ANNUAL REPORT ON AUDIT COMMITTEE ACTIVITIES

2020

1

PRESENTATION

2

THE AUDIT COMMITTEE

Audit Committee structure and sessions in 2020

Committee functions and performance

Audit Committee member profiles

3

20120 FINANCIAL YEAR ACTIVITIES

Financial information

Account auditor

Group internal audit and control systems

Compliance

Related party transactions
1. PRESENTATION

I am pleased to present the Fluidra Group Annual Report on Audit Committee Activities for the year 2020. It was prepared in compliance with the Company’s Articles of Association, approved by the Audit Committee and was presented to and validated by the Board of Directors on 24 March 2021.

During this year, in which the pandemic has had such dire consequences on a global scale, Fluidra has, of course, made people’s health its top priority.

The Audit Committee, for its part, has supervised and noted with satisfaction how the company’s activity, in a short period of time, has successfully adapted to the requirements imposed in the different jurisdictions in which the Fluidra Group operates, which are aimed at securing the health of Fluidra’s diverse stakeholders, both internal and external.

The Company has displayed resilience and has been able to learn and adapt to the situation, as during the year, after months of uncertainty, it has managed to work to materialise the commitments initially set for 2020.

On the one hand, the Audit Committee has kept on supervising the synergies generated following the acquisition of the Zodiac Group; it has ensured the utmost precision of the financial information made available to the market; it has continued to strengthen the Company’s Compliance area by establishing reporting channels among the different departments in a centralised and coordinated manner, and has developed policies and procedures to enhance both its internal controls and good governance.

On the other hand, as usual, the external auditor submitted a favourable audit report on the information relating to the internal controls over financial reporting system (FIICS) for the 2020 financial year, and 19 internal audit reviews were carried out in the Group’s subsidiaries in accordance with the schedule set at the beginning of the year.

Lastly, it should be noted that during the year, Gabriel López, stepped down as a the Chairman of the Audit Committee, but he continues with his duties as a member. I would like to thank him for his work, dedication and constant support.

Looking ahead to 2021, the corporate reorganisation will continue to be the focus of the Audit Committee’s actions and attention, as will the development of procedures and controls in the risk management area and, good governance and internal control policies to help the Company achieve its objectives while developing the appropriate framework for effective control.

Brian McDonald
Chairman of the Audit Committee
2. THE AUDIT COMMITTEE

The Audit Committee is regulated by article 13 of the Board of Directors’ Regulations and article 14 of the Internal Code of Conduct. The full text of both articles may be found in Annex I. Likewise, it is hereby informed that it is foreseen the immediate approval of the Regulations of the Audit Committee which, based on the current article 13 of the Regulations of the Board of Directors, will further develop the functions and the regulation of the organization and operation of the Audit Committee, in accordance with the best practices in corporate governance (as updated in June 2020) and the CNMV Technical Guide on Audit Committees.

AUDIT COMMITTEE STRUCTURE AND SESSIONS IN 2020

On 31 December 2020, the Audit Committee Members consisted of the following persons appointed by the Board of Directors:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Appointment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian McDonald (independent)</td>
<td>Chairman</td>
<td>06/09/2019</td>
</tr>
<tr>
<td>Gabriel López (independent)</td>
<td>Committee member</td>
<td>30/10/2014</td>
</tr>
<tr>
<td>Bernat Corbera (external proprietary director)</td>
<td>Committee member</td>
<td>03/12/2014</td>
</tr>
<tr>
<td>Jorge Constans (independent)</td>
<td>Committee member</td>
<td>02/07/2018</td>
</tr>
<tr>
<td>José Manuel Vargas (external proprietary director)</td>
<td>Committee member</td>
<td>02/07/2018</td>
</tr>
</tbody>
</table>

In compliance with article 13 of the Board of Directors’ Regulations, Committee Members were appointed taking into account their knowledge, skills and experience in accounting, audits and risk management, as well as other areas of Committee responsibility.

On 12 May 2020, Mr Gabriel López stepped down as the Committee’s Chairman and was replaced by Mr Brian McDonald.

