

**Report issued by the Board of Directors of Fluidra, S.A. on the
amendment to article 37 of the bylaws of the Company**

At Sabadell, on March 30, 2017

1. Introduction

The Board of Directors of Fluidra, S.A. (the “**Company**”) resolved, at the meeting held on March 30, 2017, to call the Annual Shareholders’ Meeting to be held on May 3, 2017, at first and only call, and to submit to said Shareholders’ Meeting, as item 5 on the agenda, the approval of the amendment to article 37 of the bylaws of the Company (*Duration of office. Board Statute*).

Pursuant to article 286 of the restated Spanish Corporate Enterprises Law (*Ley de Sociedades de Capital*), passed by Legislative Royal Decree 1/2010, of July 2, and related articles of the Commercial Registry Regulations, passed by Royal Decree 1784/1996, of July 19, said proposal for a resolution to the Shareholders’ Meeting requires the preparation by the managing body of the following supporting report (the “**Report**”) and of the full text of the proposed amendment to the bylaws.

2. Grounds for the proposal

The proposal for amendment to article 37 of the bylaws of the Company subject matter of this Report is intended to withdraw from the article the obligation that the term of office shall be of equal duration for all directors and include a new paragraph to regulate the possibility to allow appointing independent directors for a period equal to the term that last to lose the condition of independent director as provided for in section 4, article 529 *duodecies* of the Spanish Corporate Enterprises Law, even in the case that such period is shorter than that of the rest of directors, as long as the maximum term of four years is observed..

3. Full text of the proposed amendment to the bylaws

The proposed amendment, should it be approved by the Shareholders’ Meeting, shall imply the amendment to article 37 of the bylaws to be restated as set out below:

“Article 37.- Duration of office. Board Statute.

Board members shall hold their office for the period of time established by the General Meeting, may not exceed four years, at the end of which they may be re-elected one or more times for periods of the same maximum duration.

In particular, the Shareholders’ Meeting may appoint independent directors for a period equal to the time remaining until the status of independent is forfeited, in accordance with section 4 of the article 529 duodecies, of the Corporate Enterprises Law, even if that period is shorter than that of the rest of directors, as long as the maximum term of four years is observed.

Appointments of directors shall expire when, upon completion of the term, the next General meeting is held or the legal term has passed for holding the Meeting that is to approve the accounts for the preceding year.

Members appointed by co-option (who shall be designated so long as the vacancy occurs during the term for which the director was appointed) must have the appointment ratified at the first General Meeting held after the date of appointment.

Board members may not engage, for their own account or for the account of a third party in any activity that involves effective competition, whether actual or potential, with the Company or that in any other way place it in permanent conflict with the interests of the Company or hold the office of director or executive in companies that are competitors of the Company, with the exception of offices they may hold, as the case may be, in companies of the Group, unless expressly authorised by the General Meeting, and without prejudice to the provisions of articles 227 to 230 of the Companies Law.

Board members shall receive the compensation determined by the General meeting for holding said office, in accordance with the provisions of the Board of Directors' Rules and Regulations.

The Board member who completes his term or for any other reason ceases to hold his office may not be a director or hold executive positions in another entity having a corporate purpose similar to that of the Company for a period of two years. If it deems it appropriate, the Board of Directors may relieve the outgoing member of this obligation, or shorten its duration.”

For the appropriate legal purposes, the Board of Directors of the Company issues this Report, at Sabadell, on March 30, 2017.

Eloy Planes Corts

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