



ANNUAL CORPORATE GOVERNANCE REPORT 2013

Viscofan S.A

Year end: 31/12/2013

A.- OWNERSHIP STRUCTURE OF THE COMPANY

A.1- Complete the following table about the share capital of the company

Date of last rights	Share capital (euros)	Number of shares	Number of vote change
14/04/2011	32,622,577.40	46,603,682	46,603,682

State whether there are different classes of shares with different rights attached thereto

NO

A.2- Breakdown of direct and indirect holders of significant shareholdings in the company as of the end of the fiscal year, excluding directors:

Name or company name of the Shareholder	Number of direct voting rights	Number of indirect voting rights		% of total voting rights
		Name or company name of the direct holder of the stake	Number voting rights	
DOÑA MARIA DEL CARMEN CAREAGA SALAZAR	0	ONCHENA S.L.	2,366,000	5.077
MARATHON ASSET MANAGEMENT, LLP	0		2,297,473	4.930
AMERIPRISE FINANCIAL Inc	0		1,407,174	3.019
APG Algemene Pensioen Groep NV, Inc.	1,412,528		0	3.031
BLACKROCK, INC.	0		1,463,530	3.140
DELTA LLOYD N.V.	0		1,426,704	3.061

Indicate the most significant changes in the shareholding structure that have occurred during the fiscal year:

Name or company name of the shareholder	Date of transaction	Description of the transaction
GOVERNANCE FOR OWNERS LLP	05/07/2013	Down from 3% of the share capital
BNP PARIBAS, SOCIETE ANONYE	05/07/2013	Grupo BNP did not aggregate shares held in SCIICS, ESIS portfolio management and custody services
AMERIPRISE FINANCIAL, INC	10/09/2013	Exceeded 3% of the share capital
APG ALGEMENE PENSIOEN GROEP N.V.	13/12/2013	Exceeded 3% of the share capital
DELTA LLOYD N.V.	23/12/2013	Exceeded 3% of the share capita

A.3- Complete the following tables about members of the Board of Directors of the Company who have voting rights attaching to shares of the Company:

Name or company	Number of direct	Number of indirect voting rights	% of total voting
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name of the Shareholder	voting rights	Name or company name of the direct holder of the stake	Number voting rights	rights
MR JOSE DOMINGO DE AMPUERO Y OSMA	50,000		0	0.107
MR NESTOR BASTERRA LARROUDÉ	212,452		0	0.456
MS AGATHA ECHEVARRÍA CANALES	16,809		0	0.036
MR ALEJANDRO LEGARDA ZARAGÜETA	8,250		0	0.018
MR GREGORIO MARAÑÓN BERTRAN DE LIS	0		0	0.000
MR IGNACIO MARCO-GARDOQUI IBÁÑEZ	30,276		0	0.065
MR JOSE CRUZ PÉREZ LAPAZARÁN	210		0	0.000
MR JOSÉ MARÍA ALDECOA SAGASTOSOLA	0		0	0.000
MS LAURA GONZÁLEZ MOLERO	5		0	0.000

Total % of voting rights of the Board of Directors:	0.682
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Complete the following tables about members of the Board of Directors of the Company who have voting rights attaching to shares of the Company:

Name or company name of the Shareholder	Number of direct rights	indirect rights		Equivalent number of shares	% of total voting rights
		Name or company name of the direct holder	Number voting rights		

A.4- Describe, if applicable, the family, commercial, contractual or corporate relationships between significant shareholders, to the extent known to the Company, unless they are immaterial or result from the ordinary course of business:

No applicable

A.5- Describe, if applicable, the commercial, contractual or corporate relationships between significant shareholders and the Company and/or its group, unless they are immaterial or result from the ordinary course of business:

No applicable

A.6- Indicate whether if any para-corporate shareholders 'agreements affecting the Company pursuant to the provisions of art 530 and 531 of the Capital Companies Act have been reported to the Company. If so, briefly describe them and list the shareholders bound by the agreement:

NO

Indicate whether the Company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

NO

Expressly indicate whether any of such agreements, arrangements or concerted actions have been modified or terminated during the fiscal year:

A.7- Indicate whether there is any individual or legal entity that exercises or may exercise control over the Company pursuant to Section 4 of the Securities Market Law. If so, identify it:

NO

A.8- Complete the following tables about the Company's treasury stock

At financial year end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
0	0	0

(*) Through:

Name or company name of the direct holder of the stake	Number of direct shares
Total:	0

Describe any significant changes, pursuant to the provisions of Royal Decree 1362/2007, that have occurred during the fiscal year

Notification date	Total number of direct shares acquired	Total number of indirect shares acquired	% of total share capital
	0	0	0

A.9- Describe the terms and conditions and the duration of the powers currently in force given by the shareholders acting at the General Shareholders' Meetings to the Board of Directors in order to acquire or transfer Company stock:

Extract of the Minutes of the General Shareholders Meeting held on 30 April 2013 on second call:

The following resolution was adopted by majority:

"The proposal is to cancel the authorization for acquiring own shares that was given to the Board of Directors at the Company's General Shareholders Meeting of 23rd May 2012.

The proposal is to authorise the Board of Directors to buy and sell on the market, through the person, Company or institution that it deems advisable, shares in the Company at the market price on the transaction date, for the maximum number of shares permitted by the Spanish Public Limited Companies Act (Ley de Sociedades de Capital) and related provisions, with the minimum price not being below the nominal value or more than 15% higher than the share price listed on the Spanish Automated Quotation System at the time of the acquisition.

The proposed authorisation is for the maximum term envisaged by law and will run from the date of the resolution. It is conferred upon the Board subject to existing legal restrictions on the purchase of treasury shares and, more specifically, those restrictions prescribed by Articles 146 and 509 of the Spanish Capital Companies Act (Ley de Sociedades de Capital).

In the event the Board of Directors should need to exercise the authorisation conferred upon it by the General Shareholders Meeting, the Company's treasury shares would be subject to the treasury shares regime set forth in Article 148 of the Spanish Capital Companies Act.

A.10 - State whether there are any restrictions on share transfer and/or any restrictions on voting rights. In particular, report on restrictions of any type that may impede the takeover of the company by means of the acquisition of its shares in the market.

NO

Description of restrictions

A.11- Indicate whether the shareholders acting at a General Shareholders' Meeting have approved the adoption of breakthrough measures in the event of a public tender offer pursuant to the provisions of Law 6/2007:

NO

If applicable, describe the approved measures and the terms on which the restrictions will become ineffective

A.12 - State whether or not the Company has issued securities that are not traded in an EU-regulated market.

NO

If so, describe the different classes of shares and, for each class of shares, the inherent rights and obligations.

B.- GENERAL SHAREHOLDER'S MEETING

B.1- Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the LSC (Capital Companies Act) in connection with the quorum needed to hold a valid General Shareholders' Meeting.

NO

	% Quorum differing from that set forth in art 193 of LSC (Capital Companies Act) for general circumstances	% Quorum differing from that set forth in art 194 of LSC (Capital Companies Act) for the special circumstances set forth in art 194
Quorum required on first call		
Quorum required on second call		

Describe de differences:

B.2- Indicate and, if applicable, explain whether there are differences with the rules provided by the Spanish Public Limited Companies Act for the adoption of corporate resolutions.

NO

Describe the differences with the rules provided by the Spanish Public Limited Companies Act.

	Reinforced majority different to that set forth by Article 201.2 of LSC (Capital Companies Act) for the purposes of Article 194.1 of LSC	Other instances of reinforced majority
% set forth by the Company for adoption of resolutions		
	Describe the differences	

B.3- State the regulations applicable to the amendment of the Company's bylaws. In particular, indicate the majority required for the amendment of the bylaws and, where applicable, the regulations set forth for protecting shareholders' rights when amending the bylaws.

There is no specific regulation for amending the articles of association other than that provided for by applicable regulations concerning the requirements established by art. 194 of the Capital Companies Act for a reinforced quorum and by the remaining provisions of section VIII of the aforementioned act.

The requirements for passing resolutions set forth in Article 21 of the Bylaws and Article 18 of the Regulations of the General Shareholders Meeting match those stated above.

B.4- Indicate the data on attendance at the general shareholders' meetings held during the fiscal year referred to in this report and prior years.

Attendance information					
Date of the General Shareholders Meeting	% physical attendance	% represented	% voting remotely		Total
			Electronic voting	Other	
23/05/2012	6.740	46.131	0.000	22.879	75.750
30/04/2013	1-490	31.500	0.000	44.710	77.700

B.5- Indicate whether there are any restrictions in the Articles of Association requiring a minimum number of shares to attend the General Shareholders' Meeting.

YES

Number of shares required to attend the General Shareholders' meeting:	1,000
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B.6- Indicate whether or not any decisions have been made that entail a structural amendment of the Company ("subsidiarization", sale or purchase of essential operating assets, transactions equivalent to Company's liquidation, etc.) which must be submitted for approval by the General Shareholders Meeting, even if it is not expressly stipulated under commercial law.

YES

B.7- State the address and the access path to the Company's website with regard to information about corporate governance and information about general meetings that has to be made available to the shareholders on the Company's website.

This content is available via the company's website (www.viscofan.com) and can be accessed through the Corporate Responsibility section or through the Investor Relations section, subsequently clicking on the Corporate Governance tab. The information also forms part of the documentation relating to the General Meeting and is similarly included in the Annual Report, both of which can also be accessed directly from the home page

C.- OWNERSHIP STRUCTURE OF THE COMPANY

C.1- Board of Directors

C.1.1- Describe the maximum and minimum number of Directors set forth in the Articles of Association:

Maximum number of Directors	9
Minimum number of Directors	3

C.1.2 Complete the following table identifying the members of the Board of Directors:

Name or company name of Director	Representing	Director position on the board	Date first elected	Date last elected	Election procedure
MR JOSE DOMINGO DE AMPUERO Y OSMA		CHAIRMAN	27/02/2009	03/06/2009	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MR NESTOR BASTERRALARROUDE		1st VICE-CHAIRMAN	29/07/1997	03/06/2008	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MS AGATHA ECHEVARRÍA CANALES	-	2 nd VICE CHAIRWOMAN	24/06/1998	03/06/2008	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MR ALEJANDRO LEGARDA ZARAGÜETA	-	DIRECTOR	22/05/2006	23/05/2012	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MR GREGORIO MARAÑÓN BERTRAN DE LIS	-	DIRECTOR	29/01/1999	03/06/2008	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MR IGNACIO MARCO - GARDOQUI IBAÑEZ	-	DIRECTOR	01/01/2010	01/06/2010	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MR JOSE CRUZ PÉREZ LAPAZARÁN	-	DIRECTOR	24/06/1998	03/06/2008	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MR JOSÉ MARÍA ALDECOA SAGASTASOLOA	-	DIRECTOR	23/05/2012	23/05/2012	VOTE AT THE GENERAL SHAREHOLDER 'S MEETING
MS LAURA GONZALEZ MOLERO	-	DIRECTOR	22/04/2010	01/06/2010	VOTE AT THE GENERAL SHAREHOLDER'S MEETING

Total number of Directors	9
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Indicate any separations from the Board of Directors during the period: Any separation

C.1.3- Complete the following table about the members of the Board and each member's status:

EXECUTIVE DIRECTORS

Name or company name of the Committee	Committee that proposed the nomination	Position on the Company's organizational chart
MR JOSE DOMINGO DE AMPUERO Y OSMA	Appointments and remuneration Committee	Chairman

Total number of Executive Directors	1
% of the entire Board	11.111

EXTERNAL DIRECTORS REPRESENTING A CONTROLLING SHAREHOLDER

Name or company name of the Committee	Committee that proposed the nomination	Position on the Company's organizational chart
Total number of Executive Directors	0	
% of the entire Board	0	

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of the Director

MR. NESTOR BASTERRA LARROUDÉ

Profile:

Law degree and Economics graduate from the University of Deusto. He also has an MBA from IESE

He spent most of his career working in corporate banking both internationally and in Spain at management level in capital market and corporate departments in Bank of America and Banco Santander.