In compliance with the Board of Directors’ Regulations, the Committee holds ordinary meetings on a quarterly basis, although it can meet whenever requested by any of its members and when notified by the Chairman. It held seven sessions in 2020.

COMMITTEE FUNCTIONS AND PERFORMANCE

The Audit Committee’s functions are regulated by the Board of Directors’ Regulations and the Internal Code of Conduct. They are summarised below:

- Provide the Annual General Shareholder’s Meeting with information on the issues it discusses and for which it is responsible;
- Propose to the Board of Directors the appointment of external account auditors (and the contract conditions, scope of the professional mandate and revocation or renewal);
• Supervise internal audit systems;
• Supervise the preparation and presentation of regulated financial information;
• Review the Company’s accounts, and ensure regulatory compliance and the correct use of the generally accepted accounting principles;
• Manage and supervise professional relations with external auditors;
• Oversee compliance with the audit contract (report and results);
• Oversee compliance with the legislation on related-party transactions.

• Assess compliance with the Internal Code of Conduct and, in general, the Company’s governing regulations;
• Receive information and, where applicable, issue reports on disciplinary measures to be applied to members of the Company’s senior management team;

In terms of information systems and internal controls, the Audit Committee is responsible for:

• Supervising the process of generating and ensuring the integrity of financial information (compliance with regulatory requirements, the scope of consolidation, and correct use of accounting criteria);
• Periodical reviews of internal control and risk management systems;
• Ensuring independence and efficiency in internal audit responsibilities; and
• Establishing and supervising a mechanism to allow employees to confidentially report irregularities.

• In terms of the external auditor, the Committee’s duties include:
  ◦ Making auditor selection, appointment, re-election and substitution proposals to the Board of Directors;
  ◦ Regularly receiving information from the external auditor on the audit plan and its results;
  ◦ Ensuring the independence of the external auditor; and
  ◦ Encouraging the Group’s auditor to take responsibility for all the companies to be audited;

• In terms of the risk management policy, the Committee covers matters including:
  ◦ Identification of the different risk types (operative, technological, financial, legal and reputation), including contingent liabilities and off-balance-sheet risks;
  ◦ Identification of the level of risk considered acceptable;
  ◦ Identification of the measures established for the mitigation of identified risks, should they arise; and
  ◦ Identification of the information and internal control systems to be used for managing and controlling identified risks, including contingent liabilities and off-balance-sheet risks;

• With reference to listed company obligations, the Committee must give the Board prior notification of decisions it plans to make regarding:
  ◦ The financial information that must be made public;
  ◦ The creation or acquisition of an equity interest in special purpose vehicles or entities domiciled in countries or territories classified as tax havens, and any other transaction or operation of a nature that may impair the Group’s transparency;
  ◦ Related Party Transactions; and
  ◦ Transactions that entail or may entail a conflict of interests.

These are the Committee’s responsibilities, notwithstanding any additional duties assigned by the Board of Directors and the approval, if applicable, of the Regulations of the Audit Committee which, based on the current article 13 of the Regulations of the Board of Directors, further develop the functions and the regulation of the organization and operation of the Audit Committee, in accordance with best practices in corporate governance (as updated in June 2020) and the CNMV Technical Guide on Audit Committees.

Board Regulations also call for minutes of Audit Committee meetings to be written up and made available to all Board members.

In order to duly comply with responsibilities, the Committee may request guidance from external experts when it is deemed necessary.

The Board of Directors’ Regulations authorise the Committee to request the presence of any Fluidra Group employee (including senior management) and the accounts auditor at meetings.

As indicated in the activities report, the Committee is in permanent contact with the accounts auditor, the Director of Internal Audit and Compliance and with the Group senior management team. Communication between them is fluid. The Director of Internal Audit and Compliance routinely participates in the meetings.
D. Brian Mcdonald

Brian McDonald served as the CEO of RGIS from 2014 to 2017. RGIS is the world’s leading inventory management company, a $680 M business with 53,000 associates located in 30 countries around the world.

