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ACTIVITY REPORT FROM THE AUDIT COMMITTEE IN THE FINANCIAL YEAR 2015

The Audit Committee is made up of the following people:

NAME	Function in the Audit Committee
Mr. Alejandro Legarda Zaragüeta	Chairman
Mr. José María Aldecoa Sagastasoloa	Secretary
Mr. Ignacio Marco-Gardoqui Ibañez	Director

All are Independent Directors

In the 2015 financial year, the Committee met on eight occasions, with the aim of following up the issues summarised in the following sections:

1). Activities undertaken related to the 2015 financial year

Regarding external audit

EY España, the Company Accounts Auditor, has made three appearances before the Committee to notify Members of the most important aspects highlighted in the External Audit process, both in the preliminary phase as well as whilst in progress, and the final annual closure.

As in each financial year, in the preliminary phase the pre-closure review is highlighted, performed on 31st October, allowing EY and the Committee to identify and anticipate the work of the external audit as well as issues that given their uniqueness or accounting impact require a special mention, such as that stipulated in the Management Report accompanying the Consolidated Report and among which the following are highlighted:

- The sale of the IAN Group
  On 10th March 2015, the sale of 100% of the IAN Group was completed to the equity capital value of 55.8B€. The sale was made to the company Servicios Compartidos de Industrias Alimentarias, S.L., an entity managed by Portobello Capital Gestión S.G.E.C.R. S.A. This operation involved a capital gain after tax of 0.4B€ for the consolidated Viscofan Group; it is presented as the result of

uninterrupted operations, once, in the 2014 financial year, the vegetable food segment was classified as an asset group maintained for sale, in accordance with the criteria established in Regulation NIIF 5.

- VUS pension plans
  Following the Group's financial risk reduction policy from the pension plans initiated in previous years, the Group has continued to outsource its pension plans for employees belonging to the United States subsidiary . On 6th February 2015, a contract was formally signed with the Metropolitan Life Insurance Company (MetLife). With this agreement, since 1st March 2015, this Company is in charge of paying annuities to the beneficiaries of the transferred plans.

  The total for cancelled liability ascends to 57.8B$ (52B€) and has generated a non-recurring result in the financial year of 3B€, before tax.

  Cancelling liability was undertaken with the contribution of the assets associated with the plans and an additional cash payment of 7B$ (6B€).

- Purchase and capital expansion of Nanopack Technology and Packaging S.L.
  On 27th May 2015, 51.67% of shares with voting rights of Nanopack Technology & Packaging S.L. were acquired for the amount of 4B€.

  Nanopack is a technology-based R&D company specialising in high added-value products for the plastics, glass and additives sector, non-listed and with company headquarters in Girona.

  The non-listed company is included within the Viscofan Group's consolidation perimeter for the global integration method, valuing acquired assets and assumed liabilities at fair value.

  It has been decided that external partners should be assessed for the proportional part of net identifiable assets of that acquired.

  The goodwill, calculated as the excess of the total of the consideration transferred plus the sum total of the registered external partners over the net value of the assets, has ascended to 3.5B€.

  In November 2015, at the Company's General Shareholders Meeting, an extension of capital was agreed of 2B€. Viscofan, S.A. subscribed to shares totalling 1.9B€, thus obtaining 90.57% of voting rights.

- Lawsuits and pending claims
  Noteworthy, as commented in previous financial years, is that there are two claims in progress with Griffith Colombia, S.A., despite one of them not carrying financial intentions, deriving from the early termination of the commercial relationship and in which Griffith is withholding 1.2B€ of unpaid invoices as well as requesting compensation for early termination. Viscofan has received a favourable sentence in Brazil and considers that the arguments presented by the complainant are not envisaged to risk exceeding the provisional amount.

Regarding the follow-up of the lawsuit with Mivisa Envases, S.A. during 2015, an appeal for judicial review and an extraordinary appeal have been admitted for breach of the procedure presented before the Supreme Court on 22nd September 2014. In accordance with the Industrias Alimentarias de Navarra S.A.U. sales contract of 10th March 2015, the appeal is owned by Viscofan, S.A. Thereby if the Supreme Court were to rule against Mivisa Envases, S.A., the compensation would correspond to Viscofan. The result of the appeal is considered uncertain, thereby, within the Groups conservative policy, it has been decided that no asset shall be accepted.

