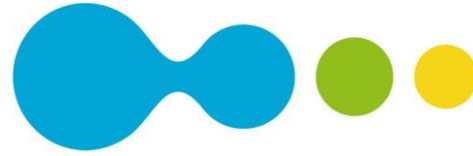


FLUIDRA



ANNUAL REPORT ON 2017 AUDIT
COMMITTEE ACTIVITIES

2017



1

PRESENTATION

2

THE AUDIT COMMITTEE

2017 Audit Committee structure and meetings

Committee functions and performance

Audit Committee member profiles

3

2017 FINANCIAL YEAR ACTIVITIES

Financial information

Analysis of the Zodiac Group merger proposal

Account auditor

Group internal audit and control systems

Regulatory compliance

4

PRIORITIES

5

CONCLUSION

Annex I

FLUIDRA, S.A. BOARD OF
DIRECTORS' REGULATIONS

FLUIDRA, S.A. INTERNAL CODE OF
CONDUCT REGULATIONS



1. PRESENTATION

I am pleased to present the Fluidra Group Annual Report on Audit Committee Activities for the 2017 financial year. It was prepared in compliance with the Company's Articles of Association, approved by the Audit Committee and presented to and validated by the Board of Directors on 27th March 2018.

Over the course of the year, the Audit Committee's work has been clearly marked by analysis of the proposed merger with the Zodiac Group, taking into account the advantages of its integration into Fluidra for the shareholders and all the other parties involved. Leading firms of lawyers, investment banks, independent experts and all the 'Big Four' auditing firms (except EY, the Group's accounts auditor, for reasons of independence) participated in the analysis covering the different areas of expertise and their reports and opinions have complemented the analysis tasks carried out by the Group's senior management team. This analysis process culminated in a cross-border merger agreement between Fluidra and the Rhône investment fund (owner of the Zodiac Group) signed on 3rd November. This agreement was endorsed at the Fluidra Extraordinary General Meeting held on 20th February 2018.

Notwithstanding the above, work has also been carried out this year on the priorities and commitments undertaken for 2017. On the one hand, within the framework of the process for continuous improvement of the Group's internal controls, new policies and procedures have been established and issued whilst existing ones have been updated as a result of the recommendations and observations made by the Internal Audit department. Furthermore, for the third year in a row, the external auditor has issued a favourable report on the information in the internal control system on financial information (FIICS) for the 2017 financial year.

Last of all, the Compliance Coordination Committee has begun implementing the Fluidra Group Crime Prevention and Control Model in the Group's international companies in accordance with the schedule set out in the previous year.

For 2018, the main aim is to, on the one hand, examine and verify satisfactory compliance with the conditions of the



merger agreement with the Zodiac Group and, on the other, supervise correct integration of the Fluidra Group and Zodiac Group which will generate a global leader in the swimming pool sector. With this in mind, and given the significance of the resulting group, it is of particular importance that we continue with the Fluidra Group internal control continuous improvement process, extending it and adapting it to the particular characteristics of the Zodiac Group, developing common policies, reinforcing the internal control procedures and policies, as well as continuing to develop the compliance programme on a worldwide scale and ensuring the quality of the financial information that is published.

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 Regulations. Full details of both may be found in Annex I.

AUDIT COMMITTEE STRUCTURE AND SESSIONS IN 2017

On 31st December 2017, the people indicated below were Audit Committee Members, as appointed by the Board of Directors:



Name	Position	Appointed
Mr Gabriel López Escobar (independent)	Chairman	30/10/2014
Mr Juan Ignacio Acha-Orbea Echeverría (independent)	Spokesperson	26/10/2011
Mr Bernat Corbera (external proprietary director)	Spokesperson	03/12/2014

In compliance with article 13 of the Board of Directors Regulations, knowledge, skills and experience in accounting, audits and risk management as well as other Committee areas of responsibility were taken into account when appointing Committee Members. The Committee Chairman is an independent board member and an expert in accounting and auditing, amongst other areas. The role of Secretary was assigned by the rest of the Committee Members.

