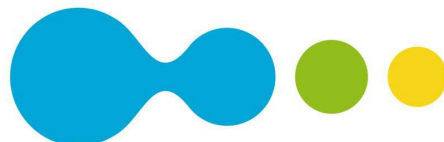


FLUIDRA



ANNUAL REPORT ON 2015 AUDIT
COMMITTEE ACTIVITIES

2015



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1. PRESENTATION

I am pleased to present Fluidra Group Audit Committee Activity Annual Report for FY2015. It was prepared in compliance with the Company's Board of Directors by-laws, was approved by the Audit Committee and was presented to and validated by the Board of Directors on 30th March, 2016.

Progress has been made this year on the priorities established for 2015. On the one hand, internal procedures and control policies have been reinforced as a result of the reviews and observations made by the Internal Audits Department. Additionally, as a result of steps taken by the Group to improve internal control systems and the manner in which they are documented, a favourable report was, for the first time, issued by the external auditor on the internal control system for financial information (FIICS) for FY2015.

On the other hand, an in-depth review of our Code of Ethics has been carried out with a view to bringing it into line with the changes made on legislative and penal matters. To this, we can add an increase in notifications made by the Ethics Committee with the aim of improving the efficiency of the complaints communications channel.

Last of all, in line with good practices in matters of Corporate Governance and consistent with changes due to come into force with the new Spanish Audit Law, a process to select a Fluidra Group External Auditor was initiated in 2015. The process was managed by the Audit Committee and, following a long-term relationship with KPMG Audits, the company that has worked alongside the Fluidra Group since its flotation, the Committee made a proposal to the Board of Directors that at the Shareholder's Meeting it present a nomination for EY as the new Fluidra Group auditor beginning in FY2016.

For FY2016, the aim is to continue reinforcing the internal control procedures and policies, update the Code of Ethics adherence certificate for all Group employees and guarantee the quality of financial statements.

Finally, I would like to make the most of this opportunity to thank Mr. Joan Planes for his excellent work as a member of the Audit Committee and wish him all the very best in his new role.

Gabriel López
Chairman of the Audit Committee



2. 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 articles may be found in Appendix I.

2015 AUDIT COMMITTEE STRUCTURE AND MEETINGS

As of 31st December, 2015, the following were Audit Committee members, as appointed by the Board of Directors:



Name	Role	Appointed
Mr. Gabriel López Escobar (independent)	Chairman	30/10/2014
Bansabadell Inversió Desenvolupament, S.A. (external proprietary director), represented by Mr. Carles Ventura Santamans	Spokesperson (Secretary)	26/10/2011
Mr. Juan Ignacio Acha-Orbea Echeverría (independent)	Spokesperson	26/10/2011
Mr. Joan Planes Vila (external proprietary director)	Spokesperson	26/10/2011
Mr. Bernat Corobera (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 director and the Secretary was selected from amongst the Committee's external proprietary directors.

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 by the Chairman. Five meetings were held in 2015.

COMMITTEE FUNCTIONS AND FUNCTIONING

The Audit Committee's main roles are regulated by the

Board of Directors Regulations and Internal Code of Conduct Regulations. They are summarised below:

- Provide the Annual General Meeting with information on the issues it discusses and for which it is responsible.
- Propose the appointment of external account auditors to the Board of Directors (and the contract conditions, scope of the professional mandate and revocation or renewal);
- Monitor internal audit systems;
- Supervise the preparation and presentation of regulated financial information;
- Review the 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 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 for 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;
 - Establishing and supervising a mechanism that allows employees to confidentially report irregularities.
- Regarding the external auditor, the Committee's roles 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 that the external auditor functions independently; and
 - Providing the necessary circumstances for the Group auditor to take responsibility for all the companies 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 image) 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 if they were to 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 aims to make regarding:
 - 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 lessen Group transparency;
 - Operations with related parties; 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 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 and communication between them is fluid.

AUDIT COMMITTEE MEMBER PROFILES

Mr. Gabriel López Escobar

Born in Madrid in 1956, he holds a degree in Business Studies, a Master's degree in Economics and a post-graduate diploma in Economics from the University of Nancy (France). He is on Spain's Official Register of Auditors and on the PCAOB (USA) Roster.

He served as chairman of the PwC Spain Supervision Committee and has extensive experience in all types of audit services, financial consultancy and financial research. He began working in PwC in 1984 and was a partner in the business between 1995 and 2014. He has managed audits in large Spanish groups of companies and international company branches.

He has worked for companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randsstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI and Volkswagen/Seat.

Mr. Juan Ignacio Acha-Orbea Echeverría

Born in San Sebastián, Spain, on 1st July, 1956, he holds a 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 Director of Chemical Bank in Madrid and New York. Between 1986 and 1989 he was Director of Equity and Investment Funds in Bankinter.