He is currently Vice-Chairman of Iberpapel Gestion SA, partner and member of the Board of Directors of Amistra SGIIC, S.A.

Name or company name of the Director

MS AGATHA ECHEVARRÍA CANALES

Profile:

Law degree from ICADE (Universidad Pontificia de Comillas) and is a Business Studies graduate from the same university.

Born in San Sebastián. She has broad professional experience in a number of multi-nationals, including the audit firm Touche & Ross, S.A., British Petroleum España, S.A. and the investment bank Charterhouse Limited in which she was Managing Director and Director of its Spanish

subsidiary and founder and director of D+A Documentación y Análisis S.A. She currently acts as a business strategy adviser to family firms Member of the Board of Directors of Viscofan, S.A., of its Executive Committee and Audit Committee.

Name or company name of the Director

MR ALEJANDRO LEGARDA ZARAGÜETA

Profile

Industrial engineering graduate from the Escuela Superior de Ingenieros Industriales in San Sebastian and holds a Masters in Economics and Business Administration from IESE (Barcelona)

With broad experience in industry, in 1989 he was appointed Financial and Administrative Director of Construcciones Auxiliares de Ferrocarriles, S.A. (CAF) where he subsequently became General Managing Director in 1992.

He joined the Board of Directors of Viscofan,S.A. as an Independent Director in 2006, became a member of the Audit Committee in 2007 and is now its Chairman, and was appointed an Independent Director of Pescanova, S.A. in 2013.

Name or company name of the Director

MR GREGORIO MARAÑÓN BERTRAN DE LIS

Profile

Marquis of Marañón. Law graduate from the Universidad Complutense in Madrid and completed the Senior Executive Programme at the IESE.

He has broad experience working in the legal profession and in the financial sector, where he was Managing Director of Banco Urquijo, Chairman of Banif and Director of Argentaria and BBVA.

He is currently Chairman of Roche Farma, of Universal Music Spain, of Logista, S.A; Director of Prisa and member of its Executive Committee, Chairman of its appointments and remuneration committee and member of its corporate governance committee; member of the Board of Directors of Prisa TV, and of its Audit Committee and Chairman of its Appointments and Remuneration Committee; member of the board of Altadis; chairman of Advisory Board of Spencer Stuart; and member of the advisory board of Vodafone and Aguirre & Newman.

In the cultural sphere he is President of the Teatro Real and the Foundation Greco 2014 and the Royal Tapestry Factory; Vice-president and president of the Executive committee of the Ortega-Marañón Foundation, Director of Santillana Foundation, Altadis Foundation, Real Fundación de Toledo, the Armed Forces Museum and Toledo International Centre for Peace. He is a permanent member of the San Fernando Real Academia de Bellas Artes, and has been member of the International Council of the Tate Gallery. He holds the grand cross of Alfonso X el Sabio and is an officer of the French legion of honour and honorary citizen of Toledo.

Name or company name of the Director

MR IGNACIO MARCO-GARDOQUI IBAÑEZ

Profile

Economics degree from Deusto University.

Mr. Marco Gardoqui has a long professional career, he has worked for financial institutions, and his activities have covered teaching, consulting, and the press world, where he has a strong reputation for his active contribution as economic expert and columnist; he belongs to the Publishing Committee of Vocento Group.

He also has developed wide experience in several industrial companies, belonging to several Board of Directors; currently he is Director of Schneider Electric España, Progénika Biopharma, Minerales y Productos Derivados, Tubacex Tubos Inoxidables SA and Iberdrola Ingeniería y construcción (Iberinco) SA. Previously, he has belonged, amongst others, to the Board of Directors of Técnicas Reunidas, Banco de Comercio, IBV, and Banco de Crédito Local, and was Chairman of Naturgás.

Name or company name of the Director

MR JOSÉ CRUZ PÉREZ LAPAZARÁN

Profile

Agricultural Engineering graduate from the Universidad Politécnica of Madrid.

Born in Madrid. With broad experience in government service at the Ministry of Agriculture, with postings in Spain and abroad, and deputy in the general courts of the Spanish state. He has held the positions of Director General of Agri-food Organization and Industry in the Government of La Rioja, Minister for Agriculture, Livestock and Forestry in the Government of Navarre, Chairman of the Boards of various listed companies and professor in the Food Technology and Projects Departments of the University of Saragossa and the Public University of Navarre. Former senator and currently MP, he sits on various parliamentary committees. He holds the Grand Cross for Merit in Agriculture.

Name or company name of the Director

MR JOSÉMARÍA ALDECOA SAGASTASOLOA

Profile

Graduate in Technical Electronic Engineering from the Polytechnic School of Mondragón. PADE Graduate from the Executive Management Programme at IESE

Throughout his long professional career, he has held various posts at COPRECI (1971-1982). He was Managing Director of FAGOR ELECTRÓNICA and member of the Board of Directors of Fagor, S. Coop. (1982-1991). Between 1984 and 1991, he was Vice-Chairman of ANIEL (National Association of Electronic Industries) and Chairman of the Components Board. He was also member of the Board of Directors of the European Electronic Components Association (EECA) between 1986 and 1991. Between 1992 and 2012, he held various positions at MONDRAGÓN CORPORACION and, in 2007, he was appointed Chairman of the General Board, a position he held until July 2012. He has a wealth of experience in the international industrial world, especially in Asia, including the creation of Fagor Electrónica in Hong Kong, the integration of the production plants of Orkli, Orbea, Mondragón Automoción in the industrial park of Kunshan, China and the opening of the (industrial Park) of Pune in India. He has sat on the Board of Directors of various automotive and components companies (Copreci-Czech Republic, Copreci-Mexico, Vitorio Luzuriaga, Fagor Ederlan-Brazil, ParanoaCicautxo-Brazil, FPK, Fagor Ederlan-Slovakia), and director (1992-2006) and Chairman (2007-2012) of MONDRAGÓN INVERSIONES.

He was also Chairman of the Engineering Faculty of the University of Mondragón (1998-2002).

He is currently an independent director and member of the Delegate Executive Committee of Gamesa Corporación Tecnológica, S.A.

Name or company name of the Director

MRS. LAURA GONZALEZ MOLERO

Profile

Graduate in Pharmaceuticals from the "Universidad Complutense de Madrid", Executive MBA from the "Instituto de Empresa", advanced course of management at IMD- Switzerland.

Chairman of the Merck Group in Latin America and CEO of the Merck Group in Spain and independent Director of the Leche Pascual Group. She currently leads the project for integrating Milipore in the Merck Group. She previously led the integration process between the Merck Group and the biotechnology company Serono, a company with which she has been linked, in different posts, since 1999, and in which she was Vice-Chair of Serono Iberia y Paises Nordicos and Nordic countries when purchased by the Merck group. She was previously Managing Director of Farmacéutica Essex from the Schering-Plough Group, and Laboratorios Farmacéuticos Guerbert, S.A, as well as sales director for Roche, S.A. Currently she is member

of the Board of Directors of the Circulo de Empresarios, APD, and Adecco. Her career has also been recognised by numerous prizes and awards in recognition of her work as a notable director.

Total number of Independent Directors	8
% of the entire Board	88.889

State whether any Director classified as "Independent" receives from the Company, or from its Group, any funds or benefits for any concept other than Director's remuneration or maintains, or has maintained during the last year, a business relationship with the Company or any company in the Group, on their own behalf or as a major shareholder, Board Member or senior executive of the company that maintains or has maintained such a relationship.

If so, include a justified statement made by the Board of Directors outlining the reasons why this member of the Board of Directors can continue to fulfill his or her duties as an Independent Director.

Name or company name of the Director	Description of the relationship	Justified statement

OTHER EXTERNAL DIRECTORS

Name or company name of the Director	Committee that proposed the nomination	Position on the Company's organizational chart
Total number of Executive Directors		
% of the entire Board		

Describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company or its management or with its shareholders

Name or company name of the Director	Reasons	Related-party company, executive or shareholder

Indicate the changes, if any, in the type of director during the period:

Name or company name of the Director	Change date	Prior condition	Actual condition

C.1.4- Complete the following schedule with information corresponding to the number of Board Members during the last four years, as well as the nature of these Board Members:

	Number of Board Members				% of total Board Members per each type			
	Period 2013	Period 2012	Period 2011	Period t-3	Period 2013	Period 2012	Period 2011	Period 2010
Executive	0	0	0	0	0	0	0	0
Representing controlling shareholders	0	0	0	0	0	0	0	0
Independent	2	2	2	2	22,22	22,22	25	25
Other external								
TOTAL	2	2	2	2	22,22	22,22	25	25

C.1.5- Explain the measures, if any, that have been taken to include a sufficient number of women on the Board of Directors in order to reach a balanced number of men and women.

In recent years, through the Appointments and Remuneration Committee, the company has implemented internal initiatives in the search for possible women candidates who, in line with their experience and training, could be proposed to cover any vacancies arising in the future.

In particular, the company positively values economic and financial training, experience in auditing, knowledge of industry and, more specifically, of the sectors in which the Viscofan Group operates, and experience as a director.

In each case, the Appointments and Remuneration Committee analyses the profile of the possible candidates and forwards their proposals, taking the greater benefit of the Company into account and applying criteria based on objectivity, training and equal opportunities.

Meanwhile, the Appointments and Remuneration Committee analyses the best alternatives for guaranteeing the presence of the current female directors on all the Board's Committees, making proposals in each case as it considers most appropriate to guarantee their presence.

In 2013 female members of the Board of Directors were represented in all Committees.

Additionally, for the 2014 General Shareholders Meeting when the mandate of four members of the Board will draw to an end, the Committee, with the advice of an external expert, has made the decision to open a candidate selection process and to include the following among the requirements:

"With regard to the total number of reviewed candidates, equal consideration will be given to men and women, so that the selection process favourably reflects gender diversity".

C.1.6- Explain the measures, if any, adopted by the Appointments and Remuneration Committee to ensure that selection procedures do not have an implied bias that hinders the selection of female directors and that the Company deliberately looks for women with the target professional profile and includes them among potential candidates:

For the 2014 General Shareholders Meeting, when the mandate of four members of the Board will draw to an end, the Committee, with the advice of an external expert, has made the decision to open a candidate selection process and to include the following among the requirements:

"With regard to the total number of reviewed candidates, equal consideration will be given to men and women, so that the selection process favourably reflects gender diversity".

If, despite the adopted measures, if applicable, there are few or no women directors, describe the reasons that justify this situation:

C.1.7 - Describe the way major shareholders are represented on the Board of Directors.

Shareholders that have major stakes reported to the CNMV are not represented on the Board of Directors.

C.1.8 - Describe, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 5% of share capital.

Name or company name of the Shareholder	Justification

State whether formal petitions for presence on the Board have been received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been satisfied.