On 3rd March 2017, BanSabadell Inversió Desenvolupament S.A.U. (BIDSA) sent the Company a notification through its representative, Mr Carles Ventura Santamans, announcing its resignation as a Member of the Fluidra Board of Directors and, therefore, from the Audit Committee. The reason for the resignation was the fact that BIDSA had not held a participation in Fluidra's share capital since 2nd March 2017.

In compliance with the Board of Directors Regulations, the Committee meets on a quarterly basis although it can meet whenever requested by any of its members and when notified to do so by the Chairman. It held 11 sessions in 2017.

COMMITTEE FUNCTIONS AND PERFORMANCE

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

- Provide the Annual General Meeting with information on the issues discussed and for which it is responsible;
- Propose the appointment of external account auditors to the Board of Directors (as well as 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 Company accounts, ensure regulatory compliance and the correct use of generally accepted accounting principles;

- Manage and supervise professional relationships with external auditors;
 - Oversee compliance with the audit contract (report and results);
 - Oversee compliance with the legislation on related-party transactions.
 - Examine compliance with Internal Code of Conduct Regulations and, in general, the Company's governing regulations; and
 - Receive information and, where applicable, issue reports on disciplinary measures applicable 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 for 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 that allows employees to confidentially notify irregularities.
 - In terms of the external auditor, the Committee's roles include:
 - Submitting 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 that the external auditor functions independently; and
 - Providing the necessary circumstances for the Group auditor to take responsibility for all the companies that are to be audited;
 - In terms of the risk management policy, the Committee shall cover matters including:
 - Identifying the different risk types (operative, technological, financial, legal and reputation risks) including contingent liabilities and off-balance-sheet risks;
 - Identifying the acceptable level of risk
 - Identifying preventive measures in order to mitigate the impact of risks, should they arise; and
 - Identifying 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 shall give the Board prior notification of decisions it plans to make regarding:
 - Financial information to be made public;
 - Creation or acquisition of an equity interest in special purpose vehicles or entities domiciled in countries or territories considered tax havens, and any other transaction or operation of a nature which may impair Group transparency;
 - Related-party transactions; and
 - Transactions that imply or may imply a conflict of interests.
- These are the Committee's responsibilities, notwithstanding any additional roles 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 this is considered 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 and communication between them is fluid. The Head of Internal Audit routinely participates in its meetings.

AUDIT COMMITTEE MEMBER PROFILES

Mr Gabriel López Escobar

Born in Madrid in 1956, Mr López holds a bachelor's 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 (ROAC) and the Public Company Accounting Oversight Board (PCAOB) roster, USA.

Mr López began working in 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 branches of international groups of companies. He has worked for companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI and Volkswagen/Seat. He was also Chairman of the PwC Spain Supervision Committee during his final years in the Company.

In 2015, he was an advisor to the Fuertes, S.L. Business Group's Family Business Board.

Since October 2014, he has been Director of Fluidra and Chairman of its Audit Committee and since 2016 he has also held the position of Coordinating Director at Fluidra.

Mr Juan Ignacio Acha-Orbea Echeverría

Born in San Sebastián, Spain, on 1st July 1956, Mr Acha-Orbea holds a bachelor's degree in Economics from the Complutense University in Madrid and a master's degree in Business Administration from the IESE Business School.

Between 1982 and 1986, he was Managing Director of Chemical Bank in Madrid and New York.

Between 1986 and 1989 he was the Head of Equity and Investment Funds in Bankinter.

Between 1989 and 2003 he held the position of Managing Director and Chairman of BBVA Bolsa, S.V.

Between 2003 and 2006 he was an independent director on the TPI Páginas Amarillas listed Company Board of Directors.

He has been a Director at AENA since 2012. Mr Acha-Orbea was also named Chairman of the Company Equity Contraste Uno in 2003 and currently still holds this position.

Mr Bernat Corbera

Born in Sabadell (Barcelona) in 1965, Mr Corbera holds a bachelor's degree in Business Studies from ESEI International Business School and Senior Management Programme studies from IESE Business School.

