

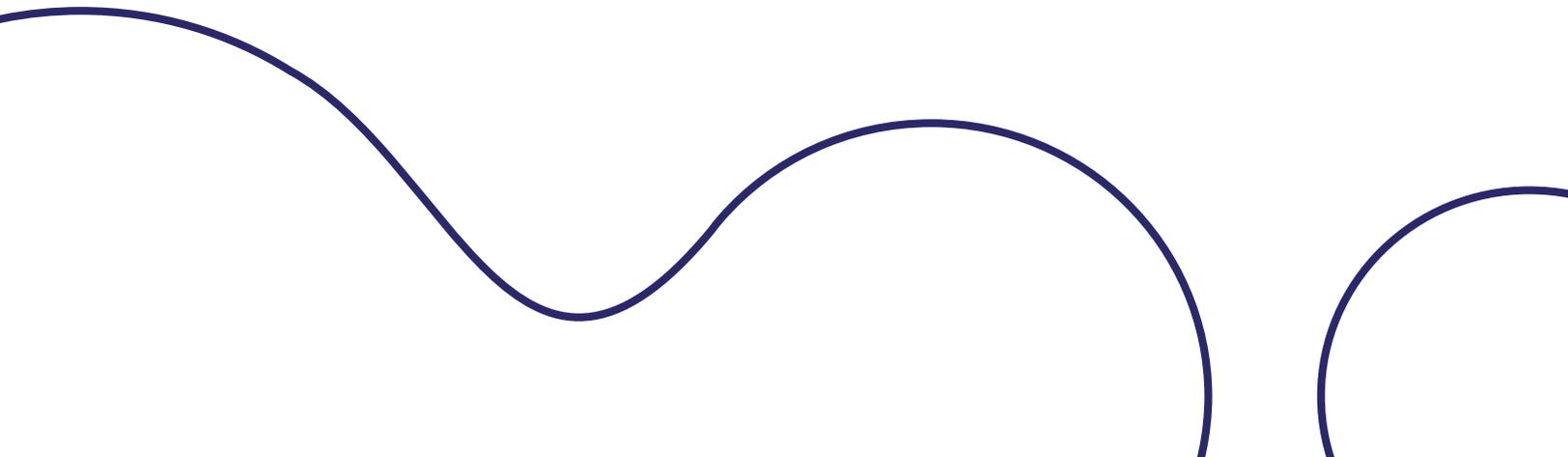
# FLUIDRA

ANNUAL REPORT ON AUDIT  
COMMITTEE ACTIVITIES

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**2019**

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# 1. PRESENTATION

I am pleased to present the Fluidra Group Annual Report on Audit Committee Activities for the 2019 financial year. It was prepared in compliance with the Company's Articles of Association, was approved by the Audit Committee and was presented to and validated by the Board of Directors on 25 March 2020.

This year work was done on achieving the main priorities set out for 2019.

The Audit Committee supervised and observed with satisfaction as the deadlines were met that were set in the merger plan, which can be considered completed to a large degree. The results reported to the market were periodically tracked and they were submitted to the internal and external auditors for assessment, by following the agreed procedures to ensure due rigour.

Moreover, it should be stressed that the responsibilities of the Internal Audit Department have been expanded by assigning it the Group's Compliance area with the goal of leading and coordinating the efforts that are now decentralised in the Group, and to establish lines of reporting.

Nevertheless, new internal control policies and procedures were developed this year that received a favourable report

from the external auditor with regard to the information on the 2019 Financial Information Internal Control System, and 22 internal audits were conducted in the Group's subsidiaries in accordance with the schedule

defined at the start of the year.

Lastly, I would like to extend special thanks to Juan Ignacio Acha-Orbea, an independent director and head of the Audit Committee until 5 September 2019, for his work on the Committee over the last 12 months. The departure of Juan Ignacio Acha-Orbea led to the addition of Brian McDonald as an independent director.

Looking ahead to 2020, the main goal will be, on one hand, to continue with the company's reorganisation after the merger, with a special emphasis on generating synergies, to continue to develop policies and procedures that will continuously improve internal controls, ensuring the quality of the financial information that is published and consolidating the Compliance Department.

**Gabriel López**

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.

### AUDIT COMMITTEE STRUCTURE AND SESSIONS IN 2019

On 31 December 2016, the Audit Committee Members consisted of the following persons appointed by the Board of Directors:

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



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.

In September 2019, Juan Ignacio Acha-Orbea resigned from the board and the committee after losing his status as an independent director after sitting on the board for 12 years, and the independent director Brian McDonald joined the Committee.

In compliance with the Board of Directors' Regulations, the Committee regularly meets on a quarterly basis, although it may meet whenever requested by any of its members and when notified by the Chair. It held seven sessions in 2019.