Name or company name of the shareholder	Justification

C.1.9- State whether any director has withdrawn from his/her position before the end of his/her term of office, whether or not the director has given reasons to the Board and by what means, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:

NO

Name of the Director	Reason for the removal:

C.1.10 - Describe the powers delegated to the Chief Executive Officer(s), if any:

Name or company name of the Director	Short description

C.1.11- Identify the directors who are managers or directors of companies within the listed

company's group, if any:

Name or company name of the Director	Company name of the Group entity	Title
MR JOSE DOMINGO DE AMPUERO Y OSMA	GAMEX CB S.R.O.	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	INDUSTRIAS ALIMENTARIAS DE NAVARRA. S.A.U.	DIRECTOR
MR JOSE DOMINGO DE AMPUERO Y OSMA	KOTEKS VISCOFAN D.O.O.	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	NATURIN VISCOFAN GMBH	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CANADA. INC	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CENTROAMÉRICA COMERCIAL SA	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CZ S.R.O.	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MÉXICO S. DE R.L. DE C.V.	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL. LTDA	MEMBER OF THE ADVISORY BOARD
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN UK LIMITED	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN URUGUAY S.A.	CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN USA INC.	CHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	INDUSTRIAS ALIMENTARIAS DE NAVARRA. S.A.U.	CHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	KOTEKS VISCOFAN D.O.O.	VICECHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	NATURIN VISCOFAN GMBH	VICECHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	VISCOFAN CZ S.R.O.	VICECHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL. LTDA	MEMBER OF THE ADVISORY BOARD
MR NESTOR BASTERRA LARROUDÉ	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	VICECHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	VISCOFAN URUGUAY S.A.	VICECHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	VISCOFAN USA INC.	VICECHAIRMAN
MR NESTOR BASTERRA LARROUDÉ	GAMEX CB S.R.O.	VICECHAIRMAN

C.1.12- Identify the directors of your company, if any, who are members of the Board of Directors of other companies listed on official stock exchanges in Spain other than those of your Group, that have been reported to your company:

Name or company name of the Director	Company name of the Group entity	Title
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MR JOSE DOMINGO DE AMPUERO Y OSMA	CORPORACION ALBA SA	DIRECTOR
MR NESTOR BASTERRA LARROUDÉ	IBERPAPEL GESTIÓN SA	DIRECTOR
MR ALEJANDRO LEGARDA ZARAGÜETA	CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES SA	DIRECTOR
MR ALEJANDRO LEGARDA ZARAGÜETA	PESCANOVA SA	DIRECTOR
MR GREGORIO MARAÑÓN BERTRÁN DE LIS	PROMOTORA DE INFORMACIONES SA	DIRECTOR
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	TUBACEX. S.A.	DIRECTOR
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	MINERALES Y PRODUCTOS DERIVADOS, S.A.	DIRECTOR
MR JOSÉ MARÍA ALDECOA SAGASTASOLOA	GAMESA CORPORACIÓN TECNOLÓGICA. S.A.	DIRECTOR

C.1.13- Indicate and, if applicable, explain whether the Company has established rules regarding the number of boards of which its directors may be members:

YES

Explanation of the Regulations:

Article 23 of the Regulations of the Board of Directors, with an amendment approved by the Board of Directors at the meeting held on 27 February, 2014, sets forth:

Company directors may not sit on more than three Boards of Directors of listed companies, in addition to the Board of Viscofan, S.A.

Directors shall inform the Appointments and Remuneration Committee of any other professional duties that could interfere with the levels of dedication required of them”.

C.1.14- Indicate the Company’s general policies and strategies reserved for approval by the full Board:

	Yes	No
The investment and financing policy	Yes	
The definition of the structure of the group of companies	Yes	
The corporate governance policy	Yes	
The corporate social responsibility policy	Yes	
The strategic or business plan, as well as management objectives and annual budgets	Yes	
The policy regarding remuneration and evaluation of performance of senior management	Yes	
The risk control and management policy, as well as the periodic monitoring of the internal information and control systems	Yes	
The dividend policy, as well the treasury stock policy and, especially, the limits thereto	Yes	

C.1.15- Indicate the total remuneration of the Board of Directors:

Remuneration of the Board of Directors (Thousand Euros)	2,395
The amount of total remuneration corresponding to pension-related rights accumulated by the Directors (thousands of euros)	0
Global remuneration of the Board of Directors (Thousand euros)	2,395

C.1.16- Identify the members of the Company's senior management who are not executive directors and state the total remuneration accruing to them during the fiscal year:

Name or company name	Title
MR JOSE ANTONIO CANALES GARCIA	MANAGING DIRECTOR VISCOFAN GROUP
MS ELENA CIORDIA CORCUERA	HEAD OF LEGAL VISCOFAN GROUP
MR GABRIEL LARREA LALAGUNA	HEAD OF SALES VISCOFAN GROUP
MR CÉSAR ARRAIZA ARMENDÁRIZ	CHIEF FINANCIAL OFFICER VISCOFAN GROUP
MR ARMANDO ARES MATEOS	HEAD OF INVESTOR RELATIONS AND COMMUNICATIONS VISCOFAN GROUP
MR PEDRO ERASO ZABALZA	HEAD OF CELLULOSE AND FIBROUS EXTRUSION VISCOFAN GROUP
MR JOSE VICENTE SENDIN AZANZA	HEAD OF STRATEGIC PROJECTS VISCOFAN GROUP
MR JOSE IGNACIO RECALDE IRURZUN	HEAD OF RESEARCH AND DEVELOPMENT VISCOFAN GROUP
MR ANDRES DÍAZ ECHEVARRÍA	HEAD OF OPERATIONS VISCOFAN GROUP
MR JUAN JOSÉ ROTA ARRIETA	HEAD OF HUMAN RESOURCES VISCOFAN GROUP
MR MANUEL NADAL MACHÍN	HEAD OF INFORMATION AND SYSTEMS VISCOFAN SA
MR RICARDO ROYO RUIZ	DIRECTOR OF THE COLLAGEN DIVISION FOR EUROPE
MR MILOSLAV KAMIS	MANAGING DIRECTOR GAMEX CB SRO., MANAGING DIRECTOR VISCOFAN CZ SRO
MR BERTRAM TRAUTH	MANAGING DIRECTOR NATURIN VISCOFAN GMBH
MR WILFRIED SCHOEBEL	DIRECTOR OF COLLAGEN EXTRUSION VISCOFAN GROUP
MR ALFRED BRUINEKOOL	COMMERCIAL DIRECTOR NATURIN VISCOFAN GmbH.& MANAGING DIRECTOR VISCOFAN UK, LTD.
MR YUNNY SOTO	MANAGING DIRECTOR VISCOFAN CENTROAMERICA COMERCIAL SA
MR OSCAR PONZ TORRECILLAS	MANAGING DIRECTOR VISCOFAN DE MEXICO SRL DE CV
MR LUIS BERTOLI	MANAGING DIRECTOR VISCOFAN DO BRASIL S.COM E IND. LTDA
MR JOSE MARÍA FERNÁNDEZ MARTÍN	MANAGING DIRECTOR VISCOFAN USA INC. (UNTIL Sept. 2013)
MR DOMINGO GONZÁLEZ	MANAGING DIRECTOR VISCOFAN USA INC. (FROM Sept. 2013)
MR ALEJANDRO MARTÍNEZ CAMPO	MANAGING DIRECTOR INDUSTRIAS ALIMENTARIAS DE NAVARRA SAU
MR JESUS CALAVIA COLLAZOS	PRODUCT MANAGER VISCOFAN S.A.
MS MARÍA DEL CARMEN PEÑA RUIZ	FINANCIAL MANAGER VISCOFAN S.A.
MR JUAN NEGRI SAMPER	MANAGING DIRECTOR VISCOFAN TECHNOLOGY SUZHOU INC
MR ANDREJ FILIP	MANAGING DIRECTOR KOTEKS VISCOFAN DO.O.
MR ANGEL MAESTRO ACOSTA	MANAGING DIRECTOR URUGUAY S.A.

Total executive management remuneration	4,305
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(thousand euros)	
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C.1.17. State the identity of the members of the Board of Directors, if any, who are also members of the Board of Directors of major shareholder companies and/or of the companies within their Group:

Name or company name of the Director	Company name of the major shareholder	Title

Describe, if applicable, any significant relationships, other than those covered in the previous section, of the members of the Board of Directors that link them to major shareholders and/or at companies within the Group:

Name or company name of the related Board member	Name or company name of the major related shareholder	Description of the relationship

C.1.18- State whether the Regulations of the Board of Directors have been amended during the fiscal year:

SI

Description of amendments:

At the meeting held on 27 February 2014, the Board of Directors approved the following amendments to the Regulations of the Board of Directors, all of which were made as part of the dynamic policy of adapting to corporate governance best practice.

Article 13 was amended to include the status of Directors serving on the Audit Committee and their minimum educational requirements, as well as the status of its Chairman:

"The Audit Committee will be exclusively comprised of non-Executive Directors appointed by the Board of Directors, of which at least two must be Independent Directors and one will be appointed taking into account his or her background knowledge and experience in accounting, auditing, or both".

Article 14 was amended to include the status of Directors serving on the Appointments and Remuneration Committee and to amend the description of their functions as proposed to shareholders for inclusion in the Company's bylaws:

"The Appointments and Remuneration Committee will be exclusively comprised of non-executive Directors appointed by the Board of Directors, of which at least two must be Independent Directors".

"Committee members will appoint a Chairman selected from the Independent Directors that form part of the Committee".

Article 23 was amended in the section concerning the number of Boards on which the Company's Directors may sit, so that Directors may not sit on more than three Boards of

Directors of listed companies, in addition to the Board of Viscofan, S.A.

C.1.19- Indicate the procedures for the appointment, reelection, evaluation and removal of Directors. List the competent bodies, the procedures to be followed and the criteria applied in each of such procedures.

Pursuant to Article 26 of the Articles of Association:

The representation and administration of the Company will be commissioned to a Board of Directors, made up of a minimum of three members and a maximum of nine.

Their appointment will correspond to the General Shareholders meeting in accordance with article 243 of the Capital Companies Act.

And Article 27 sets forth that:

To be appointed to the position of director, the status of shareholder is not a requirement. The term of office for Directors is six years from the date they are appointed.

The appointment of Directors will cease when their term of office has ended and the next General Shareholders Meeting has been held or the period stipulated by law for holding the Shareholders Meeting to resolve on the approval of the prior year's accounts has passed.

Article 27 ter establishes limits on the re-election of Independent Directors:

Independent Directors may not be re-elected or appointed for a new term of office under the same classification when they have sat on the company's Board for a term of twelve (12) years counted from the date on which they were first appointed.

The independent directors who reach the limit of twelve (12) years described in the foregoing paragraph while their term of office is in progress may continue in their post and maintain their classification as independent until the completion of their term of office.

In this respect, Article 6 of the Board Rules sets forth:

'The Board of Directors shall comprise the number of Directors determined by the shareholders at the General Shareholders Meeting within the limits set forth in the Articles of Association.

The Board will propose to the shareholders at the General Shareholders Meeting the most appropriate number to ensure due representation and the effective operation of the Board based.

And Article 8 provides that:

Article 8. Appointment of Directors

The shareholders at the General Shareholders Meeting or the Board of Directors itself will elect the Directors in the circumstances provided in law.

The proposals submitted to the shareholders by the Board at the General Shareholders Meeting with respect to elections or re-elections with the limits set down in the company bylaws will rely on proposals by the Appointments and Remunerations Committee for independent Directors and will be based on a prior report by the Appointments and

Remunerations Committee for all other Directors. A reasonable number of independent Directors will be included on the Board and there will generally be a majority of external Directors.

The Directors will hold their posts for the term provided in the company bylaws.

Independent directors may not be re-elected or appointed for a new term of office under the same classification when they have sat on the company's Board for a term of twelve (12) years as from the date on which they were first appointed.

The independent directors who reach the limit of twelve (12) years provided in the foregoing paragraph while their term of office is in progress may continue in their post and maintain their classification as independent until the completion of their term of office.

Furthermore, Article 14 of the Board of Directors' Rules includes the Nominating and Compensation Committee and sets forth:

The mission of the Appointments and Remunerations Committee will be as follows:

a) Evaluate the qualifications, knowledge and experience required by the Board and, as a result, define the functions and skills required from the candidates due to cover each vacant position and evaluate the amount of time and dedication required for the effective performance of their mandate.

b) Provide the Board of Directors with proposals for the appointment of independent Directors for appointment by co-optation or submission for voting at the General Shareholders Meeting. Submit proposals for the re-election or removal of such Directors.

c) Provide information on proposals for the appointment of all other Directors for appointment by co-optation or submission for voting at the General Shareholders Meeting, as well as proposals for their re-election or removal by the General Shareholders Meeting.

d) Provide information about proposals for appointing and dismissing senior management and the main conditions of their contracts.

e) Review and organise the succession procedure for the Chairman of the Board of Directors and the Chief Executive Officer and, where applicable, submit proposals to the Board of Directors to ensure that such succession is handled in an ordered and planned manner.

f) Provide the Board of Directors with a proposal for the remuneration of directors and senior management, as well as individual remuneration and other contractual conditions corresponding to executive Directors and oversee adherence to this policy.