He began his professional career in 1989 in Astral Export S.A. as Export Manager, covering expansion in the Middle East and Africa. In 1993, he took over the position of Managing Director of Astral Products Inc. and was mainly responsible for implanting the Company in the North American market. In 1997, he began his management role in Poltank Inc. and later, in 1999, joined Astral Group. S.A. again as Head of North America and member of the executive committee.

He no longer works for the Fluidra Group and his professional activity consists mainly of managing numerous companies. Bernat Corbera Serra is CEO of the Edrem, S.L. Board of Directors.



3. 2017 FINANCIAL YEAR ACTIVITIES

The Company Audit Committee met 11 times during the 2017 financial year and discussed numerous issues linked to its basic areas of responsibility, as provided for in the Articles of Association, in the Board of Directors Regulations and the Internal Conduct Regulations. To this end, it has frequently been in contact with the Head of Internal Audit and, whenever requested, with Corporate General Management, the CEO, 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 submitted to the Board of Directors for approval and favourable feedback were:

- Quarter, semester and annual closures to be reported to the Spanish National Securities Market Commission (Spanish acronym, CNMV);
- Significant related-party transactions that arose during the financial year;
- Evaluation of Financial Information Internal Control Systems;
- Results of the ethics channel;
- Conclusions from the risks map update; and
- The Fluidra, S.A. Audit Committee report on the cross-border merger resulting from absorption of Piscine Luxembourg 1, S.A.R.L. by Fluidra, S.A.

This section includes a summary of Audit Committee activities in the 2017 financial year and organises the activities into groups based on basic functions. The main activities carried out are summarised below:

FINANCIAL INFORMATION

Prior to the review carried out by the Board of Directors and dissemination of the financial statements, the Committee dedicated particular attention to reviewing Fluidra Group annual accounts and the financial statements for each quarter and semester, as well as other information made available to the market or supervising bodies over the course of the financial year.

Group senior managers participated in all the Committee Meetings held during the 2017 financial year. This meant that they were able to get to know the quarter, semester and annual financial statement elaboration and consolidation process with sufficient time and to check compliance with regulations and applicable accounting principles. As such, they were able to ensure that assets and changes in assets, the financial situation

and the Group's results for the period were adequately provided for in the statements.

In the meetings held on 26th April, 26th July and 25th October 2017, the Audit Committee issued a favourable report on the financial statements at 31st March, 30th June and 30th 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 2017 financial year which are due to be reviewed in the 2018 Annual General Meeting programmed for 3rd May, the Committee, in its meeting held on 26th February 2018, following their review, gave a favourable report on its content prior to presentation by the Board of Directors.

ANALYSIS OF THE ZODIAC GROUP MERGER PROPOSAL

During the 2017 financial year, the Audit Committee met on 7 occasions in order to discuss and receive information on the cross-border merger proposal through absorption of Piscine Luxembourg Holdings 2 S.A.R.L. (Zodiac Group) by Fluidra. This was both with reference to the preliminary phase covering prior studies and analyses (including the Zodiac Group and its business financial, legal, fiscal and workforce-related due diligence revision process) for which Fluidra has worked with several advisors (coordinated by KPMG) and with reference to the phase used to negotiate the merger and its financial and legal terms, as embodied in the corresponding common merger pro forma financial proposal and, in particular, on the negotiated exchange ratio. Furthermore, the Audit Committee has been periodically informed about the accounts-related treatment and impact of the merger operation both by Fluidra's internal services and by EY, the external auditor.

With reference to accounting, the Audit Committee has been given presentations by PricewaterhouseCoopers on analysis of the merger operation in terms of international accounting standards (IFRS), the points to be taken into account when determining which Company is the acquiring Company in this sense and the merger date for accounting purposes.

The Audit Committee has also been provided with information by Citigroup (Fluidra's financial advisor for the operation and entity that has issued its fairness opinion) and PricewaterhouseCoopers (commissioned to issue a second fairness opinion). Both have given presentations on the merger operation evaluation and, at the current time and based on the elements, limitations and assumptions included in those opinions, both are of the opinion that the type of exchange proposed in order to merge Fluidra and the Zodiac Group is fair for Fluidra shareholders from a financial point of view.