Between 1989 and 2003 he held the position of CEO 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 Managing Director of AENA since 2012. He was also named Chairman of the company Equity Contraste Uno in 2003 and currently still holds this position.

Mr. Juan Planes Vila

Chairman and founding partner of the Company. Born in Estamariu (Seu d'Urgell) in 1941.

On completing his studies in industrial engineering, he began his professional career as head of manufacture and quality control at Paris Morató in the automotive industry.

Along with three other partners, he set up Astral S.A de Construcciones Metálicas in 1969. This company manufactures metal components for swimming pools. The evolution and internationalisation of the company led Juan Planes to lead the establishment of the Fluid Group.

He is the company's CEO.

He was awarded the Creu de Sant Jordi (George's Cross civil distinction) by the Government of Catalonia in 2013.

He is Chairman of the Dispur S.L. Board of Directors and was Chairman of the Fluidra Board of Directors from September 2007 to December 2015 when the position was taken over by Eloi Planes.

Mr. Carlos Ventura Santamans

Born in Sabadell (Barcelona) in 1969, he holds a degree and Master's degree in Business Administration from ESADE.

In 2001, he joined the Sabadell Bank as Director of Corporate Development of the BS Capital unit. Since then, he has held several management positions within the Sabadell Bank Group. Of particular importance are those of Director of Corporate Banking, Director of Structured Finances and Director of BS Capital, one of the bank's business units that manages the Group's shares in businesses (venture capital and real estate).

He is currently vice CEO of Sabadell Bank and Director of the Group's Corporate Banking.

Mr. Bernat Corbera

Born in Sabadell (Barcelona) in 1965, he holds a degree in Business Studies from the ESEI International Business School and Senior Management Programme studies from the 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 CEO of Astral Products Inc. and was mainly responsible for implanting the company in the North American market.

In 1997, he began his role as manager of Poltank Inc. and later, in 1999, he joined Astral Group. S.A., again as Director of North America and member of the executive committee.

He no longer works for the Fluidra Group and his professional activity is mainly in the management of numerous companies. Bernat Corbera Serra is Managing Director of the Edrem S.L Board of Directors.



3. 2015 FINANCIAL YEAR ACTIVITIES

The Company's Audit Committee met 5 times during 2015 financial year and discussed numerous issues related 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 Director of Internal Audits 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 to be sent to the Board of Directors for approval and favourable feedback were:

- Quarter, semester and annual closures to be reported to the CNMV;
- Significant related operations in the financial year:
- Evaluation of Financial Information Internal Control Systems;
- Results of the ethics hotline/channel; and
- Conclusions from the risk map update.

This section includes a summary of Audit Committee activities in the 2015 financial year and organises the activities into groups based on basic functions. The main activities carried out are summarised below:

FINANCIAL INFORMATION

The Committee has, in particular, dedicated time to reviewing Fluidra Group annual accounts and quarterly financial statements and other information made available to the market or from supervisory bodies during the financial year, prior to the review carried out by the Board of Directors.

Group senior managers participated in all Committee meetings held in FY 2015. This meant that they were able to get to know the quarterly financial statement elaboration and consolidation process with sufficient time and to check compliance with regulations and applicable accounting principles. As such, 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 28th April, 29th July and 28th October, 2015, and the meeting held on 24th February, 2016, the Audit Committee issued a favourable report on the financial statements up to 31st March, 30th June, 30th September and 31st December, 2015, respectively. This was prior to Board approval and communication to markets and supervision organs.

In terms of annual accounts and the management report for FY2015 which are due to be reviewed in the 2016 Annual General Meeting programmed for 3rd May, 2016, the Committee, in its meeting held on 29th March, 2016, following their review, reported favourably on its content prior to presentation by the Board of Directors.

ACCOUNTS AUDITOR

In its meeting on 26th March, 2015, the Committee agreed to make a proposal to Fluidra's Board of Directors to include the re-election of KMPG Auditors as account auditors for the verification of Fluidra and Group annual accounts and management reports for FY2015 in the Annual General Meeting agenda. In re-electing KPMG as the Fluidra and Group accounts auditor, the Audit Committee took a number of factors into account including the number of years the company has provided audit services, continuity and professional preparedness of the auditing team and the commitment shown by the company partner. The Board of Directors took the proposal to the aforementioned meeting and it was voted in by 99.691% of the shareholders present and represented.

KMPG Auditors was the individual and consolidated accounts auditor for Fluidra Group in the 2015 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 3 occasions in the 2015 financial year. The activities carried out included:

- Providing information on the main conclusions of the review of the 2014 annual closure. In their opinion, no matters of significant interest were identified.
- Presenting the main recommendations on the internal controls to which the company ought to continue to pay particular attention; and

- Planning tasks for FY2015.