Pursuant to Article 16 of the Board Regulations, relating to the Appraisal of the Board of Directors and the Committees:

Each year the Board of Directors will evaluate:

- a) the quality and efficiency of the operation of the Board itself;
- b) the performance of their functions by the Chairman of the Board and the company's chief executive, based on the report raised by the Appointments and Remunerations Committee;
- c) the operation of the Board's Committees, based on the report raised by each committee.

In accordance with this article of its Regulations, led by the Appointments and Remunerations Committee and coordinated by the Secretary of the Board, the Board assesses the Board itself and all its Committees on an annual basis, analysing various formal and material issues of the activities carried out by each one, together with the content of the meetings, access to business knowledge, information about issues that are necessary for the development of their functions, the presence of executives at Board meetings and the various Committees, the quality of the discussions and the taking of decisions, the performance of the directors and Chairmen of each committee and the Board itself, the qualification of the directors and the Secretary of the Board, the quality applied to achieve targets, among others. Suggestions are also requested, together with the inclusion of any comment that may help improve the performance of each one.

Each Director and the members of the Committees make their own individual analysis in accordance with guidelines and provide the results to the Secretary of the Board anonymously. After consolidating the results that are obtained, the Secretary gives them to the Board or to each of the Committees, where applicable, for internal debate and to resolve, where applicable, on the actions that help improve the operation and fulfilment of the functions of the Board and each Committee.

Additionally, the Board of Directors will perform the evaluation of the Chairman based on the report submitted by the Appointments and Remuneration Committee.

The removal of directors is governed by the following articles of the Regulations of the Board of Directors

Article 27. Separation of Directors.

Directors will serve at the pleasure of the Board of Directors and if the Board considers it appropriate, they will tender their resignation in the following cases:

- a) When they become subject to any of the disqualifications or prohibitions set down in law.
- b) When their remaining on the Board could undermine the Company's interests or when the reasons for which they were elected no longer apply.
- c) Directors representing a controlling shareholder will tender their resignations when the shareholder they represent sells a substantial part of its stake.

The Board of Directors may not propose the removal of independent directors before the end of their term of office, unless the Board considers there is due cause following a report to such effect from the Appointments and Remuneration Committee.

When a director steps down before the end of his/her term of office, whether by resigning or for any other reason, he/she must explain the reasons for his/her departure in a letter to be

sent to all other members of the company's Board of Directors.

The departure will be reported to the CNMV (National Securities Market Commission) as a material event, and the reason for the departure will be reported in the Annual Corporate Governance Report.

Article 28. Directors' Duties after Separation.

After separation upon completion of the period for which they were elected or for any other reason, the Directors may not serve at any entity competing with the Company and its corporate group for a period of two years unless the Board of Directors grants dispensation from this requirement or shortens its term.

C.1.20- State whether the Board of Directors has performed a self-assessment during this year:

SI

If so, describe whether such self-assessment has led to significant changes in its internal organisation and the procedures applicable to its activities.

Description of amendments:

Assessment results did not suggest that significant changes should be implemented

C.1.21- Indicate the circumstances under which the resignation of Directors is mandatory.

Pursuant to Article 22 of the Regulations of the Board of Directors, relating to the duty of loyalty:

Company directors, in fulfilling their duty of loyalty, must report to the Board, prior to the occurrence, or as soon as they become aware of any conflict of interest with the company or its business group. This includes the obligation to step down immediately should the same conflict persist or if their presence on the Board could negatively affect the company's interests.

Furthermore, directors shall abstain from voting on matters in which they have an interest

Any conflicts of interest in which directors find themselves shall be reported in the Annual Corporate Governance Report.

Directors shall report to the company and, where appropriate, stand down in situations that could harm the company's image or reputation, including, in particular, any criminal proceedings brought against them and the outcome thereof. Should this situation arise, the Board shall examine the case in question, monitor it closely and then decide on whether the director in question should stand down.

Directors may not hold any kind of office or post, either on their own or through a representative, in companies that compete with Viscofan and its business group, nor may

they represent such companies or offer them advisory services.

In its various facets, this duty of loyalty of directors also encompasses activities engaged in by related parties, as defined in these regulations.

Pursuant to Article 27 of the Board of Directors' Regulations on the separation of Directors:

'Directors shall remain at the disposal of the Board of Directors and if the Board so deems advisable shall tender their resignation in the following cases:

- a) When they become subject to any of the circumstances set forth in the law disqualifying or banning their service.
- b) When their remaining on the Board could undermine the Company's interests or when the reasons for which they were elected no longer apply.
- c) Directors representing a controlling shareholder shall tender their resignations when the shareholder they represent sells a substantial part of its stake.'

The Board of Directors may not propose the removal of independent directors before the end of their term of office, unless the Board deems just cause to exist following a report to such effect from the Appointments and Remuneration Committee.

When a director steps down before the end of his/her term of office, whether by resigning or for any other reason, he/she must explain the reasons for his/her departure in a letter to be sent to all other members of the company's Board of Directors.

The departure shall be reported to the Spanish CNMV as a material event, and the reason for the departure shall be reported in the Annual Corporate Governance Report.

C.1.22- Explain whether the powers of the top executive of the Company are vested in the Chairman of the Board. If so, indicate the measures that have been taken to mitigate the risks of accumulation of powers in a single person:

YES

Measures to mitigate risks:

The Company has created the figure of lead director and awarded said position specific functions to limit the accumulation of powers in one single person.

In particular, in accordance with article 9 bis of the internal Regulations of the Board of Directors

If the post of Chairman of the Board of Directors and Chief Executive of the company correspond to the same person, one of the independent directors will be authorized to perform the following functions:

- a) request a Board Meeting or the inclusion of new items on the agenda,
- b) coordinate the external directors and communicate their concerns,
- c) direct the Board's assessment of its Chairman.

Moreover, both the Chairman and the CEO will be assessed by the Board of Directors in accordance with Article 16 of the Regulations of the Board of Directors.

Each year, the Board of Directors will assess:

b) the Chairman's and Chief Executive Officer's performance of their duties based on the report submitted to it by the Appointments and Remunerations Committee;

Indicate and, if applicable, explain whether rules have been established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the Board of Directors.

YES

Explanation of the rules:

See Article 9 bis (above mentioned)

C.1.23- Are qualified majorities, other than the statutory majorities, required to adopt any type of decision?

NO

C.1.24- Explain whether there are specific requirements, other than the requirements relating to Directors, in order to be appointed Chairman.

NO

C.1.25- Indicate whether the Chairman has the casting vote.

YES

Matters on which a casting vote may be made

Pursuant to Article 28 of the Articles of Association:

Resolutions shall be adopted by absolute majority vote of the Directors attending the meeting and the Chairman shall have the casting vote.

Article 7 of the Board Rules sets forth the same thing.

C.1.26- Indicate whether the Articles of Association or the Regulations of the Board of Directors set forth any age limit for directors:

NO

Age limit for the chairman (no age)

Age limit for the CEO (no age)

Age limit for Directors (no age)

C.1.27- Indicate whether the Articles of Association or the Regulations of the Board of Directors establish any limit on the term of office for independent directors, other than that stipulated in the legislation.

NO

Maximum number of years in office	12
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C.1.28- State whether or not the bylaws or the regulations of the Board of Directors establish specific rules for delegating votes on the Board of Directors, the procedure for doing so and, in particular, the maximum number of delegations that may be entrusted to a Director, as well as whether or not it is obligatory to delegate a vote to a Director of the same type. If so, provide a brief description of these rules.

The Board Regulations cover proxy voting at the Board of Directors or delegation in any of its members:

Article 33. Use of Delegated Voting

If the Board of Directors or any of its members request representation for himself/herself or for another individual and, in general, when the request is made in public, the document describing the empowerment must contain or have attached the agenda, as well as the applications for instructions to exercise the right to vote and the indication of how the representative is to vote if no precise instructions are given.

The delegations of votes received by the Board of Directors or any of its members will be executed in full accordance with the instructions received accordingly and the minutes will record the exercise and identification of the voting instructions received when they include a vote against the Board's proposals in order to protect the rights that may correspond to the delegating shareholder, where applicable.

Directors who have made public requests for representation may not exercise their voting rights pertaining to the represented shares in relation to the business on the agenda in which they have a conflict of interests and, in all cases, in relation to:

- a) His/her appointment, ratification, removal or resignation as a Director.
- b) The bringing of an action for liability against him/her.
- c) The approval or ratification of transactions with the company in relation to which the director has a conflict of interests.

C.1.29- Indicate the number of meetings that the Board of Directors has held during the fiscal year. In addition, specify the number of meetings, if any, at which the Chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

Number of Board Meetings	12
Number of Board Meetings the Chairman did not attend	0

Indicate the number of meetings held by the different committees of the Board of Directors during the fiscal year:

Number of Executive or Delegate Committee Meetings	12
Number of Audit Committee Meetings	10

Number of Appointments and Remuneration Committee Meetings	7
Number of Appointments Committee Meetings	
Number of Remuneration Committee Meetings	

C.1.30- Indicate the number of meetings held by the Board of Directors during the fiscal year at which not all of its members have been in attendance. Proxies granted without specific instructions must be counted as absences:

Attendances of the directors	10
Failures to attend as a percentage of total votes during the fiscal year	98.15

C.1.31- Indicate whether the annual individual financial statements and the annual consolidated financial statements that are submitted to the Board of Directors for approval have been previously certified:

YES

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated financial statements of the Company for their preparation by the Board:

Name	Title
MR JOSÉ ANTONIO CANALES GARCÍA	GENERAL MANAGER
MR CÉSAR ARRAIZA ARMENDÁRIZ	CHIEF FINANCIAL OFFICER VISCOFAN GROUP
MS MARÍA DEL CARMEN PEÑA RUIZ	CHIEF FINANCIAL OFFICER VISCOFAN S.A.

C.1.32- Explain the mechanisms, if any, adopted by the Board of Directors to avoid any qualifications in the audit report on the annual individual and consolidated financial statements prepared by the Board of Directors and submitted to the General Shareholders' Meeting.

To avoid any qualifications in the audit report on the financial statements prepared by the Board of Directors and submitted to the General Shareholders' Meeting, the Board has delegated this task to the Audit Committee, other functions, as provided in article 13 of the Board Regulations:

'D) With respect to the external auditor:

Ensuring that the accounts prepared by the Board of Directors are put before the General Shareholders Meeting without qualifications in the associated audit report

For practical purposes, the Audit Committee will ensure compliance with the necessary mechanisms established to perform continuous control over the preparation of financial

information at every level, from its start to its consolidation in the Viscofan Group companies.

Both the corporate financial department and the internal audit department have collaborated closely with the Audit Committee to establish, put in place and monitor the most appropriate controls for guaranteeing the truthfulness of the financial information to ensure that it gives a true and fair view of the Group's financial situation.

The internal audit department has also included the continuous review of said controls in its annual plan for various subsidiaries, where said review will apply to the financial departments and areas that also take part in preparing the information: operations, human resources, purchasing and commercial, etc.

Both the internal audit department and the corporate financial department have collaborated actively with the Audit Committee to coordinate and monitor the evolution of the control system, proposing corrective measures where necessary and verifying their effectiveness.

The Audit Committee, internal audit and corporate financial departments have also held informative and follow-up meetings with external auditors to give them the characteristics of the internal control system and its implantation in all the Group's companies and to involve them in their fulfilment and maintain bidirectional communication to allow better monitoring of the improvements that have been put in place. All with the aim of continuing to guarantee the operation of the Group's financial information with greater control at all levels.

Furthermore, the company has maintained a policy of pre-closing the year on 31 October in order to anticipate and correct any incidents that may have arisen during the year.

C.1.33- Is the Secretary of the Board of Directors a Director?

NO

C.1.34- Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the appointment and removal thereof have been reported upon by the Appointments Committee and approved by the full Board.

Procedure for election and separation

Pursuant to Article 11 of the Board Regulations:

‘The election and removal of the Secretary of the Board and, as appropriate, of the Assistant Secretary, shall be approved by the full Board, based on a report by the Appointments and Remuneration Committee’

Does the Appointments Committee report the election?	YES
Does the Appointments Committee report the separation?	YES
Does the full Board approve the election?	YES
Does the full Board approve the removal?	YES

Is the secretary of the Board responsible for specially ensuring compliance with good governance recommendations?