The Audit Committee has also been provided with draft copies of reports issued by Linklaters and Baker & McKenzie law firms on the implications of the Fluidra and Zodiac Group merger in terms of concentration control standards in all the jurisdictions where the two groups due to merge carry out business activity.

The Audit Committee has also been informed by Sullivan & Cromwell, Simpson Thacher & Barlet and Garrigues law firms about the impact of the merger operation on existing financial commitments and on the terms and conditions of potential refinancing of the resulting group's debt.

Last of all, the Audit Committee has been informed by the operation's legal advisors, the Garrigues law firm, about the terms of the common merger project and the general content of the agreements reached between the parties with a view to formalising the transaction, as well as progress on several controversial matters. As such, the Audit Committee has had access to drafts of the basic contracts to be signed in order to formalise the operation and, in particular, the agreement entitled Investment Agreement and the shareholders agreement entitled Agreement in Connection with the Merger, as well as the common merger project.

With reference to the aforementioned and based on the indicated information, understanding that the final terms of the merger operation are basically the same as the contents of the numerous drafts, documents and presentations that the Committee has been given, on 3rd November the Audit Committee agreed to submit the cross-border merger by absorption of the Zodiac Group by Fluidra proposal to the Fluidra Board of Directors under the terms presented and agreed to provide a favourable report on the merger conditions and its impact on accounts.

ACCOUNTS AUDITOR

EY was the individual and consolidated accounts auditor for Fluidra Group in the 2017 financial year. Corporate policy means that the Group favours 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 4 occasions in the 2017 financial year. The activities carried out included:

- Planning tasks for the 2017 financial year;
- Reporting on the main conclusions of the limited review of the semester closure on 30th June 2017.

No issues of importance were identified and a favourable report on the aforementioned interim financial statements was issued.

- Presenting the main recommendations on the internal controls to which the Company ought to continue to pay particular attention;
- Presenting the degree to which interim procedures have progressed to date with regards to 2017 financial year consolidated annual account audits and an evaluation of internal controls on the interim stage and recommendation follow-ups; and
- Providing information on the main conclusions of the review of the 2017 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 ending 31st December 2017 are a true and faithful representation of Fluidra and the Group's assets and financial situation to date. It is also a true and faithful reflection of its results, of changes to net assets and cash flows for the 2017 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 28th February 2018. Likewise, and in the Committee's opinion, the individual and consolidated Group management reports for the 2017 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 to the Fluidra Group.

The external auditors and other international associated companies provided the following non-audit services in 2017:

- In Spain, 'assurance' services that consisted of performing agreed procedures in relation to the information prepared by Fluidra Group companies on the calculations prepared in order to justify compliance with the financial ratios as per the COFIDES, S.A. syndicated financing agreement.

- In Spain, the review and evaluation of the content of section F of the Annual Corporate Governance Report (FIICS).
- In Spain, a report on the agreed procedures for the Annual Packaging Declaration.
- In Spain, assurance services that consisted of completing agreed procedures relating to the information gathered by Fluidra Group companies on calculating a royalty.
- In Spain, a special report on compiling the pro forma financial information included in the equivalent document within the framework of the merger proposal with the Zodiac Group.
- In Israel, an audit on validating calculation of the financial year's corporation tax.

The fees paid to EY, a global organisation, for different services provided to Group Companies in 2017 included the following concepts:

Audits	€716,275
Audit-related services	€233,500
TOTAL	€949,775

GROUP INTERNAL AUDITS AND CONTROL SYSTEMS

In its meeting on 22nd February 2017, the Committee approved the Internal Audit programme for the 2017 financial year and the department budget. During the 2017 financial year, the Internal Audits Department played an active role in the coordination and analysis tasks that led the Company to signing a cross-border merger agreement with the Zodiac Group.

The Head of Internal Audit attended 11 Committee Meetings and provided information on the progress of the Zodiac Group analysis tasks and compliance with the schedule set out by the Audit Committee, as well as information on audits carried out, the scope of their reviews and their main conclusions.