Prior to RGIS, Brian served as Executive VP and Chief Operating Officer of Tyco International, where he had direct responsibility for their $7.8 billion Fire and Security Installation and Services division. Brian was with Tyco for more than 10 years in a variety of roles including Director of Sales, VP of Field Operations, VP of Southern Operations and Managing Director of ADT UK/Ireland. Prior to Tyco, Brian held various executive roles with the UTC Power and Otis Elevator units of United Technologies.

He holds a Bachelor of Science degree in Physics from the United States Naval Academy and a Master of Business Administration degree in Operations from the Darden Graduate School at the University of Virginia. Upon graduation from the Naval Academy, Brian served 5 years as a Lieutenant and Division Officer aboard a U.S. Navy aircraft carrier, overseeing its nuclear systems.

D. Gabriel López Escobar

Born in Madrid in 1956, Gabriel holds a licentiate in business, a master’s in economics and a postgraduate degree in economics and European studies from Nancy-University (France). He is registered on 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 groups as well as 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 at the firm he was also chairman of PWC España’s supervisory committee.

In 2015 he was the counsel to the Family Board of Grupo Empresarial Fuertes, S.L.

Since May 2018 he serves as an adviser to the Audit Committee of Corporación Químico-Farmacéutico Esteve, S.A.

Since July 2020 he serves as independent member of ‘Banc Sabadell Vida’, of ‘BanSabadell Seguros Generales and of ‘BanSabadell Pensiones’.

He joined Fluidra’s board as an independent member in October 2014.

D. José Manuel Vargas

José Manuel Vargas has been a senior advisor at Rhône since 2006 and became a partner in November 2017. He is also CEO at Maxam since April 2020.

Previously he had been Chairman and CEO of Aena SME, SA, and led the restructuring process and partial privatization of the company and its IPO in 2015. He has also served as managing director, financial director of Vocento and Board member of ABC. Prior to working in the communication sector, he had been financial director and general secretary of JOTSA (of the Philipp Holzmann group).

José Manuel has served on several boards, such as those of the COPE radio station, Net TV and the newspaper Correo. In 2015 he won the prize for Best Executive of the Year awarded by the Spanish Executives Association (Asociación Española de Directivos -AED) and was named Person of the Year in the economic and financial field by Spanish economic newspaper El Economista. He graduated from the Complutense University of Madrid and holds a Law Degree from UNED.

He is also a chartered accountant. Mr. Vargas currently serves also on the Board of Directors of Fluidra.

D. Jorge Constans

Jorge Constans holds a degree in Economics from the University of Barcelona, the General Management Programme of IESE and Business Management from ESADE.

In a career spanning 22 years at Danone he held several positions in sales, marketing, general management in Spain and was later Chairman and CEO of Danone France. He was then responsible for the Europe region, and responsibility for the USA was later added. During the last two years in the company he was chairman of the dairy product division, with turnover of 12.8€ and present in more than 50 countries.

At Louis Vuitton he held the position of Chairman and CEO. He currently serves on the Boards of THOM Europe (leader in the jewellery sector in France), Puig and Fluidra.
3. 2020 FINANCIAL YEAR ACTIVITIES

The Company’s Audit Committee met seven times during the 2020 financial year and discussed numerous issues to do with its basic areas of responsibility, as provided for in the Articles of Association, in the Board of Directors’ Regulations and the Internal Code of Conduct. As such, it has frequently been in contact with the Director of Internal Audit and Compliance and, whenever requested, with the Finance Department, the General Manager, the Head of Legal and Tax Departments and external auditors in order to obtain information and/or provide necessary explanations on matters that have arisen in the Committee.

Further to review and a favourable report, the most relevant activities to be taken to the Board of Directors for approval and favourable feedback were:

- Quarter, semester and annual closures to be reported to the Spanish Securities and Exchange Commission (CNMV);
- Significant related party transactions carried out during the financial year;
- Evaluation of Financial Information Internal Control Systems;
- The results of the Ethics Channel;
- Conclusions from the risks map update.