YES

C.1.35- Indicate the mechanisms, if any, used by the Company to preserve the independence of the auditors, the financial analysts, the investment banks and the rating agencies.

Article 13 of the Regulations of the Board of Directors confers upon the Audit Committee the following duties relating to the external auditor:

D) With respect to the internal auditor

(4) Safeguarding the independence of the financial auditor, paying particular attention to any circumstances or questions that could jeopardise such independence, or any others relating to the process of auditing the accounts:

(i) The Audit Committee shall ensure that the company publicly discloses any changeover of the financial auditor and includes a simultaneous statement and details of any possible disagreement with the outgoing auditor. If the financial auditor resigns, the committee shall explore the underlying causes.

ii) The Audit Committee shall likewise ensure that the company and the auditor adhere to current regulations safeguarding the independence of the auditors, and those governing the provision of non-audit services and the limits on the concentration of the auditor's business.

Article 5 of the Regulations of the Board of Directors includes the following powers among those reserved exclusively for the Board of Directors sitting in full session, in addition to those reserved for the Board by law:

d) Definition of the information policy relating to shareholders, markets and public opinion.

With regard to analysts and investment banks, the mechanisms envisaged under Article 34 of the Regulations of the Board of Directors, coupled with the company's commitment to monitoring applicable law, ensure that independence is upheld and that the information is made available to everyone at the same time and under the same conditions, thus ensuring equal access to such information.

Article 34 - Communications with shareholders and with the Securities Markets.

The Board shall ensure that accurate, reliable information is offered to the Company's shareholders and to the market with respect to any piece of information on the Company's activities, its earnings, shareholders with significant stakes, related-party transactions, shareholder agreements, treasury shares and any other information that must be disclosed pursuant to the law or the company's Articles of Association, as well as any information deemed by the Board to be in the interest of the public.

The periodic financial information shall be homogeneous and reliable and, as appropriate, shall be submitted to the relevant Committee.

The Board shall also immediately provide information to the public on:

- a) Relevant facts that could materially influence the formation of stock market prices.
- b) Substantial amendments to the Company governance rules.
- c) Treasury share policies that Company may propose to carry out exercising the authorizations conferred by the shareholders at the General Shareholders Meeting.

To such end the Board of Directors shall use all means at its disposal to keep the information on the Company's web page up to date and to coordinate its content with the documents filed with and recorded at public registries.

C.1.36- Indicate whether the Company has changed the external auditor during the fiscal year. If so, identify the incoming and the outgoing auditor:

NO

Outgoing auditor	Incoming auditor
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If there has been any disagreement with the outgoing auditor, describe the content thereof:

NO

C.1.37- Indicate whether the audit firm performs other non-audit work for the Company and/or its Group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the Company and/or its Group.

YES

	Company	Group	Total
Amount for work other than audit work (thousands of euros)	47	109	156
Amount for work other than audit work (thousands of euros)	31,845	17,042	19,783

C.1.38- State whether the audit report on the Annual Financial Statements for the previous fiscal year has observations or qualifications. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of such observations or qualifications.

NO

C.1.39- Indicate the consecutive number of years for which the current audit firm has been auditing the annual financial statements of the Company and/or its Group. In addition, state the percentage represented by such number of years with respect to the total number of years in which the annual financial statements have been audited.

	Company	Group
Number of consecutive years	7	7

	Company	Group
Number of years audited by the current audit firm/Number of years the Company has been audited (as a %)	28	32

C.1.40- Indicate whether there is any procedure for Directors to hire external advisory services, and if so, describe it:

YES

Description of procedure:

According to article 18 of the Board Regulations, 'Through the Chairman, Directors may request the hiring of such external advisors as they deem necessary for the proper performance of their work as Directors. The full Board is empowered to adopt any relevant resolutions as to whether or not such external advisory services shall be performed, what person or entity shall provide such services, the limitations on access to the Company's proprietary information that such advisor shall have and the approval, as appropriate, of the relevant expense item'.

C.1.41- Indicate whether there is any procedure for Directors to obtain sufficiently in advance the information required to prepare for meetings of management-level decision-making bodies and, if so, describe it:

YES

Description of procedure

Article 17 of the Board of Directors' Rules sets forth the following:

The Board members will receive the information required to carry out their work in due time and detail with respect to the matters in question. They may obtain additional information should they see fit; such information shall be channelled through the Secretary of the Board of Directors.

Before each meeting of the Board of Directors or the respective committees, the Board members will receive the most relevant information about the agenda items to be discussed,

as far in advance as necessary for correct analysis and studying of that information.

C.1.42- State whether the Company has established any rules requiring Directors to inform the Company and, if applicable, resign from their position- in cases in which the credit and reputation of the Company may be damaged. If so, describe such rules:

YES

Description of rules:

Said rules are included in article 22 of the Board Regulations as part of the directors' duty to loyalty:

Directors will report to the company and, where appropriate, stand down in situations that could harm the company's image or reputation, including, in particular, any criminal proceedings brought against them and the outcome thereof. Should such a situation arise, the Board of Directors shall examine and monitor it closely, before deciding on whether the director in question should stand down.

C.1.43- State whether any member of the Board of Directors has informed the Company that he has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of an oral trial has been issued against him for the commission of any of the crimes contemplated in art 213 of the Capital Companies Act.

NO

Indicate whether the Board of Directors has analyzed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the Director should remain in office, or, where applicable, describe the actions performed or scheduled to be performed by the Board of Directors up to the date of this report.

NO

Decision made	Substantiated explanation

C.1.44- Provide details about significant agreements that the Company has made and are coming into force or being amended or terminated, in the event of a change of control of the company as a result of a takeover bid and their effects.

No significant agreements have been made with these characteristics.

C.1.45- Identify, on an aggregate basis, and describe in detail the agreements between the Company and the members of the Board of Directors, management or employees which contain indemnity or "golden parachute" provisions in case of resignation or wrongful dismissal or if the contractual relationship is terminated due to a public offer of acquisition or other transaction type.

Number of beneficiaries	3
Beneficiary type Chief Executive Officer	Description of the agreement Indemnity of two years salary in the event of irregular termination, with three years of non competition.

Senior Management	Indemnity of two years salary in the event of irregular termination.
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Indicate whether such agreements must be reported to and/or approved by the decision-making bodies of the Company or its Group:

	Board of directors	General shareholders Meeting
Body that authorizes the clauses	YES	NO

Is information about these provisions given to the shareholders at the General Shareholders Meeting? NO

C.2 - Committees of the Board of Directors

C.2.1- List all the committees of the Board of Directors and the members thereof and the proportion of proprietary and independent directors that form part thereof:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Title	Category
MR JOSE DOMINGO DE AMPUERO Y OSMA	CHAIRMAN	EXECUTIVE
MS AGATHA ECHEVARRÍA CANALES	DIRECTOR	INDEPENDENT
MR NESTOR BASTERRA LARROUDÉ	DIRECTOR	INDEPENDENT

% Executive Directors	33.33%
% Proprietary Directors	
% Independent Directors	66.66%
% Other External Directors	

AUDIT COMMITTEE

Name	Title	Category
MR ALEJANDRO LEGARDA ZARAGÜETA	CHAIRMAN	INDEPENDENT
MS AGATHA ECHEVARRÍA CANALES	DIRECTOR	INDEPENDENT
MR GREGORIO MARAÑÓN BERTRÁN LIS	DIRECTOR	INDEPENDENT
MR JOSÉ MARÍA ALDECOA SAGASTOSOLOA	DIRECTOR	INDEPENDENT

% Executive Directors	
% Proprietary Directors	
% Independent Directors	100%
% Other External Directors	

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Title	Category
MR IGNACIO MARCO-GARDOQUI IBÁÑEZ	CHAIRMAN	INDEPENDENT
MR JOSÉ CRUZ PÉREZ LAPAZARÁN	DIRECTOR	INDEPENDENT
MS LAURA GONZÁLEZ MOLERO	DIRECTOR	INDEPENDENT

% Executive Directors	
% Proprietary Directors	
% Independent Directors	100%
% Other External Directors	

C.2.2-Complete the following schedule by providing information about the number of Directors who formed part of the Committees under the Board of Directors during the last four years:

	Number of Board Members			
	Year 2013	Year 2012	Year 2011	Year 2010
	Number%	Number%	Number%	Number%
Executive Committee	1 33.33%	1 33.33%	1 33.33%	1 33,33%
Audit committee	1 25%	1 25%	1 25%	1 25%
Appointments and Remuneration Committee	1 33.33%	1 33.33%	1 33.33%	1 33,33%

C.2.3-State whether the Audit Committee has the following duties:

Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.

YES

Reviewing the internal control and risk-management systems, in order for the main risks to be properly identified, managed and communicated.

YES

Ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election and removal of the head of the internal audit area; propose the budget for this area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.

YES

Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.

YES

Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.

YES

Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.

YES

Ensure the independence of the external auditor.

YES

C.2.4- Describe the rules of organization and operation of, and the duties assigned to, each of the Board committees.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Short description:

Governed by the Board Regulations:

Article 14, - Appointments and Remuneration Committee.

The Appointments and Remuneration Committee shall be exclusively comprised of non-executive Directors appointed by the Board of Directors; at least two must be Independent Directors.

The members of the Committee will automatically cease to sit on the Committee when they cease to sit as Directors or based on a decision of the Board of Directors.

Committee members will appoint a Chairman selected from the Independent Directors that form part of the Committee.

The mission of the Appointments and Remuneration Committee will be as follows:

Evaluate the qualifications, knowledge and experience required by the Board and, as a result, define the functions and skills required from the candidates due to cover each vacant position and evaluate the amount of time and dedication required for the effective performance of their mandate.

Provide the Board of Directors with proposals for the appointment of independent Directors for appointment by co-optation or submission for voting at the General Shareholders Meeting. Submit proposals for the re-election or removal of these Directors.

Provide information about proposals for appointment of all other Directors for appointment by co-optation or submission for voting at the General Shareholders Meeting, as well as proposals for their re-election or removal by the General Shareholders Meeting.

Provide information about proposals for appointing and dismissing of senior management and the principal conditions of their contracts.

Review and organise the succession procedure for the Chairman of the Board of Directors and the Chief Executive Officer and, where applicable, submit proposals to the Board of Directors to ensure that this succession is handled in an ordered and planned manner.

Provide the Board of Directors with a proposal for remuneration of directors and senior management, as well as individual remuneration and other contractual conditions corresponding to executive Directors and oversee adherence to such policy.

The Appointments and Remuneration Committee will report to the Board of Directors on the business it addresses and all resolutions it adopts.

Committee name

EXECUTIVE OR DELEGATE COMMITTEE

Short description:

Company Articles of Association: Article 30:

1.- The Executive Committee shall comprise a minimum of three and a maximum of five members. The following will be members of the Executive Committee: the Chairman, the First Vice-Chairman, and one to three Directors appointed by the Board itself pursuant to legal requirements.

The Executive Committee will adopt its resolutions by majority vote and the Chairman will have the casting vote. The Chairman of the Board will chair the Committee. As a permanent delegation of the Board of Directors, the Executive Committee will exercise all the powers of the Board, except for the following: sale, swap and encumbrance of property, industrial or commercial premises and all manner of businesses; creation and modification of real rights over said property, premises and businesses; conveyance, disposal, ownership and encumbrance of property; creation and modification of property mortgages; submission of disputes to private arbitration; and those powers that may not be delegated in accordance with applicable law.

Board Regulations: Article 12, - Executive Committee.

The Executive Committee will comprise the number and type of members set down in the company bylaws.

The Secretary of the Board of Directors will also serve as secretary of the Executive Committee.

The Board of Directors is empowered to appoint and separate its members based on a report by the Appointments and Remunerations Committee. The members of the Executive Committee will automatically cease to sit on the Committee when they cease to serve as Directors of the Company.

The Executive Committee will possess such authority and powers as are awarded by the company bylaws and, as appropriate, by the pertinent resolutions of the Board of Directors or the shareholders at the General Shareholders Meeting.