### 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 regula-

- ted 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.

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 head of regulatory compliance and with the Group senior management team. Communication between them is fluid. The Director of Internal Audits routinely participates the meetings.

## AUDIT COMMITTEE MEMBER PROFILES

### D. Gabriel López Escobar

Born in Madrid in 1956, Gabriel López Escobar holds a degree in Business Studies, a Master's degree in Economics and a post-graduate diploma in Economics and European Studies from the University of Nancy (France). He is on the Official Register of Account Auditors and the Public Company Accounting Oversight Board (PCAOB) roster, USA.

He began working at PwC in 1984 and was a partner in the firm until 2014. He has extensive experience across all types of auditing services, consultancy services and financial research. He has led auditing processes in large groups of Spanish companies and in the branches of international groups of companies, in addition to working for companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstand, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI and Volkswagen/Seat. He was, furthermore, Chairman of the PwC Spain Supervision Committee during his final years in the company. In 2015, he was an advisor to the Family Board of 'Grupo Empresarial Fertes, S.L.', and he has been an advisor to the Audit Committee of 'Corporación Químico-Farmacéutico Esteve, S.A.' since May 2018.

He has been an independent director on Fluidra's board since October 2014, and has headed its Audit Committee since September 2019. He has been Fluidra's Coordinating Director since 2016.

### D. Bernat Corbera

Born in Barcelona in 1965, Corbera holds a licentiate degree in Business Studies from ESEI International Business School and in Senior Management Programme studies from IESE business school.

He has held various positions in the Fluidra Group. In particular, he began his career at Astral Export, S.A., where he was in charge of opening and expanding Africa, the Middle East and Central America. In 1993 he moved to the United States to head the market study and the subsequent opening of Astral Products and Poltank in that country. He joined the Astral Group in 1999 as head of North America and Mexico, where he was appointed to the Executive Committee. In 2000, Corbera was elected to Fluidra's board and he became CEO of Edrem S.L., a related investment company.

He also leads and sits on the boards of various companies in related companies or in which it is a significant investor.

### D. José Manuel Vargas

José Manuel Vargas has been the senior advisor of Rhône since 2006 and he made partner in November 2017. He had previously been president and CEO of Aena SME, SA, where he led the process of restructuring the company, partially privatising it and launching its IPO in 2015. He has also held

the positions of CEO and CFO of Vocento and sat on the board of ABC. Before working in the communications sector, he was CFO and secretary general of JOTSA in the Philipp Holzmann Group.

Vargas has sat on several boards, including those of Caden COPE, Net TV and Diario El Correo. The Spanish Managers Association (AED) named him "Best Executive of the Year" in 2015, and the Spanish economics newspaper El Economista recognised him as Person of the Year.

Vargas graduated from Complutense University in Madrid and received his licentiate in law from the UNED. He is also a chartered auditor.

In addition to his work at Fluidra, he also sits on Maxam's board of directors.

### D. Jorge Constans

Jorge Constans holds a licentiate in economics from the University of Barcelona and IESE Business School's General Management Programme (PDG), and a degree in Business Management from the ESADE Business & Law School.

In his long 22-year career at Danone, he held various positions in sales, marketing and general management in Spain, and he was then made president and general manager of Danone France. After that, he became responsible for the Europe region, to which the USA was later added. 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 president and CEO. He currently sits on the boards of THOM Europe (France's top jeweller), Puig and Fluidra.

### D. Brian McDonald

Brian McDonald was CEO of RGIS from 2014 to 2017. RGIS is one of the world's top inventory management companies: a \$680-million business with 53,000 associates located in 30 countries around the globe.

Before RGIS, McDonald was Executive Vice President and Director of Operations for Tyco International, where he was directly responsible for its fire prevention and security installations and services division, valued at \$7.8 billion. He worked at Tyco for over a decade, holding various positions including Sales Director, Vice President of Field Operations, Vice President of Southern Operations, and Managing Director of ADT United Kingdom/Ireland. Before working at Tyco, McDonald held various executive positions with United Technologies' UTC Power and Otis Elevator units.

He holds a BA in physics from the United States Naval Academy and an MBA in operations from the University of Virginia's Darden School of Business. Upon graduating from the Naval Academy, McDonald served for five years as a lieutenant and a division officer on board a US Navy aircraft carrier, supervising its nuclear systems.

### 3. 2019 FINANCIAL YEAR ACTIVITIES

The Company's Audit Committee met seven times during the 2019 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 Audits and, whenever requested, with the Finance Department, the General Manager, the Head of Regulatory Compliance 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 2019 financial year with the activities arranged into groups based on basic functions. The main activities carried out are summarised 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 2019 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 state-

ments.