This section includes a summary of Audit Committee activities in the 2020 financial year with the activities arranged into groups based on basic functions. The main activities carried out are summarized below:

FINANCIAL INFORMATION

The Committee has dedicated particular attention to reviewing Fluidra Group annual accounts and quarterly and six-month financial statements and other information made available to the market or supervising bodies during the financial year, prior to the review carried out by the Board of Directors.

Group senior managers participated in all the Committee meetings held in the 2020 financial year. This meant that they were able to get to know the quarterly and six-month financial statement elaboration and consolidation process with sufficient time and to check compliance with regulations and applicable accounting principles. As such, the assets and changes in assets, the financial situation and the Group’s results for the period have been duly indicated in those statements.

In the meetings held on 11 May, 29 July and 26 October 2020, the Audit Committee issued a favourable report on the financial statements at 31 March, 30 June, and 30 September respectively. This was prior to Board approval and communication to markets and supervising bodies.

In terms of annual accounts and the management report for the 2020 financial year which are due to be reviewed in the 2021 Annual General Meeting, the Committee, in its meeting held on 24 March 2021, following a review, issued a favourable report on their content prior to taking it them to the Board of Directors.

ACCOUNTS AUDITOR

EY was the individual and consolidated accounts auditor for Fluidra Group in the 2020 financial year. Corporate policy means that the Group will favour the accounts auditor also carrying out this role in the different branches, as long as there are no specific reasons for which this is inadvisable. The aim is to guarantee adequate coordination and achieve a more appropriate and efficient audit process.

The external auditors participated in Audit Committee meetings on five occasions in the 2020 financial year. The activities carried out included:

- Planning tasks for the 2020 financial year;
- Reporting on the main conclusions of the limited review of the semester closure on 30 June 2020. No issues of importance were identified and a favourable report was issued on those interim financial statements;
- Presenting the main internal control recommendations on which the company should continue to pay special attention and control;
- Presenting the main recommendations on the internal controls to which the company ought to continue to pay 2020 consolidated annual accounts, evaluating the internal controls on the interim stage, and following up on recommendations;
- Providing information on the main conclusions of the review of the 2020 annual closure. In their opinion, no matters of significant interest were identified.

In the Committee’s opinion, all relevant aspects of the annual accounts for the year ended 31 December 2020 are a true and faithful representation of Fluidra and the Group’s assets and consolidated financial situation to date. It is also a true and
faithful reflection of its results, of changes to net assets and cashflows for the 2020 financial year. The accounts include all necessary information for adequate interpretation and comprehension.

The aforementioned individual and consolidated annual accounts have been audited by the account auditor. The corresponding audit reports are due to be issued on 25 March 2021. Likewise, and in the Committee’s opinion, the individual and consolidated Group management reports for the 2020 financial year include a true and faithful analysis of evolution and business results as well as Fluidra’s and the Group’s position, and a description of the main risks and uncertainties they face. The Committee received the account auditor’s confirmation that complete access to all necessary information was given and that the Group’s teams collaborated adequately in the process.

The accounts auditor carried out his tasks independently, in compliance with independence regulations applicable under current Spanish regulations. The Commission completed the necessary report, arriving at the conclusion that the external auditor is independent from the Fluidra Group.

In 2020, the external auditors and all the firm’s international associated companies provided the following non-auditing services:

- In Spain, the review and evaluation of the content of section F of the Annual Corporate Governance Report (FIICS).
- In Spain, the agreed-upon procedures report regarding the Annual Packaging Declaration.
- In Spain, assurance services aimed at enforcing agreed-upon procedures related to the information drafted by the Fluidra Group companies on the calculation of royalties.
- In Spain, agreed-upon procedures for the review of the report supporting the different ACCIO subsidies issued to the Company.

The fees paid to the global organisation, EY, for different services provided to Group companies in 2020 included the following charges:

<table>
<thead>
<tr>
<th>Service</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits</td>
<td>1,404,279 €</td>
</tr>
<tr>
<td>Audit-related services</td>
<td>68,900 €</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,473,179 €</strong></td>
</tr>
</tbody>
</table>

GROUP INTERNAL AUDIT AND INTERNAL CONTROL SYSTEMS

During this year, in which the COVID pandemic has had a global impact, the Internal Audit and Compliance team has been able to adapt quickly to this situation by working remotely and carrying out continuous monitoring tasks on the Fluidra Group’s operations and key metrics with the dual aim of protecting the health of all its employees and supporting the supervisory activities entrusted by the Audit Committee.

