in the field of accounting, auditing and risk management, as well as taking into consideration their other knowledge, skills and experience in other matters relevant to the Committee.
2. The position of chairman of the Audit Committee shall be filled from among the non-executive directors and shall hold the position for four years. The Chairman may be re-elected to another term with at least a one year interlude between terms. The Secretary shall be selected from among the members of the committee.
3. Without prejudice to any other functions assigned by the Board of Directors, the Audit Committee shall have the following basic functions:
 - Inform the General Meetings regarding any questions raised at it that fall within its competency.
 - Propose the appointment of auditors or audit companies in conformity with article 264 of the Spanish Corporations Law as well as the contract conditions, the scope of the mandate and, as the case may be, the revocation or cancellation of the mandate.
 - Supervise the efficacy of the internal control of the Company, and in particular the Internal Control of the Financial Information the internal audit, if appropriate, and the risk management systems, and discuss with the auditors or audit companies the significant weaknesses of the internal control system detected during the audit.
 - Supervise the process for preparation and presentation of the regulated financial information.
 - Review the accounts of the Company; oversee compliance with legal requirements and the correct application of generally accepted accounting principles with the direct collaboration of internal and external auditors.
 - Maintain and supervise the relationships with auditors or audit companies to receive information on those matters that could jeopardize their independence, for their examination by the Committee, and any others related to the process of the audit of accounts, and those other notices contemplated by audit legislation and auditing standards.
 - Oversee the performance of the contract with external auditors assuring that the auditor's opinion on the financial statements and the main content of the

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audit report are drawn up clearly and precisely, evaluating the results of the each audit performed.

- Examine compliance with the internal code of conduct, with these Regulations and, in general, with the rules of good corporate governance of the company and make any proposals as may be appropriate for the improvement thereof.
- Receive information and, when appropriate, issue reports on the disciplinary measures to be imposed on the members of the senior management team of the Company.

Similarly, the Audit Committee shall be responsible for:

- With regards to information systems and internal control:
 - a) Supervise the preparation and integrity of the financial reporting process of the Company and, as the case may be, of the corporate group, assuring compliance with regulatory requirements and the appropriate establishment of the scope of consolidation and the correct application of accounting criteria.
 - b) Periodically review the internal control and risk management systems to assure that the primary risks are identified, managed, and appropriately informed
 - c) Assure the independence and efficiency of the internal audit function; propose the selection, appointment, re-election, and dismissal of the internal audit department manager; receive periodic information on their activities and verify that senior management takes into account the conclusions and recommendations contained in the reports.
 - d) Establish and supervise a mechanism that allows employees to confidentially and anonymously notify them of any relevant anomaly or irregularity that they may notice, with special attention to finance and accounting.
- With regard to the auditor or audit company:
 - a) Propose to the Board of Directors the selection, appointment, re-election and substitution of the auditor or audit company as well as on the contract conditions.
 - b) Regularly receive information from the auditor or audit company on the audit plan and the results of its implementation and verify that senior management is taking their recommendations into account.
 - c) Assure the independence of the auditor or audit company and, for this purpose: (i) assure that the Company notifies the CNMV of any change in the auditor as a relevant event, accompanying the notification with a report on any existing disagreements with the former auditor and the content thereof; (ii) that the Company and the auditor respect the applicable rules on the provision of services other than auditing and, in general, any other rules established to assure the independence of auditors; and (iii) in the event of the resignation of the auditor or audit company, investigate the reasons.

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

In addition, the Audit Committee shall issue each year, prior to the issuance of an audit report, a report issuing an opinion on the independence of the auditors or audit companies. Such report shall always contain an opinion on the provision of the additional services contemplated in the above paragraph.