Additionally, in December 2015, the external auditors gave a presentation on the degree to which internal procedures have progressed to date with regards to 2015 financial year consolidated annual account audits and an evaluation of internal controls on the interim stage and recommendation follow-ups.

Prior to approval of this Audit Committee Report for FY2015, the first meeting for 2016 was held. The account auditors were present and this was done prior to informing the CNMV of financial statements for the second semester of 2015.

In the Committee's opinion, all relevant aspects of the annual accounts for the year ending 31st December, 2015, 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 cash flows for FY2015. 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 30th March, 2016. Likewise, and in the Committee's opinion, the individual and consolidated Group management reports for FY2015 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 and in compliance with the independence requirements provided for in current Spanish legislation: Revised Text of the Account Audit Law approved by Royal Legislative Decree 1/2011 on 1 July.

The external auditors and other international associated companies provided the following audit services in 2015:

- In Denmark, guidance for local senior management on existing local accounting regulations for the preparation of statutory financial statements by senior management and a review of documentation prepared on corporation tax in compliance with local requirements;
- In Australia, guidance for local senior management on existing local accounting regulations for the preparation of statutory financial statements by senior management and a review of documentation prepared on corporation tax in compliance with local requirements;
- In Spain, assurance services consisting of fulfilling agreed procedures on information gathered for Group companies, Fluidra Comercial España, S.A. and Manufacturas Gre on packaging declaration (ECOEMBES);
- In Spain, assurance services consisting of fulfilling agreed procedures on information prepared for Fluidra Group companies on calculations prepared in order to justify fulfilment of financial ratios in compliance with the syndicated loan contract and a COFIDES, S.A. loan contract;
- In Spain, review and evaluation of the content of the Corporate Governance (FIICS) section of the Annual Report;
- In Hungary, guidance for local senior management on the creation of a project management and control tool;
- In Spain, assurance services consisting of a report on compliance with the requirements in Portuguese legislation for the recovery of VAT paid to fiscal authorities for write-offs in Fluidra Group Portugal companies and Certikin Portugal;
- In Israel, guidance for local senior management on the fiscal consequences of transferring and sharing existing knowledge and intellectual property with an associated entity;
- In Spain, assurance services consisting of carrying out agreed procedures on the information prepared on Aqua group companies EBITDA and Net Financial Debt for the 2011 to 2014 financial years.

Fees paid to the KPMG global organisation for different services provided in 2015 to Group companies included the following concepts:

Audit	€955,953
Audit services	€17,950
Fiscal guidance services	€26,569
Other services	€35,867

TOTAL	€ 1,036,339
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Last of all, in line with good practices in matters of Corporate Governance and consistent with changes due to come into force with the new Audit Law, in 2015 the Audit Committee began a process to select a Fluidra and Group 2016 accounts auditor. The four existing large auditing companies had a two month period in which to hold meetings with different members of the Group's senior management team and obtain the information they required in order to ready their proposals. The aforementioned proposals were handed in to Fluidra in December, 2015. The companies also gave the Group's finance and administration team a presentation on their proposals. Additionally, during the month of February, 2016, the companies each gave the Audit Committee a presentation on their proposals. The Committee took into account the following and other matters during the selection process:

- International organisational structure to facilitate coordination between the company's international entities and the team in Spain;
- The partner and the team's experience and empathy with both;
- The number of hours to be put in by the partner in comparison to the total team hours;
- The importance of Fluidra to the company;
- The company's degree of independence to Fluidra;
- The company's reputation

The company's fees were taken into account at the end of the process.

Based on the evaluation, the Audit Committee believes that EY is independent and that it is in Fluidra Group and its shareholders' best interests to name EY as Fluidra and the Group's account auditor for the minimum three-year period required by Spanish legislation (financial years 2016, 2017 and 2018).

GROUP INTERNAL AUDITS AND CONTROL SYSTEMS

In its meeting on 24th February, 2015, the Committee approved the Internal Audit programme for 2015 and the department's budget. The Director of Internal Audits attended the 5 Committee meetings held during the financial year in question and reported on audits held, the scope of reviews and the 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 Director of Internal Audits 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 Audits Department carried out limited reviews of accounting closures for March, June and September to be sent to the CNMV and informed the Committee and Corporate General Management of the work carried out and the conclusions reached.

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.

As well as this, the Internal Audits Department and the Corporate General Director provided explanations on the steps taken in order to continue reinforcing and improving the company's accounting policies and procedures.

The Internal Audits Department also reviewed the efficiency of Fluidra Group internal controls on the generation of financial information in the Group consolidated annual accounts up to 31st December, 2015. As discussed in the Committee meeting held on 29th March, 2016, 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 FY2015.

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

Last of all, the Committee reviewed the Internal Audit Statutes and the New Code of Ethics and gave a favourable report on both documents to the Board of Directors.