In the meetings held on 7 April, 30 July and 5 November 2019, 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 2019 financial year which are due to be reviewed in the 2020 Annual General Meeting scheduled for 13 May, the Committee, in its meeting held on 24 March 2020, 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 2019 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 2019 financial year. The activities carried out included:

- Planning tasks for the 2019 financial year;
- Reporting on the main conclusions of the limited review of the semester closure on 30 June 2019. No issues of importance were identified and a favourable report was issued on those interim financial statements;
- Exponer las principales recomendaciones de control interno sobre los que la compañía debería continuar presando especial seguimiento y control;
- Presenting the main recommendations on the internal controls to which the company ought to continue to pay 2019 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 2019 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 2019 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 2019 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 2020. Likewise, and in the Committee's opinion, the individual and consolidated Group management reports for the 2019 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 2019, 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, a report on agreed procedures on the Annual Packages Statement.
- In Spain, assurance services consisting of fulfilling agreed procedures on information particular attention.
- In Spain, agreed procedures on pro-forma financial information.
- In Spain, agreed procedures on pro-forma EBITDA.
- In Spain, agreed procedures on reviewing the report justifying various ACCIO grants.

The fees paid for different services provided by EY's global organisation to Group companies in 2019, including the following items:

Audits	1,416,364 €
Audit-related services	85,500 €
<b>TOTAL</b>	<b>1,501,864 €</b>

## GROUP INTERNAL AUDIT AND CONTROL SYSTEMS

In its meeting on 10 December 2019, the Committee approved the Internal Audit programme for the 2020 financial year and the departmental budget.

The Director of Internal Audits 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 Audits 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 2019. As discussed in the Committee meeting held on 24 March 2020, 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 2019 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 2019.

For 2020, the Audit Director will assume responsibility for the Compliance area.

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

## COMPLIANCE

It should first be noted that on 29 October 2019, the Audit Committee put the Director of Internal Auditing in charge of the Compliance area, so he will directly manage the implementation of the criminal compliance model, EU data protection, and compliance with restrictions on doing business in sanctioned territories, and he will indirectly manage the oversight of the other compliance areas.

Moreover, the various members of the compliance department focused on the following issues in 2019:

- Restrictions on doing business in sanctioned territories: Major work continued on training and awareness-raising in the company, with support from specialised consultants, in addition to conducting periodic controls and tracking.
- Market compliance: Work was done to ensure the corresponding facts about the company were reported properly and on time. Furthermore, adequate responses were submitted to the communications from the CNMV, and the regulator detected no incidents. Lastly, the Audit Committee was periodically informed about the company's transactions with its own stock.

## 4. PRIORITIES

The 2019 financial year priorities, as indicated in the 2018 financial year report, were put into action. The following are of particular relevance:

- The coordination and supervision work continued on facilitating the effective integration of the Zodiac Group;
- Work continued on ensuring compliance with the requirements marked by the supervisory bodies of the market on which the Fluidra Group is listed;
- Work continued on developing new internal control policies and procedures and on effectively disseminating them across the organisation;
- The current internal control policies and procedures continued to be reinforced, with a special emphasis on reviewing and complying with them;
- The internal financial information control systems were supervised and compliance with the plans of action im-

plemented by the Group's management was tracked;

- The compliance area was strengthened by putting it under the responsibility of the Internal Audit Department, while work was also done on monitoring and complying with the restrictions on doing business in sanctioned countries;
- Internal audit reviews were planned and carried out, covering the risks related to the strategic objectives set by the Group's 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 control in the corresponding areas.

The priorities for the 2020 financial year agreed upon by the Audit Committee include:

- Continuing with the work on supervising the generation of synergies following the acquisition of the Zodiac Group;
- Ensuring the utmost rigour in the financial information published for the market in compliance with CNMV requirements;
- Continuing to develop new internal control policies and procedures and effectively disseminating them across the organisation;
- Continuing to reinforce the current internal control policies and procedures, with a special emphasis on reviewing and complying with them;
- Continuing to supervise the Financial Information Control Systems, and tracking compliance with the action plans implemented by the Group's management;
- Continuing to strengthen the Compliance area and the actions performed in it, with a special emphasis on developing the crime prevention model in the Group's international subsidiaries;
- Continuing to plan and carry out internal audit reviews, covering the risks related to the strategic aims defined by the Group's 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 control in the corresponding areas.

## 5. CONCLUSION

This report includes a summary of the activities carried out by the Audit Committee in the 2019 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 2020**

Chairman

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**D. Gabriel López Escobar**

Committee Member

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**D. Bernat Corbera**

Committee Member

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**D. José Manuel Vargas**

Committee Member

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**D. Jorge Constans**

Committee Member

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**D. Brian McDonald**

## APPENDIX I

### 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:

- 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.

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.