- d) In the case of groups, promote that the group auditor assumed responsibility for the auditing of all companies within the group.
- With regard to risk policies and management:
 - a) Identify the different types of risk (operating, technological, financial, legal, image) faced by the Company including risks arising from contingent liabilities and other off-balance-sheet risks.
 - b) Identify the acceptable level of risk established for the Company.
 - c) Identify the measures established for the mitigation of identified risks.
 - d) Identify the information and internal control systems to be used for managing and controlling identified risks, including contingent liabilities and off-balance-sheet risks.
 - With regard to the obligations of publicly-traded companies:

Provide information to the Board of Directors so that it may adopt appropriate decisions regarding:

- a) The financial information that the Company, as a publicly traded company, must periodically release. The Audit Committee must assure that interim financial statements apply the same accounting criteria as to the annual financial statements and, to this end, consider the appropriateness of a limited review by the auditor or audit committee.
 - b) The creation or acquisition of an equity interest in special-purpose vehicles or entities domiciled in countries or territories considered as tax havens, and any other transaction or operation of a similar nature which due to its complexity could lessen the transparency of the group.
 - c) Operations with affiliates, unless this function has been assigned to a different supervision and control committee.
 - d) Transactions which may imply a conflict of interest.
4. The Audit Committee shall meet, ordinarily, on a quarterly basis in order to review the financial information that must be reported to the exchange authorities and the information that the Board of Directors must approve and include within the annual statements. Similarly, the committee shall meet when requested by any of its members and any time when the Chairman or the Board

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of Directors requests a report prior to adopting relevant resolutions, and at any time as may be appropriate for the proper performance of its functions.

5. The Audit Committee may request the presence of any member of the management team or staff of the Company and insist that any employee appear without the presence of any other executive. All employees called before the Audit Committee shall render full cooperation and collaboration, providing such information as required. The Audit Committee may similarly request the presence of the account auditors.
6. For the proper performance of its functions, the Audit Committee may consult with external experts when it deems necessary.
7. The Company shall have an internal audit function operating under the supervision of the Audit Committee which shall oversee the appropriate functioning of the internal control and information systems. The supervisor of the internal audit function shall submit an annual internal audit plan to the Audit Committee and shall report on any incidence occurring in the performance of the internal audit functions and, at the close of each year, submit an annual activity report.
8. The Audit Committee shall report on its activities in the first meeting of the Board of Directors following the meeting of the Audit Committee. The minutes of the meetings of the Audit Committee shall be sent to all members of the Board of Directors. Similarly, the Audit Committee shall prepare an annual report on its activities, highlighting any incidents occurring during the year. The Audit Committee may include any proposals for improving the rules of corporate governance followed by the Company in the said annual report. The report of the Audit Committee shall be attached to the annual report on corporate governance issued by the Company and shall be made available to shareholders and investors through the corporate website.

The Board of Directors shall deliberate on the reports and proposals presented by the Audit Committee.

INTERNAL CODE OF CONDUCT OF FLUIDRA, S.A.

Article 14. OVERSEEING COMPLIANCE WITH THE INTERNAL CODE OF CONDUCT

In accordance with the provisions in the articles of association and in the Regulations of the Company's Board of Directors, the Audit Committee is to supervise the effective compliance with the obligations covered in these Regulations, to which end it recognises their responsibilities as follows:

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- (i) Complying with and enforcing compliance with the standards of conduct for the securities markets and the rules of these Regulations, their procedures and other complementary legislation, present or future.
- (ii) Promoting knowledge of the Regulations and the remaining conduct standards in the securities markets by the Subject Persons.
- (iii) Developing, as applicable, procedures and rules for development considered appropriate for the application of the Regulations.
- (iv) Interpreting the rules contained in the Regulations and resolving the doubts or questions raised by the Subject Persons.
- (v) Hearing the disciplinary actions against Subject Persons for breach of the rules contained in these Regulations.
- (vi) Proposing to the Company's Board of Directors any modifications or improvements to these Regulations that it considers appropriate.

The Audit Committee is to enjoy all of the faculties necessary in order for it to carry out its functions, being especially enabled to, among other aspects:

- (i) Require from the Subject Persons any detail or information it considers necessary.
- (ii) Establish the information requirements, control rules and other measures it considers appropriate.

The Audit Committee is to report annually to the Board of Directors, as well as whenever it considers it necessary or is so required by the Board, on the measures adopted to ensure compliance with the provisions of the Regulations, its level of compliance and the incidents arising and open cases, as applicable, in this period.

In order to ease the compliance of the aforementioned obligations of the Audit Committee, the Managing Director will designate the "Compliance Officer" who, under the direct dependency of the Managing Director, will monitor the compliance of all internal rules of the Company and rules established by the CNMV and other official entities that could affect the Company while being a listed company. The Compliance Officer will inform periodically to the Audit Committee about the level of the compliance of all those rules, with the aim that this Committee could comply with the different duties indicated in this paragraph.