The Executive Committee will perform its duties with the utmost transparency before the Board, informing the latter of all business discussed and all resolutions adopted, and furnishing all Board members with the minutes of its meetings.

Committee name

AUDIT COMMITTEE

Short description

According to article 30 of the Company Bylaws, the Audit Committee will be made up of a minimum of three members appointed by the Board of Directors, who will be automatically removed when they are no longer Company directors or when so resolved by the Board of Directors. One of the members will be elected as Chairman, who will be replaced every four years; the Chairman may be re-elected one year after he/she ceases to serve as Chairman.

The Audit Committee will meet whenever convened by its Chairman, by decision of the Board of Directors, or upon the request of the majority of its members. The meeting will be considered quorate when it is attended by the majority of the directors in person or by proxy. Resolutions will be adopted by simple majority vote of the members attending the meeting and the Chairman will have the casting vote.

The Audit Committee will be entitled to request the presence of any member of the management team or any company employee at its meetings, including the presence of the company's independent auditors or any company advisor whose presence is deemed desirable.

Notwithstanding other functions assigned to it by the Board of Directors, the Audit Committee's mission will include the following:

- a) To report to the shareholders at the General Shareholders Meeting on business brought forth by the shareholders with respect to matters within its competence.
- b) To propose to the Board of Directors for submittal to the shareholders at the General Shareholders Meeting the appointment of the Auditor referred to in Article 264 of the Capital Companies Act.
- c) To supervise, when appropriate, the internal audit services
- d) To become familiar with the Company's financial reporting process and its internal control systems.
- e) To maintain a relationship with the Auditor to receive information on matters that may threaten the Auditor's independence and any other matters related to the process of performing the audit, as well as to receive information from and maintain with the Auditor the communications set forth in audit law and in technical audit standards.

Board Regulations:

Article 13,- Audit Committee.

There will be an Audit Committee of the Board of Directors.

The Audit Committee will be exclusively comprised of non-Executive Directors appointed by the Board of Directors, of which at least two must be Independent Directors and one will be appointed taking into account his or her background knowledge and experience in accounting, auditing, or both.

The members of the Audit Committee will be appointed by the Board of Directors pursuant to legal requirements based on a report by the Appointments and Remunerations Committee, and they will automatically cease to serve on the Committee when they cease to serve as Directors of the Company or by decision of the Board of Directors.

The members of the Committee will automatically cease to sit on the Committee when they cease to sit as Directors or following a decision by the Board of Directors.

The Audit Committee will elect one of its Independent Director members as Chairman, who will be replaced every four years; the Chairman may be re-elected one year after he/she ceases to serve as Chairman.

The Audit Committee will be entitled to request the presence of any member of the management team or any company employee at its meetings, including the presence of the company's independent auditors or any company advisor whose presence is deemed desirable. All the aforementioned persons will be bound to cooperate and provide access to any information they may have.

The Audit Committee will report to the Board on the business it addresses and on all resolutions adopted at the Board meetings convened for such purpose, and will furnish all Board members with the minutes of its meetings. Notwithstanding the above, and if the Chairman of the Committee deems it necessary based on the urgency and importance of the business in question, the information will be passed to the Board at the first meeting to be held after the Committee meeting.

Notwithstanding other functions stipulated in the applicable legislation, Company's Bylaws or those delegated to it by the Board of Directors, the Audit Committee's mission will include the following:

A) To report to the General Shareholders' Meeting on any issues or concerns raised by shareholders and falling within its remit.

B) Proposing the appointment of the financial auditor to the Board of Directors, which will then be passed on to the General Meeting.

C) With respect to internal control and reporting systems:

(a) Overseeing the process of preparing and ensuring the integrity of the financial information relating to the company and its group, ensuring that the financial information internal control system (FIICS) is correctly designed and that all legal requirements have been met, and defining an appropriate consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, special purpose vehicles, and the correct application of accounting standards.

(b) Overseeing the process devised by the senior management for instituting lawsuits, making assessments and reaching significant estimates, and the impact thereof on the financial statements.

(c) Reviewing, analysing and discussing the financial statements and other relevant financial information with the senior management team and the internal and external auditors so as to ensure that the information is reliable, understandable and relevant, and that the accounting standards used for the preceding year have been duly followed.

(d) Monitoring the suitability of the control policies and procedures in place. Reviewing the internal control and risk-management systems, so that the main risks can be correctly identified, managed and reported.

(e) Overseeing the internal auditing services, including, in particular:

(i) proposing the selection, appointment, re-election and separation of the head of internal auditing;

(ii) approving the annual internal audit work plan relating to the evaluation of the FIICS, and receiving regular information on the results of the work performed, including any incidents that may arise. The Audit Committee will likewise receive an annual activities report and action plan to correct any deficiencies detected;

(iii) ensuring the independence and efficiency of the internal audit function;

iv) proposing the budget for this same internal function;

(v) receiving periodic information on its activities; and

(vi) verifying that the senior management takes into account the conclusions and recommendations set down in its reports.

D) With respect to the external auditor:

(1) Ensuring that the accounts prepared by the Board of Directors are put before the General Shareholders Meeting without qualifications in the associated audit report.

(2) Overseeing compliance with the audit agreement, ensuring that the opinion on the annual accounts and the main contents of the audit report are drawn up clearly and accurately.

(3) Monitoring the decisions of the senior management team regarding any adjustments recommended by the external auditor, and to hear and, where applicable, mediate any disagreements between both parties.

(4) Safeguarding the independence of the financial auditor, paying particular attention to any circumstances or questions that could jeopardise such independence, or any others relating to the process of auditing the accounts:

(i) the Audit Committee will ensure that the company publicly discloses any changeover of the financial auditor and includes a simultaneous statement and details of any possible disagreement with the outgoing auditor and, where applicable, the content thereof, and, in the event that the financial auditor has resigned, it will investigate the circumstances that may have given rise thereto.

(ii) the Audit Committee will likewise ensure that the company and the auditor adhere to current regulations safeguarding the independence of the auditors, and those governing the provision of non-audit services and the limits on the concentration of the auditor's business.

(5) Attempting to ensure that the group's auditor also audits each component group company.

E) Reporting to the Board of Directors on the following issues, before the latter adopts the corresponding resolutions:

(a) The regular financial information the company has to publish, ensuring that it is prepared in accordance with the same standards and practices as those used for the annual accounts and, for such purpose, weighing up the merits of conducting a limited audit of the external auditor.

(b) The creation or acquisition of interests in special purpose vehicles or those domiciled in countries or territories considered tax havens, plus any other similar transactions or operations which, owing to their complexity, might diminish the group's transparency.

(c) Associate transactions.

F) Address and, where appropriate, respond to any initiatives, suggestions or complaints raised by shareholders in relation to the committee's remit, as referred to the committee by the Company's General Secretary.

G) Set up and supervise a mechanism enabling employees to communicate confidentially and, if deemed necessary, anonymously, their concerns regarding possible irregular and potentially significant practices within the company, particularly those relating to accounting, finances and auditing.

H) Supervision of compliance with internal codes of conduct and rules on corporate governance.

C.2.5- Indicate, if applicable, the existence of regulations of the Board committees, where such regulations may be consulted and the amendments made during the fiscal year. Also indicate if any annual report of the activities performed by each committee has been voluntarily prepared.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Short description:

It is governed by the Regulations of the Board of Directors, which are available on the company's website and have been duly filed with the Spanish CNMV and with the Commercial Registry.

Its regulations have been changed pursuant to the resolution of the Board of Directors of 27 February 2014, which amended its Regulation. The current wording is provided in section C.2.4. above.

The Committee draws up an annual business report including, among other activities, the preparation and monitoring of the annual assessment of the Board and the Committees, the coordination of the evaluation of senior management, the proposed application of the remunerations policy for the Board and senior management, the preparation of the proposal for the Board on the remunerations policy for the current year, the preparation of the proposed annual remunerations report for subsequent submission to the Company's General Shareholders Meeting, reports and proposals for the appointment of directors, where applicable.

Furthermore, the Committee raises proposals to the Board on activities designed to improve knowledge of the attributions, duties and responsibilities of the various members of the Group's senior management at Viscofan S.A. and the other companies in the Group. It fosters the organisation of training courses on particular business issues for the Board of Directors and analyses any requests for participation in the Company's governing bodies.

Moreover, in 2012 the Appointments and Remuneration Committee worked, with assessment and close collaboration from Mr. Spencer Stuart, to draw up a Remuneration Policy proposal, which was in line with his expert recommendations and included international corporate governance best practice while also adhering to the principles and foundations of the Grupo Viscofan remuneration system.

Lastly, the Appointments and Remuneration Committee will report to the Board on the business it addresses and submit customized reports on the most significant matters.

All the aforementioned will be performed notwithstanding its subsequent inclusion in the annual activities report.

Committee name

EXECUTIVE OR DELEGATE COMMITTEE

Short description:

The Executive Committee is governed by Article 30 of the company's Articles of Association, as filed with the pertinent Commercial Registry and published on the company's website as a consolidated text encompassing all current provisions.

It is similarly governed by Article 12 of the Regulations of the Board of Directors, which are available from the company's website and have been duly filed with the Spanish CNMV and with the Companies Registry.

There have been no changes in 2013.

The Executive committee regularly reports to the Board of Directors on all the matters discussed at its meetings and provides the minutes thereof.

Committee name

AUDIT COMMITTEE

Short description:

The Audit Committee is governed by Article 30 of the company's Articles of Association, as posted on the company's website, and by Article 13 of the Regulations of the Board of Directors, which is similarly available from the company's website and has likewise been duly filed with the Spanish CNMV and with the Companies Registry.

The amendment of the Regulations of the Board of Directors approved by the Board on 27 February 2014 included requirements regarding the status of its members and the Chairman, as stipulated in section C.2.4 above.

The Audit Committee draws up an annual activity report that describes the targets set by the Committee, the activities carried out during the year and the results obtained from said activities.

An extract of said report is submitted to the General Shareholders Meeting on an annual basis for information purposes.

C.2.6- Indicate whether the composition of the Executive Committee reflects the participation of the different directors in the Board of Directors based on their category:

YES

Otherwise, describe the composition of the Delegated or the Executive Committee

D.- RELATED-PARTY TRANSACTIONS

D.1 - Identify the competent body and describe, where applicable, the approval procedure for associate and intra-Group transactions.

Competent body for approval of associate transactions

Approval corresponds to the Board of Directors as one of the matters reserved exclusively for the Board by virtue of Article 5 of the Board Regulations:

c) Transactions made by the company with directors, major shareholders or shareholders with Board representation, or with other persons related thereto (“associate transactions”).

However, the Board’s authorisation shall not be required for associate transactions that simultaneously meet the following three conditions:

1. They are governed by standard agreements applied across the board to a large number of clients;
2. They are arranged at prices or rates set on a general basis by the party acting as supplier of the goods or services in question;
3. The amount thereof is no more than 1% of the Company’s annual revenue.

The Board will approve associate transactions following a favourable report from the Audit Committee.

Procedure for the approval of associate transactions

In accordance with the provisions stated in the above section, associate transactions have to be analysed by the Audit Committee and the report will be submitted to the Board, which will decide on its approval.

Describe whether or not the approval of associate transactions has been delegated, stating the body or individuals entrusted with these powers, if any.

Powers were delegated exclusively to the highest-level legal representatives of Grupo Viscofan for the purposes of enabling them to engage in operations related to their regular business activity. In view of the special structure of the Group, whereby all subsidiary companies are 100% owned by the parent company Viscofan, S.A., this risk is eliminated in the consolidation of financial statements due to the application of various policies and internal controls, especially the system of internal control over financial information that is in place.