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

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

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

The Internal Audits Department and the Corporate General Director also 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 Fluidra Group internal controls on the generation of financial information in its consolidated annual accounts at 31st December 2017. As discussed in the Committee Meeting held on 26th February 2018, it concluded that no significant deficiencies nor material weaknesses in the internal control model had been identified. This conclusion was endorsed by the external auditor's favourable report on the internal control system information on financial information (FIICS) for the 2017 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 Head of Internal Audit confirmed that the service worked totally independently and objectively in 2017.

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

REGULATORY COMPLIANCE

The Head of Regulatory Compliance gave a report at each of the Committee's meetings on the supervision and follow-up tasks carried out within the department. The following points are highlighted by way of a summary:

- Ensure appropriate and timely presentation of the Company's corresponding relevant facts.
- Receive notifications from the CNMV. It should be highlighted that, amongst others, one was received on 1st March 2017 requesting that the Group's treasury stock operator, BNP Paribas, S.A., Spanish branch, provide information on the operation carried out by this entity as an intermediary in the liquidity contract signed with Fluidra.

An internal memorandum was prepared providing extensive information on the incident and the CNMV notified that it had been archived.

- Further to the publication of the 3/2017 Technical Guide on Audit Committees in Public-Interest Entities, a detailed note was prepared on the obligations that the guide may impose on the Company. In compliance with the guide, the following documents, at the very least, need to be written and endorsed: (i) Audit Committee Regulations; (ii) Welcome Programme; (iii) Training Plan; and (iv) Annual Evaluation Form.

- With reference to the analysis of the Zodiac Group prior to the merger agreement, monitoring of the inside information registry has been ongoing for most of the year (up until 3rd November 2017). Given the great deal of time that the list has been open and the relevance of the operation, internal personnel have been reminded on two occasions of relevant rules of conduct.

- With reference to the Corporate Compliance Plan and in accordance with the schedule approved each year by the Audit Committee, a 3-level roll out was carried out in 2017:

- The first level applies to operative Spanish companies in the Group.
- The second implantation level covers a group of three countries (the United Kingdom, France and Australia).
- Last of all, implantation on a third level affects all other countries where the Group does business.

Several personal visits have been carried out in order to manage implantation and Compliance Kits have been distributed as supporting material for the visits and explanations carried out.

As in previous years, training on compliance has been reinforced for the teams in the different areas that are susceptible to this risk. Likewise, visibility on the intranet in the Policies and Procedures section has also been reinforced.

The companies have taken well to the compliance roll out plan and this is proof of the increased visibility and commitment that has, in particular over the last year as a result of the general meeting of companies, been assigned to Corporate Compliance.



4. PRIORITIES

It should be confirmed that, as well as the analysis of the cross-border merger proposal with the Zodiac Group that has been covered in detail in this report, the 2017 financial year priorities indicated in the 2016 report have been put in place this year. It should be highlighted that:

- New internal control policies and procedures have continued to be developed and have been effectively disseminated across the organisation;
- Work has been carried out aimed at continuing to reinforce current internal control procedures and policies, with particular emphasis on reviewing and fulfilling them and on developing and implementing the Compliance Programme within Group branches;
- Financial Information Control Systems were supervised and a follow-up was carried out on compliance with action plans implemented by General Corporate Management;
- The role of the Compliance Coordination Committee and its activities has been reinforced.
- Internal audit reviews, covering the risks related to the strategic aims defined by General Corporate Management, as well as 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, were planned and completed.

The priorities for the 2018 financial year agreed upon by the Audit Committee include:

- Coordinating, supervising and facilitating actual integration of the Zodiac Group, taking into account each party's particular characteristics;
- Ensuring compliance with market supervision body requirements in the market where the Fluidra Group is listed;
- Continuing to develop new internal control policies and procedures and effectively disseminating them across the organisation;
- Continuing to reinforce current internal control procedures and policies with particular emphasis on reviewing and fulfilling them and on developing and implementing the Compliance Programme within Group branches;
- Continuing to supervise Financial Information Control Systems and follow-up compliance with action plans implemented by General Corporate Management;

- Reinforcing the role of the Compliance Coordination Committee and its activities.