REGULATORY COMPLIANCE

The Head of Regulatory Compliance gave a report in each of the Committee's meetings on the supervision and follow-up tasks carried out in the department.

The most relevant matter was the suspension of the liquidity contract as a result of the Share Repurchase Programme which was carried out in order to comply with obligations provided for in the Incentives Plan based on shares for Fluidra Group senior managers and which was given the go-ahead in the Annual General Meeting held on 5th May, 2015.

4. PRIORITIES

The 2015 financial year priorities, as indicated in the 2014 financial year report, were put into action. The following are of particular relevance:

- Internal control procedures and policies were reinforced and particular emphasis was placed on reviewing and fulfilling them 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;
- Ethics Committee steps were reinforced and all company employees were informed of the channel for filing reports;
- Internal Audit reviews were programmed and carried out. These covered all the risks related to the strategic aims defined by General Corporate Management with the aim of improving internal controls in their corresponding areas.
- Prior to the Annual General Meeting, a proposal was made to the Board of Directors to appoint external auditors (and review their contract conditions, the scope of their professional mandate and revocation or renewal).

The priorities for the 2016 financial year agreed upon by the Audit Committee include:

- Continuing to reinforce internal control procedures and policies with particular emphasis on reviewing and fulfilling them within Group branches;
- Supervising Financial Information Control Systems and following-up compliance with action plans implemented by General Corporate Management;
- Supervising communication of the Code of Ethics update

to all company employees and continuing to reinforce the Ethics Committee and steps to adjust to changes in legislation;

- 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 subjected 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;
- Prior to the Annual General Meeting, putting forward proposals to the Board of Directors on appointment of external auditors (and reviewing their contract conditions, the scope of their professional mandate and revocation or renewal).



5. CONCLUSION

This report includes a summary of the activities carried out by the Audit Committee in the 2015 financial year in compliance with its areas of responsibility.

Throughout the 2015 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:

- Believe that the Committee's work has been satisfactory in terms of its responsibilities, as indicated in the corresponding regulations;
- 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
- The Company's Board of Directors and Senior Management were informed of areas that may be susceptible to improvements in each of the areas of responsibility.

Sabadell, 29th March, 2016

The Chairman

The Secretary

Mr. Gabriel López

Mr. Carles Ventura Santamans

Spokesperson

Spokesperson

Mr. Bernat Corbera

Mr. Juan Ignacio Acha-Orbea Echeverría



APPENDIX I

FLUIDRA S.A. BOARD OF DIRECTORS REGULATIONS

Article 13. Audit Committee. Composition, competencies and functioning

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 of any questions raised within it and 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 significant weaknesses in the internal control system detected in audits with the account auditors or external auditing companies.

- Supervise the preparation and presentation of regulated financial information;
- Review Company accounts, ensuring compliance with legal requirements and correct use of Generally Accepted Accounting Principles. To this end, they will 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 external auditors 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 performed.
- 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 measures to be imposed on the 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 primary risks are identified, managed and appropriately reported.

(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 anonymously report any relevant anomaly or irregularity that they may notice within the Company, particularly in finance and accounting.

- With regards to the external auditor or audit company:

(a) Make 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 the discharge of their functions and, as such: (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 services other than the auditing 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.

The Audit Committee shall annually receive written confirmation from the external auditors or audit companies of their independence vis-à-vis the directly or indirectly related company or companies and information on the additional services of any kind provided to and the related fees received from such companies by such auditors or companies, or by their related persons or entities pursuant to the legislation on audits. 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 above paragraph considered 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, image) 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:

Provide 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 listed 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, consider the appropriateness of a limited review by the external auditor or auditing company.

(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 Law.

4. The Audit Committee shall meet, ordinarily, on a quarterly basis in order to review 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 resolutions of Audit Committees held by video-conference, by conference call or by other remote communication techniques shall be considered valid, provided that none of its members object to this procedure, that they have the necessary means and they reciprocally recognise each other. This must be recorded in the Audit 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 member 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 that the latter participate without the presence of any other senior manager. All employees called to participate in an Audit Committee meeting shall render full cooperation and collaboration, providing such information as required. 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 deemed necessary.

11. The Company shall have an internal audit function operating under the supervision of the Audit Committee. It shall oversee the appropriate functioning of the internal information and control

systems. The head of internal audit shall submit an annual internal audit plan to the Audit Committee and shall report on any incidents occurring during its performance. An annual activity report shall be submitted at the close of each financial year.

12. The Audit Committee shall report on its activities in the first Board of Directors meeting held following the Audit Committee meeting. The Audit Committee shall 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) Investigate disciplinary action against Subject Persons

for non-compliance with the rules in 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 the 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 in 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 who, under the direct dependency of the Managing Director, shall monitor compliance with all the internal Company rules and CNMV or other official institution legislation and which are applicable to the Company whilst it 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.