In its meeting on 9 December 2020, the Committee approved the Internal Audit programme for the 2021 financial year and the departmental budget.

The Director of Internal Audit and Compliance attended the seven Committee meetings and reported on the audits held, the scope of reviews and the main conclusions.

Internal audit reports for the financial year were duly handed over to the Audit Committee members, the Group’s senior management and the auditor. Additionally, the Director of Internal Audit and Compliance provided the Committee with regular reports on the resolution of incidents detected in internal audits and was required to provide the Group’s senior management explanations on those incidents that had not been satisfactorily cleared up as well as propose new resolution plans and dates.

The Internal Audit Department carried out limited reviews of the accounting closures for March and September to be sent to the CNMV and informed the Committee and the Finance Department about the work carried out and the conclusions drawn.

Additionally, the conclusions of the work carried out with reference to updating the risks map, steps taken throughout the year and future steps in order to mitigate risks were presented.

Furthermore, the Internal Audit Department and the CFO provided explanations on the steps taken in order to continue reinforcing and improving the Company’s accounting policies and procedures.

The Internal Audit Department also reviewed the efficiency of the Fluidra Group’s internal controls on the generation of financial information in the Group’s consolidated annual accounts at 31 December 2020. As discussed in the Committee meeting held on 24 March 2021, it concluded that no significant deficiencies or material weaknesses in the internal control model had been identified. This conclusion was endorsed by the external auditor’s favourable report on the financial information internal control system (FIICS) for the 2020 financial year.
Last of all, the Audit Committee was informed of activity in the complaints channel set up by the Ethics Committee and the reviews and improvements carried out.

The Internal Audit Director confirmed that the internal audit department worked totally independently and objectively in 2020.

The Committee informed the Board of Directors of the work carried out by the Internal Audit Department.

**COMPLIANCE**

During 2020, the compliance function, in its different duties, focused on the following issues:

- Crime prevention models: the Company has made progress in the process of implementing the crime prevention model by successfully completing the implementation of this model in three additional jurisdictions.
- Stock exchange regulatory compliance: The Company has ensured adequate provision in due time and form of the communications of inside information and/or other relevant information concerning the Company. In addition, it has responded successfully to all the communications submitted by the Spanish Securities and Exchange Commission (CNMV). Finally, as a listed company, a new version of the Internal Standards of Conduct in the Securities Markets report and a protocol for the management of privileged information have been prepared in order to display maximum diligence and transparency in all its actions.

**RELATED PARTY TRANSACTIONS**

According to the requirements provided for in the Corporations Enterprises Act (ley de sociedades de capital), the Audit Committee verified that the related party transactions carried out did not qualify for the conditions established by law requiring authorisation by the governing bodies.

No members of the Board of Directors, directly or indirectly, have carried out relevant transactions with Fluidra or under unusual market conditions. The Committee examined the information on related-party transactions contained in the annual accounts.

The priorities for the 2021 financial year agreed upon by the Audit Committee include:

- Supervising the corporate reorganisation process;
- Ensuring the utmost accuracy of the financial information made available to the market, in compliance with the requirements of the CNMV;
- Increase the procedures and controls in the risk management area.

4. PRIORITIES

The 2020 financial year priorities, as indicated in the 2019 financial year report, were put into action during the year. The following are of particular relevance:

- The Company continued to overview the synergies generated following the acquisition of the Zodiac Group;
- We ensured the utmost precision of the financial information made available to the market, in compliance with the requirements set by the CNMV;
- We continued to develop new internal control policies and procedures and have effectively disseminated them across the organisation;
- The existing internal control policies and procedures have been further strengthened, with particular emphasis on their review and compliance;
- The Company has supervised the Financial Information Control Systems and ensured their compliance with the plans of action implemented by the Group’s senior management;
- Work continued on strengthening the Compliance area and its actions, placing particular emphasis on developing and implementing the crime prevention model in the Group’s international subsidiaries.
- We continued to plan and carry out internal audit reviews, covering the risks related to the strategic aims defined by the Group’s senior management, as well as covering those areas that are more likely to be subject to possible significant errors (quantitative, qualitative, estimates, areas of judgement, complex accounting matters, etc.) with the aim of improving internal control in the corresponding areas.
• Continuing to develop the Company’s good governance framework by setting up new policies and procedures;