- Planning and carrying out internal audit reviews, covering the risks related to the strategic aims defined by General Corporate 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 2017 financial year in compliance with its areas of responsibility.

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

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

- Understand that the Committee's work has been satisfactory in terms of its responsibilities, as indicated in the corresponding regulations;
- Have reported to the Board of Directors and, where applicable, Company senior management on areas of the Zodiac merger proposal that were their responsibility.
- Have informed the Board of Directors and the Company's management team of matters relating to 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
- Have 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, 26th March 2018

The Chairman

Spokesperson

Mr Gabriel López

Mr Juan Ignacio Acha-Orbea Echeverría

Spokesperson

Mr Bernat Corbera



ANNEX I

FLUIDRA, S.A. BOARD OF DIRECTORS REGULATIONS

Article 13. Audit Committee. Structure, roles and procedures

1. The Board of Directors shall set up an Audit Committee from among its members comprised of at least three exclusively non-executive directors who shall be appointed by the Board of Directors, without prejudice to the participation of senior management and executive directors when so required by members of the Committee. At least two of the Committee Members shall be independent and one of them shall be designated taking into account his/her knowledge and experience on accounting matters or audit matters or both. The members of the Audit Committee and particularly its Chairman, shall be designated based on their knowledge and experience in the field of accounting, auditing and risk management as well taking into consideration other knowledge, skills and experience in other related matters.

2. The position of Chairman of the Audit Committee shall be filled from among the independent Directors forming part thereof and the position shall be held for four years. The Chairman may be elected to another term with at least a one-year interlude between terms. The secretary shall be selected from among members of the Committee.

3. Without prejudice to any other functions assigned at any time by the Law, the Articles of Association or Board of Directors, the Audit Committee shall have the following basic functions:

- Inform the General Meetings about any questions raised that fall within its areas of competency.
- Propose the appointment of external auditors or audit companies in compliance with article 264 of the Spanish Corporations Law as well as the contract conditions, the scope of the mandate and, where applicable, its revocation or cancellation.
- Supervise the efficiency of the Company's internal control system and, in particular, the Financial Information Internal Control System, internal audits (where applicable) and the risk management systems, including fiscal ones. Also, discuss any significant weaknesses in the internal control system detected during audits with the account auditors or external auditing companies.
- Supervise the preparation and presentation of regulated financial information;
- Review the Company's accounts, supervise compliance

with legal requirements and correct use of generally accepted accounting principles. To this end, it shall have the direct support of the external and internal auditors.

- Manage and supervise professional relationships with account auditors or external audit companies with a view to gathering information on matters that may put their independence at risk. This and any other information on the account audit developments will be examined by the Committee as well as any other notifications provided for in account audit legislation and audit regulations.
- Oversee compliance with the audit contract and ensure that the auditor's opinion on financial statements and the main content of the audit report are drawn up clearly and precisely, evaluating the results of each audit carried out.
- Oversee compliance with the legislation on related-party transactions. In particular, ensure that information on these transactions is reported to the market, in compliance with the provisions of Order 3050/2004 of the Ministry of Economy and Finance of September 15 2004.
- Examine compliance with the Internal Code of Conduct, with these Regulations and, in general, with the Company's rules of good corporate governance and make any proposals as may be appropriate for the improvement thereof.
- Receive information and, when appropriate, issue reports on disciplinary action to be taken with reference to members of the Company's senior management team.

Similarly, the Audit Committee shall:

- With regards to information systems and internal control:
 - (a) Supervise the preparation and integrity of the Company's financial reporting process and, where applicable, of the corporate group, assuring compliance with regulatory requirements and the appropriate establishment of the scope of consolidation and correct use of accounting criteria.
 - (b) Periodically review the internal control and risk management systems in order to ensure that primary risks are identified, managed and reported in an appropriate manner.
 - (c) Ensure the independence and efficiency of internal audit functions; propose the selection, appointment, re-election and dismissal of the internal audit department manager; propose the services budget; receive periodic information on activities; and verify that senior management takes into account the conclusions and recommendations included in reports.
 - (d) Establish and supervise a mechanism that allows employees to confidentially and, where appropriate, anonymously report any relevant anomaly or irregularity that they may have noticed, particularly in finance and accounting.
- With regards to the external auditor or audit company:

(a) Submit selection, appointment or re-election and substitution of the external auditor or audit Company, as well as on the contract conditions, proposals to the Board of Directors.