To these, there are other claims or liabilities and/or contingent assets of lesser materiality included in Note 15.7 of the Consolidated Report.

✓ SCIIF follow-up

- Within the supervision of the development process and the integrity of the Company's financial data, for the second year EY was requested to assess the evolution of the SCIIF implementation in the Group during 2015, taking the CNMV Recommendations Guide as a reference. In its report, EY considers that the description from section 5 of the Annual Report of Corporative Governance regarding internal control and risk management systems linked to financial data is correct and that no inconsistencies or incidences have emerged that may affect it.

Each quarter, the Committee supervised the financial data to be sent to the CNMV and market, requesting the presence of Management and members of the Group's Financial Department to contrast the business evolution and its accounting review, as well as Consolidation activities, along with the Group's Financial Director and Internal Audit.

Throughout the year the Committee supervised the follow-up of the Annual Internal Audit Plan and Proposals from the Audit Committee.

Finally, the opinion given in the External Audit Report issued on 29th February 2016 was favourable for both the Consolidated Annual Accounts from the 2015 financial year, as well as for the individual Viscofan, S.A. Accounts from the same period.

The Committee, satisfied with the work performed by the external auditors over the past financial years and following assessment of their independence, proposes the renewal of EY as the Group's auditor for the 2016 financial year.

Regarding the Viscofan Group's risk management

Throughout 2015, the Committee has focused its efforts on the on-going improvement of its control environment; the follow-up and improvement of the Financial Information Internal Control System (SCIIF), as well as Internal Audit activities. In accordance with the Audit Committee request, the Internal Audit's efforts were complemented with the incorporation of a senior auditor.

Regarding the internal Audit, within the three-year plan and among the activities carried out, the transverse audit of the Raw Materials Management (Cellulose and Collagen) particularly stands out, related to the Supply Chain area and the review and assessment in diverse branches of the suitable implementation of corporate HR policies, which form part of the internal regulations established by the Viscofan Group in connection with the Prevention and Detection of Crime System. Two in situ audits have been completed of the Monthly Closure process and the Prevention and Detection of Crime System. On the other hand, the Internal Audit has participated in the Credit Risk Committee, the Investment Committee, the Global Risk Committee, the Ethics Committee and the Corporative Responsibility and Regulation Compliance Committee, which allows it to carry out a close follow-up of the management of the different risks, whether strategic, operational, regarding data or compliance, that are assessed within the Group's risk map and that are indicated to the Audit Committee for transfer to the Administrative Board. Another of the Internal Audit's functions was the quarterly review of a sample of controls from the SCIIF. At the start of a year the Internal Audit selects a sample of controls considered relevant due to their impact on the results account, and it reviews its execution to transfer its opinion to the Audit Committee regarding the reliability of the Financial Statements to be published.

Regarding the assessment of the Audit Committee

As in previous years, the Audit Committee, at the request of the Appointments and Retribution Committee and under the guidance of its Secretary and the Secretary of the Board, all Committee members satisfactorily assessed the contents and Committee performance.

2) Perspectives relating to the 2016 financial year

Just as in 2015, the supervision of the quality and reliability of the financial data via SCIIF, shall continue to be a priority issue for the Commission. For this reason, the Internal Audit shall continue to provide its quarterly opinion and assessment regarding the execution of the SCIIF controls.

In the Internal Audit work plan developed for 2016, in situ audits have been programmed of various processes from different areas in four subsidiaries and transverse audits to be carried out from the Head Office. On the other hand, the follow-up and sponsoring of improvements to already audited processes are still required.

As in previous years, the Committee shall continue to give particular attention to updating the Group's risk map, as well as the follow-up of the Group's different internal control policies that help mitigate these risks.

Finally, in accordance with the New Audit Act, a new external auditor shall be contracted to audit the accounts from the 2017 financial year. To these effects, the Committee shall participate in the processing and selection of the new auditor.