D.2. Describe transactions that are considered significant based on their amount or important due to their nature carried out between the Company or entities within its Group and the Company’s significant shareholders:

Name or company name of the major shareholder	Name or company name of the shareholder or a company of its Group	Nature of the relationship	Transaction type	Amount (in thousands of Euros)
NONE				

D.3- Describe the transactions that are considered significant based on their amount or important due to their nature carried out between the Company or entities within its Group and the Company's Board members or senior management:

Name or company name of the major shareholder	Name or company name of the shareholder or a company of its Group	Relationship	Transaction type	Amount (in thousands of Euros)
NONE				

D.4 - Describe the significant transactions carried out by the Company with other companies belonging to the same group, provided they are not eliminated in the preparation of the consolidated financial statements and they are not part of the ordinary course of business of the Company in terms of its purpose and conditions.

Under all circumstances, report on intra-group transactions carried out with entities registered in countries or territories that are considered tax havens:

Company name of the Group entity	Short description of the transaction	Amount (in thousands of Euros)
NONE		

D.5- Describe the amount of transactions carried out with related parties.

NONE

D.6- Describe the mechanisms used to detect, determine and resolve potential conflicts of interest between the company and/or its Group, and its directors, managers or significant shareholders.

Board Rules in the Article 22, related to the duty of loyalty:

In fulfilling their duty of loyalty, the Company's Directors will be bound to report to the Board, prior to occurrence or as soon as they are aware of the existence of any situation of conflict of interests with the Company and its group of companies. This includes the obligation to resign immediately in the event of the persistence of such conflict or if their presence on the Board is contrary to the Company's interests.

Furthermore, Directors will abstain from voting on matters in which they have an interest.

Any situations of conflict of interests in which Directors find themselves will be included in the annual corporate governance report.

Directors will report to the company and, where appropriate, stand down in situations that could harm the company's image or reputation, including, in particular, any criminal proceedings brought against them and the outcome thereof. In this case, the Board will examine the situation. It will monitor the situation closely, before deciding on whether the director in question should stand down.

Directors may not hold positions either on their own or through a representative, positions of any type in companies that are competitors of Viscofan and its group of companies, nor may they render representation or advisory services to such companies.

The various facets of the Director's duty to loyalty also encompasses activities carried out by associates, as defined in these rules.

Furthermore, Article 33 of the Regulations of the Board of Directors, regulating the use of voting by proxy, reads as follows:

Directors who have made public requests for representation may not exercise their voting rights pertaining to the represented shares in relation to the business on the agenda in which they have a conflict of interests and, in all cases, in relation to:

- a) His/her appointment, ratification, removal or resignation as a Director.
- b) The bringing of an action for liability against him/her.
- c) The approval or ratification of transactions with the company in relation to which the director has a conflict of interests.

D.7- Is more than one company of the Group listed in Spain?

NO

Identify the subsidiaries listed in Spain:

Listed subsidiary companies

Describe whether a detailed description has been made available to the public regarding their respective areas of activity and any business dealings between them, as well as between the listed subsidiary company and other companies belonging to the group:

Describe any business dealings between the parent company and the listed subsidiary company, as well as between this company and other companies belonging to the group:

Describe the mechanisms established to resolve any eventual conflicts of interest between the listed subsidiary company and other companies in the group:

Mechanisms in place to resolve any conflicts of interest

E. - RISK CONTROL SYSTEMS

E.1 - Describe the scope of the Risk Management System of the Company.

The Company's risk management policy is a dynamic system that applies to all companies in the Group of which the Company forms part. It includes all activity areas of this Group and is promoted by the Board of Director of the Company; it involves, to varying degrees, all employees, including senior management and the Board of Directors of the Company.

The Risk Management System starts by analysing and periodically identifying the main risks that could affect Viscofan Group.

Grupo Viscofan considers relevant all risks that could affect the profitability of business operations, their continuity and its corporate reputation. In this regard, the Company places importance on any event that has a negative impact on the creation of value for different interest groups related to Viscofan (shareholders, the market, employees and the company).

Currently, the main risks identified by Viscofan Group are as follows:

1. Strategic risks

Natural disasters

Country risk

Competitive environment of the sector

Reputation risk

Company ownership

2. Financial and system risks

IT contingencies

Integrity of the preparation of the financial information

Financing and liquidity

Exchange rate

Interest rate

Budget control

Pension plans

Taxation

3. Operational risks

Material damages

Continuity of business

Energy market

Customer satisfaction

Transportation

Raw materials

Civil responsibility

Knowledge (know how)

Human capital

Cohesion

4. Environmental, safety and hygiene risks
 - Environment
 - Occupational accidents
 - Occupational health and safety
 - Food
 - Sabotage

5. Regulatory risks
 - Changes in the regulatory framework
 - Compliance with multinational food legislation
 - Compliance with obligations arising from commercial transactions
 - Corporate risk
 - Personal Data Protection Act
 - Criminal responsibility of companies

Following this identification, risks are evaluated with regard to the severity of their impact and the probability of their occurrence, at the same time as the admitted degree of tolerance, if any.

The aforementioned procedures allow the company to create a risk map and to establish preventive and corrective measures in case the risk should occur. This leads to the creation of the risk prevention and control system, which includes internal procedures put in place and checks performed periodically to ensure fulfilment at Group level, as well as preventive actions across the entire range of business activities.

The Company has prepared specific guidelines, naming the functions corresponding to different bodies involved in risk management, as described in section E.2 below, which includes participation from staff members at subsidiary companies (at a local level) and corporate staff in the risk control and prevention system.

E.2- Describe the corporate bodies responsible for preparing and implementing the Risk Management System.

Name of the committee or body

BOARD OF DIRECTORS

Description of functions

In accordance with Art. 5 of the Regulations of the Board of Directors of the Company, relating to “Exclusive powers”, the risk control and management policy and the periodic monitoring of internal information and control systems constitute one of the matters that may only be heard and addressed by the Board of Directors when in full session.

Name of the committee or body

INTERNAL AUDIT

Description of functions

The Audit Committee, by virtue of the duties conferred on it in relation to internal information and control systems, is responsible for overseeing the preparation and control of financial information in general and all procedures implemented for this purpose. It also oversees internal audit operations and relations with the external auditor in order to safeguard its independence and help ensure that it issues an unqualified audit report, among other duties.

The Audit Committee is also specifically responsible for monitoring the suitability of the control policies and procedures in place, and for reviewing the internal control and risk management systems, so as to ensure that the main risks are identified, managed and communicated accordingly.

Name of the committee or body

AUDIT COMMITTEE

Description of functions

The Audit Committee, by virtue of the duties conferred on it in relation to internal information and control systems, is responsible for overseeing the preparation and control of financial information in general and all procedures implemented for this purpose. It also oversees internal audit operations and relations with the external auditor in order to safeguard its independence and help ensure that it issues an unqualified audit report, among other duties.

The Audit Committee is also specifically responsible for monitoring the suitability of the control policies and procedures in place, and for reviewing the internal control and risk management systems, so as to ensure that the main risks are identified, managed and communicated accordingly.

Name of the committee or body

AUDIT COMMITTEE

Description of functions

The aims of the Internal Audit Department include the assessment and control of any type of risk that the Organization may face and for this purpose it is authorized to examine and assess the systems and procedures for controlling and mitigating all risks, as well as the methods used. In order assist these operations, the Internal Audit Department is represented in all Committees that involve participation from senior management: Corporate Responsibility and Regulatory Compliance Committee, Ethics Committee, Global Risk Committee, Credit Risk Committee and Investments Committee.

Name of the committee or body

CORPORATE RESPONSIBILITY AND REGULATORY COMPLIANCE COMMITTEE

Description of functions

The Corporate Responsibility and Regulatory Compliance Committee includes among its duties that of overseeing risks specific to the Company in relation to criminal liability or any other breach of Company regulations.

Name of the committee or body

ETHICS COMMITTEE

Description of functions

The Ethics Committee is responsible for opening, on its own account or at the request of a third party, the investigation of any situation that may give rise to a situation of risk for the Viscofan Group as a result of a breach of the Viscofan Group's internal regulations or any other circumstance.

Name of the committee or body

GLOBAL RISK COMMITTEE

Description of functions

The Global Risk Committee is a collegiate body whose purpose consists of studying in-depth exposure and risk analysis in relation to the Company, evaluating its exposure to these risks and creating recommendations and relevant actions required for the management of these risks from a reasonable perspective. Therefore, the Global Risk Committee is a body in charge of analysis, assessment and coordination of matters related to risk and their management. The Global Risk Committee met three times in 2013.

Name of the committee or body

CREDIT RISK COMMITTEE

Description of functions

The Credit Risk Committee is a control and supervisory body for risks related to customer collections management. The purpose of this Committee is to handle matters related to

prevention, follow-up and resolution of the aforementioned risks by creating and introducing the instruments deemed adequate for each specific case, including taking out insurance policies. Therefore, the control of financial risks arising from dealing with different clients of the Group is handled not only at a local level, but also at a corporate level on an ongoing and continuous basis. This Committee had four meetings in 2013.

Name of the committee or body

INVESTMENTS COMMITTEE

Description of functions

The main purpose of the Investment Committee is to control and supervise compliance with the Investment Plan approved by the Board of Directors. To achieve this, it meets on a quarterly basis for the purposes of performing periodic follow-up checks on the correct application of approved investments and controlling the efficient use of Group resources and investments.

Name of the committee or body

SENIOR MANAGEMENT

Description of functions

Senior management is responsible for identifying and assessing the risks to which the Group is exposed in the course of its business and for taking appropriate measures to prevent the appearance of these risks or, if they do appear, to reduce or eliminate their impact. Therefore, it plays a fundamental role in designing and implementing control mechanisms and ensuring their fulfilment across the organisation.

Name of the committee or body

Employees

Description of functions

Finally, the remaining Viscofan Group employees shall comply with the measures in place in the risk control and prevention systems and, where applicable, report any behaviour they consider may be a possible risk to the Viscofan Group.

In order to facilitate coordination tasks, better identify risks and risk prevention and control actions, certain individuals were identified at local levels who will coordinate their actions with the competent bodies at the corporate level.

E.3- State the main risks that may interfere with achieving business targets

A. Strategic risks

Natural disasters. As a source of its competitive advantage, Viscofan Group has made significant investments in fixed assets and in the development of its own technologies. Although the chances of such an event are low, the occurrence of a natural disaster can have a significant impact on the impairment of these assets and prevent the company from achieving its aims. Natural disasters that have occurred all over the world in recent years (earthquakes, hurricanes, tsunamis, floods, tornadoes, etc) serve to highlight the importance and magnitude of this type of risk, should it occur.

Country risk. Viscofan has wrapper production centres in nine countries and vegetable food production centres under the IAN Group brands in Spain and China, together with 14 sales offices. Viscofan also sells its products in more than 100 countries.

Political or social instability, economic cycles, currency devaluations, regulations affecting free markets, the risk from terrorism, etc. in the countries with whom Viscofan has production or commercial relations is a country risk that may affect Viscofan's commercial relations and lead to a loss of direct investment.

Nonetheless, such geographic diversification is itself a tool that mitigates the risk of an elevated exposure to a country-specific risk.

Competitors and sector-specific environment. The strategies adopted by new competitors can affect our position and therefore whether or not we successfully achieve our goals. Measures such as increases in production capacity, the launch of new products, expansion to other countries and price fluctuations can have a direct impact on supply, thereby affecting our sales.

Moreover, global changes in eating habits and alternative technologies could have a negative impact on the demand for artificial casing, as could the ownership changes of our clients.

B. Financial and systems risks

Exchange rate. Currency exchange fluctuations in countries where the Group operates can have an impact on the results obtained from such activities, such as dividends, capital contributions or returns, intra-group loans, cash flow of foreign branches and supplier payments in foreign currencies, thereby leading to deviations in the investments made by Viscofan in different countries through its subsidiary companies. This volatility can also affect the purchasing power of clients who import Viscofan products and, as a result, their buying volumes. Even though Viscofan has adopted a strategy that brings manufacturing closer to the end customer and ensures that commercial transactions are carried out in the same currency as production costs, the vast variety of countries where the company sells its goods and the existence of production centres located exclusively in one or two countries of the Group contribute to the fact that the exchange rate impact does not entirely disappear.