(b) Regularly receive information from the external auditor or audit Company on the audit plan and the results of its implementation and verify that senior management are taking recommendations into account.

(c) Ensure the independence of the external auditor or audit Company in carrying out their functions and, to that effect: (i) ensure that the Company notifies the CNMV of any change in the external auditor as a relevant event, accompanying the notification with a report on any existing disagreements with the former auditor and the content thereof; (ii) ensure that the Company and the auditor respect the applicable rules on the provision of non-auditing services and, in general, on any other rules established to assure the independence of auditors; and (iii) in the event of the resignation of the external auditor or audit Company, investigate the reasons for this.

Pursuant to the legislation on account audits, external auditors or audit companies shall send the Audit Committee, on an annual basis, a written confirmation of their independence vis-à-vis the directly or indirectly-related Company or companies, as well as information on additional services of any kind rendered and the corresponding fees received from those companies by the auditors or companies, or by any related persons or entities. In addition, the Audit Committee shall issue each year, prior to the publication of an audit report, a report issuing an opinion on the independence of the auditors or audit companies. The report shall always contain an assessment of the provision of the additional services contemplated in the paragraph above considered both separately and as a whole, other than the statutory audit and in relation to the rules on independence and to the legislation regulating audits.

(d) In the case of groups, facilitate circumstances so that the group auditor takes responsibility for auditing all companies within the group.

• With regards to risk policies and management:

(a) Identify the different risk types (operating, technological, financial, legal and reputation) faced by the Company, including risks arising from contingent liabilities and other off-balance-sheet risks.

(b) Determine the acceptable level of risk established for the Company.

(c) Determine the measures established for the mitigation of identified risks, should they arise.

(d) Determine the information and internal control systems to be used for managing and controlling identified risks,

including contingent liabilities and off-balance-sheet risks.

• With regards to the obligations of publicly-traded companies:

Submit information to the Board of Directors, prior to the decisions it may make, on all matters provided for in the Law, the Articles of Association and the Board of Directors Regulations and, in particular, regarding:

(a) The financial information that the Company, as a publicly traded Company, must periodically release. The Audit Committee must ensure that interim financial statements are prepared following the same accounting criteria as applied to the annual financial statements and, to this end, determine if a limited review by the external auditor or auditing Company is necessary.

(b) The creation or acquisition of an equity interest in special purpose vehicles or entities domiciled in countries or territories considered tax havens, and any other transaction or operation of a similar nature which, due to its complexity, may lessen Group transparency.

(c) Operations with related parties.

(d) Transactions that imply or may imply a conflict of interests. The Audit Committee shall not perform the functions provided for in sections (a), (b) and (c) above where, pursuant to the Articles of Association, they have been entrusted to another supervision and control committee, as provided for by the Law.

4. The Audit Committee shall meet, under normal circumstances, on a quarterly basis in order to review periodical financial information to be reported to the exchange authorities and the information that Board of Directors must approve and include in the annual statements. Similarly, the Committee shall meet when requested to do so by any of its members and whenever called to do so by the Chairman. The latter must do so whenever the Board of Directors or its Chairman request a report or the adoption of proposals and at any time as may be appropriate for adequately carrying out its functions.

5. Ordinary Audit Committee meetings shall be convened by certified letter, fax, telegram or e-mail and shall be authorised with the Committee Chairman's signature or, where appropriate, that of the Committee Secretary on the Chairman's orders. The meeting shall be convened at least five days in advance and shall, at all times, include a meeting agenda. The Committee Chairman may convene special Committee meetings when, in his/her opinion, the circumstances so justify. In such cases, the aforementioned advance notice period shall not apply. Additionally, the Audit Committee meeting shall be considered convened without the need for a notification if all its members present (in person or by proxy) unanimously agree to hold the meeting.