• Continuing to reinforce current internal control procedures and policies with particular emphasis on reviewing and fulfilling them;

• Continuing to supervise Financial Information Control Systems and monitor compliance with the plans of action implemented by the Group’s senior management;

• Continuing to work in a centralised manner in the Compliance area and increase the scope of the steps taken;

• Continuing to plan and carry out internal audit reviews, covering the risks related to the strategic aims defined by the Group’s senior management, as well as covering those areas that are more likely to be subject to possible significant errors (quantitative, qualitative, estimations, areas of judgement, complex accounting matters, etc.) with the aim of improving internal controls in the corresponding areas.

• Implement the new functions derived from the new Audit Committee Regulations to be, as the case may be, approved.

5. CONCLUSION

This report includes a summary of the activities carried out by the Audit Committee in the 2020 financial year in compliance with its areas of responsibility.

Throughout the year, the different Group senior management teams and Account Auditors worked together and the Internal Audit Department provided invaluable support so that the responsibilities outlined in the regulations could be fulfilled.

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

• Consider that the Committee’s work, in terms of its responsibilities, as indicated in the corresponding regulations, was satisfactory;

• Have informed the Board of Directors and the company’s managers of matters to do with company financial and economic information, the efficiency of internal control systems in terms of relevant risks and the degree to which the company complies with good governance rules and recommendations; and

• Reported to the Board of Directors and company senior management on areas that may be susceptible to improvements in each of the areas of responsibility.
Sabadell, 24 March 2021

Chairman

D. Brian McDonald

Committee Member

D. Bernat Corbera

Committee Member

D. José Manuel Vargas

D. Jorge Constans

Committee Member

D. Gabriel López Escobar
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:

- Reporting to the General Shareholders Meeting on any issues that are raised within its purview.
- Submitting proposals to the Board of Directors, for submission to the General Shareholders Meeting, on the appointment of the auditors or external auditing firms required under article 264 of the Spanish Corporate Enterprises Act, and on the hiring terms and conditions, the scope of the auditors’ professional mandate, and if applicable, their removal or non-renewal.
- Supervising the effectiveness of the company’s internal controls and the internal controls of its financial reporting, internal auditing and, where applicable, risk management systems, including taxes, and working with the external audit firms or auditors to discuss the significant weaknesses that the audit detected in the internal control system.
- 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 preferably 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 doing 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.**

**Article 14. Supervision of compliance with the Internal Code of Conduct.**

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

(i) monitor 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, as well as monitor the promoting awareness of the Regulations and other standards of conduct in the securities markets by the Persons Subject to these Regulations;

(ii) developing, as applicable, procedures and rules considered appropriate for the application of the Regulations;

(iii) interpreting, were applicable, the rules contained in the Regulations;

(iv) hearing the disciplinary actions against the Persons Subject to these Regulations for breach of the rules contained in these Regulations;

(v) proposing to the Company’s Board of Directors any modifications or improvements to these Regulations that it considers appropriate;

(vi) granting the appropriate authorizations so that Permanent Insiders and Periodic Insiders can carry out transactions during periods of restricted action.

The Audit Committee will have all of the powers necessary in order for it to carry out its functions, specifically, among other aspects it will be entitled to:
(i) require from the Persons Subject to these Regulations any details 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 that have arisen or are still open, as applicable, in this period.

The Chief Legal Officer shall be responsible for compliance with these Rules and with the applicable rules of conduct of the securities markets as a listed company. The Chief Legal Officer will likewise regularly inform the Audit Committee about the level of the compliance with the rules, so that the Committee is able to discharge the duties indicated in this paragraph.