6. The Audit Committee agreements undertaken via video conference facilities, multiple telephone conference facilities and other means of communication at a distance shall be considered valid, as long as none of the Committee Members oppose this procedure, the necessary means in order to do so

are available and are mutually recognised. This must be reflected in the Committee Meeting minutes. In such cases, the Committee Meeting shall be deemed to be a single meeting held at the registered office.

7. The Committee Meetings shall be considered quorate when at least the majority of its members are present or represented.

8. Resolutions shall be adopted by a majority of the members present (or represented) at the meeting. In the event of a tie in the vote, the Chairman shall have the casting vote.

9 The Audit Committee may request the presence of any member of the senior management team or Company employee and may even request that the latter participate without the presence of any other senior manager. All employees called to participate in an Audit Committee meeting shall collaborate and provide access to the information they have. The Committee may also request the presence of the account auditors at their meetings.

10. In order to comply appropriately with its functions, the Audit Committee may consult external experts whenever necessary.

11. The Company shall have an internal audit area operating under the supervision of the Audit Committee. It shall oversee appropriate functioning of internal information and control. The head of internal audits shall submit an annual internal audit plan to the Audit Committee and shall report on any incidents that take place. An annual activity report shall be submitted at the close of each financial year.

12. The Audit Committee shall report on its activities and work carried out in the first Board of Directors meeting held following the Audit Committee Meeting. The Audit Committee shall also prepare minutes of its meetings and send a copy to all Audit Committee Members. The minutes shall be made available in any event to the members of the Board of Directors. The Audit Committee shall prepare an annual report on its activities, highlighting, where applicable, any incidents that may have occurred with reference to its functions. Similarly, the Audit Committee may include any proposals for improving the Company's rules of corporate governance in the aforementioned annual report. The Audit Committee report shall be attached to the annual report on corporate governance issued by the Company and shall be made available to shareholders and investors through the corporate website.

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

FLUIDRA, S.A. INTERNAL CODE OF CONDUCT REGULATIONS

Article 14. Supervising compliance with Internal Conduct Regulations.

In accordance with the provisions of the articles of association and the Company's Board of Directors Regulations, the Audit Committee shall supervise effective compliance with the obligations covered in these Regulations. To this end, the Committee shall:

- (i) Comply with and enforce compliance with conduct standards for the securities market and the rules of these Regulations, their procedures and other complementary legislation, present or future.
- (ii) Promote familiarisation with the Regulations and other conduct standards in the securities market amongst Subject Persons.
- (iii) Develop, as appropriate, the procedures and rules for development considered necessary for applying the Regulations.
- (iv) Interpret the Regulations and resolve any doubts or questions raised by Subject Persons.
- (v) Initiate disciplinary proceedings against Subject Persons as a result of a failure to comply with these Regulations.
- (vi) Provide the Company Board of Directors with proposals for any modifications or improvements to these Regulations it considers appropriate.

The Audit Committee shall have all the necessary faculties for complying with its functions and, amongst others, shall be especially enabled to:

- (i) Request any data or information it considers necessary from any Subject Persons.
- (ii) Establish information requirements, control rules and any other measures deemed necessary.

The Audit Committee shall report annually, and whenever deemed necessary or requested to do so, to the Board of Directors on the measures taken to ensure compliance with the provisions of the Regulations, its level of compliance and, where applicable, the incidents that have taken place and cases opened during that period.

With a view to facilitating Audit Committee compliance with the aforementioned obligations, the Managing Director shall appoint a person to manage Regulatory Compliance. This person, under the direct dependency of the CEO, shall monitor compliance with all the internal Company rules and CNMV or other applicable official institution legislation as long as the Company is a listed Company. With a view to fulfilling the competencies indicated in this section, the head of regulatory compliance shall also periodically report to the Audit Committee on the degree to which regulatory compliance is being observed.