Customer credit. The risk of customer debts pending collection is characterised by the geographical diversity of the customer base due to the fact that the Company's business activities are carried out in over 100 countries. This makes it more difficult to chase up payments in the event of delays, especially in markets with lower levels of financial or regulatory development. In any case, the Group monitors the situation to ensure that it does not have any significant concentrations of credit risk.

In an unfavourable economic climate this situation becomes worse, although it is lessened by the slight probability that adverse financial circumstances are prevalent simultaneously in all geographical areas in which the Viscofan Group markets its products. As described above, the Risk Control Committee performs monitoring activities and establishes measures aimed at preventing potential risk exposure and mitigating its effects should it occur.

Pension plans. Pension plans are included in the future payment obligations of the Group and they are based on actuary calculations for two of its subsidiaries. Changes

related to valuation assumptions, life expectancy, and the deterioration of assets involved in the plan, among other factors, can have an impact on the valuation of pension plans or contributions that have to be made by the Company in order to fund the pension plans. Over the past few years, the strong balance sheet position of the Company has enabled it to make contributions that increase the coverage rate of assets over liabilities and to outsource pension plans, mitigating the exposure of the Group to this type of risk.

Financing and liquidity shortage. The artificial casings industry is a business that requires high levels of investment for maintenance, capacity increases and ongoing technological improvements. Therefore, depending on the use of own resources, access to third-party financing can become of key importance. Viscofan has a solid balance sheet and mitigates the risk related to short-term and long-term debt maturity.

Taxation. Amendments to domestic or foreign tax laws in the countries where Viscofan generates its principal revenue may have a financial impact on its results. This risk has increased during 2013 due to the unstable economic situation and the collection policies in some countries, although in the case of Viscofan, this risk is reduced by the adoption of measures for stimulating investment in other countries.

IT contingencies. The risk of power supply failure, hacker attacks, computer systems failure, human error of individuals involved in the production and management of equipment and systems, third-party experts, along with a continuous development of information and technology systems and dependence on such systems can have an impact on the Group's business. Investments have been made to mitigate the consequences of potential IT contingencies in order to minimize their potential impact.

C. Operational risks

Casing manufacturing for the meat industry is a highly complex process from a technological and operational perspective, which is carried out continuously 24 hours a day and almost all year-round. This process involves many factors that can affect production output, due to the significant "production loss of the process" or due to the high production costs or the superior quality of the end product that is needed to meet the demands of the meat processing industry.

These factors include the following:

- Availability of raw materials, where the particularity of raw materials used in casing production can lead to increased demand and a consequential price increase, or the lack of sufficient quantity or quality for meeting the requirements of the production process.

Production continuity. The Viscofan Group has to guarantee business continuity at times when exceptional circumstances may arise concerning the Group's assets and its production capacity.

- Skills and staff knowledge, which requires continuous training and specific talent search and retention programs. Moreover, Viscofan Group provides employment to over 4,500 people all around the world and has manufacturing facilities in nine countries, therefore the situation could give rise to differences between the interests of the employer and the employees.

- Customer satisfaction. Failure to meet clients' expectations related to an adequate

provision of value, excessive concentration of the client portfolio which can affect the competitive position and the capacity for generating future income.

Energy market. Energy market volatility and the growing globalisation of energy supply and demand increases the dependency of certain countries on others and causes significant fluctuations in the availability of energy sources and their prices, which can have an impact on reaching the Group's targets. Additionally, this trend is aggravated by the Company's positioning in a highly regulated sector with significant differences between different countries. In 2013, Spain underwent several regulatory changes that had an adverse effect on the taxation of the energy sector and also substantially modified the remuneration system for the energy sector, decreasing it, which had consequences for Viscofan. Delays in notifying the public of regulatory developments regarding approved legislation have largely prevented the adoption of preventive measures aimed at reducing such a risk.

D. Environmental, safety and hygiene risks

Environmental risk

As a result of its production process and the use of its installations, the Viscofan Group's business generates waste, discharges and emissions that may affect the environment and lead to claims for damages, disciplinary procedures and damages that affect its image and reputation.

Occupational health and safety.

Viscofan Group carries out its business activities in the food sector and its products either enter into contact with food or are directly consumed by people. In this context, Viscofan uses a product safety and food hygiene system that applies to all aspects of the company's activity: manufacturing facilities, training programmes, control over raw materials, systems used for detecting inadequate materials during the manufacturing process, pest control, dangerous substances, personal hygiene and visitor policies. Moreover, the company undergoes external audits to ensure compliance with the implemented systems.

A complex manufacturing process, such as the one used by Viscofan, requires the adoption of preventive occupational health and safety measures aimed at mitigating the risks of workplace accidents by company and subcontracted staff during the performance of their activities.

E. Regulatory risks

Changes in the regulatory framework. Changes in the regulatory framework applicable to the Group's activities may have a direct impact on the profitability of its operations, putting achieving its objectives at risk. In some countries, the provisional nature of some measures and their clearly defined focus on offering immediate, partial solutions for a specific environment, as well as a lack of subsequent regulatory development aimed at facilitating their interpretation and application, impede their fulfilment and, where applicable, the possibility of taking advantage of these measures when they could be beneficial for the Company. Moreover, the foregoing contributes to the creation of an environment with legal uncertainty and volatility, which can impede strategic decision-making.

On the other hand, the adoption of measures focused on increasing private contributions to re-establishing the economic balance, mainly in the area of tax and grants offered to entrepreneurial activities, may have an impact on the Company's results.

E.4- Describe whether the company has a risk tolerance level

For each type of identified risk, before establishing preventive and corrective measures, the company and its different bodies entrusted with the aforementioned functions debate the probability of each type of risk occurring, the consequences of different scenarios in the event of each occurrence and the impact of such occurrence on the Group, its activities and its financial statements, as well as the recovery capacity for each particular case. Admitted tolerance levels are determined based on this data for the purposes of adjusting the implementation of preventive and corrective measures.

E.5- Describe the risks that occurred during the year

Risks occurred during the year

Strategic risk, natural disasters

Causes of risks

Extremely low temperatures and storms occurred in the northern part of the US, temporarily affecting our manufacturing in this country.

Operation of control systems

Contingency plans were activated with regard to power supply and a special plan was drawn up to address production processes in a context of isolation caused by weather. At the same time, the coverage conditions of our insurance policies were revised, introducing improvements in case of production interruptions.

Risks occurred during the year

Strategic risks: competitive environment of the sector

Causes of risks

Improvement to production capacity in the cellulose sector introduced by one of the main competitors in this segment.

Operation of control systems

Viscofan continued implementing its global manufacturing strategy by consolidating its product range, especially in the collagen area, with the intention of offering more added value across the entire range of its products, reinforcing its quality standards and maintaining its price policy in accordance with its higher service and quality levels than those present in the market.

Risks occurred during the year

Financial risk: exchange rate risk

Causes of risks

The global economic situation and economic and monetary policies implemented by the competent authorities in different countries have led to exchange rate fluctuations in several currencies used by the Group, especially in the Brazilian real and US dollar, which have fallen an average of 13.8% and 3.3% in comparison with the euro in 2013.

Operation of control systems

Viscofan continues searching for opportunities to take out exchange rate coverage, when such options are considered reasonable given the circumstances, while taking care that such coverage should not be considered to be speculative transactions.

At the same time, a production plan was launched in China to bring manufacturing closer to the end customer, thereby reducing exchange risk exposure, although this does not mean that this risk has been eliminated completely. The Company also plans to launch manufacturing in Uruguay.

Risks occurred during the year

Financial risk: taxation

Causes of risks

Regulatory changes in some countries where the Group operates, which are more protective of revenue generated in their territory, as well as the collection measures adopted in some companies, have contributed to the increased tax burden.

Operation of control systems

Follow-up and application of tax incentives, deductions and improved planning have contributed to the mitigation of such risk, as described in section E.6.

Risks occurred during the year

Operational risks: raw materials

Causes of risks

Increase in collagen prices

Operation of control systems

Viscofan continues to consolidate the approval of new suppliers and the search for alternatives in different geographical locations has helped reduce the impact of this effect. In addition, it made adjustments to its processes in order to increase the possibilities of using different raw materials.

Risks occurred during the year

Regulatory risks. development of regulatory framework

Causes of risks

Legislative amendments to the Spanish energy sector.

Operation of control systems

The measures that have been adopted have allowed Viscofan to carry out actions which, under current circumstances, may make it possible to reduce this risk. In addition, it continued working on optimizing co-generation engines and enhanced communication channels with the Authorities and associations that represent the interests of the companies that use co-generation. At present, the final impact of these measures cannot be known as some of them are still pending.

Risks occurred during the year

Regulatory risk: compliance with obligations arising from contractual relations.

Causes of risks

Termination of a business relationship with one of the companies that sold Viscofan products in a foreign country gave rise to claims for different amounts from various Group companies.

Operation of control systems

Preventive measures implemented with regard to regulations on commercial relationships, supply structure and manufacturing in different countries have contributed to the decrease of the potential impact.

E.6- Describe response and control plans for the main risks faced by the Company

1. Strategic risks

Natural disasters

A study was conducted to detect the probability of a natural disaster occurring at different Viscofan Group facilities, taking into account geographical location and the properties of the land where the construction elements of the buildings are located. The results allowed the Company to identify the most exposed items and to confirm available coverage in case of an accident.

Country risk

The Credit Risk Committee met periodically in order to analyse the actual risk to customers of the entire Group, analyse potential delays, review compliance with established procedures, verify the status of insurance policy coverage and conditions, review the risk in different countries, especially the current political and financial instability in certain countries, including Spain, and adopt the measures required in each case to ensure, or, where applicable, decrease, this exposure by changing sales conditions, requesting collection assurance measures, etc. The Credit Risk Committee met four times in 2013. Although the economic situation is unfavourable, the Committee's monitoring process has made it possible to stabilise the amount of debt covered at 73%. In 2013, the loss rate remained below 1 per thousand.

Competitive environment of the sector: Competitors

Viscofan increased surveillance of its competitors' activities, performing continuous monitoring of their investment plans, communications and financial results, as well as projects undertaken. In addition, it actively participates in various forums corresponding to the industrial sectors of its interest.

2. Financial and systems risks

Financing and lack of liquidity risk

Although Viscofan Group does not currently face risks from a lack of financing, it explored financing options in 2013 as a preventive measure in the light of the uncertain situation of the Spanish financial system and a potential decrease in financing opportunities in the near future. It has taken advantage of such opportunities in order to carry out long-term financing transactions to replace other short-term financing transactions on their termination, so as to avoid potential problems in the future.

Exchange rate

Viscofan is open to business and exchange coverage opportunities that are appropriate in each specific case and aim to decrease the impact of this risk.

Taxation

Viscofan carried out a review of applicable legislation in order to identify potential opportunities for tax optimisation, taking advantage of tax exemption and/or deduction opportunities offered by different countries for making investments in their territories. Production investment strategies in different countries allowed the Company to benefit from various tax optimisation strategies:

- In Serbia, the reduction of corporate tax by 74.1% during the first 10 years (year 2012 being the first year), subject to the commitment of maintaining job positions and investments during this period.
- In the Czech Republic, €3.8bn was obtained for the next ten years, as long as €17bn are invested during this period.

IT contingencies

In order to reduce the impact of this risk, should it occur, a contingency plan has been defined with a leading provider at the international level, including the placement of servers in different cities, which guarantees system functionality for at least twenty-four hours after any incident, to guarantee continuity of activities in case of emergencies.

3. Operational risks

Energy market

In 2013, the Company ended its dependency on an external provider in Naturin for vapour supply and initiated a self-supply project by installing a boiler and subsequently, a co-generation turbine. At the same time, in Mexico, it completed the process of replacing combustible oil with LP gas as an alternative energy source that provides far greater independence and profitability. In general, the Group continues to work on energy source replacement.

Scarcity of raw materials

The Group followed differentiated strategies for diversifying and approving new suppliers for each product line, aimed at the approval of alternative suppliers, to reduce dependence and increase flexibility in the light of supply and demand variances.

Internal projects were also carried out to adjust various processes to different raw materials.

Moreover, the Company appointed a corporate purchasing manager to increase the possibilities of trading with different providers.

Environmental, safety and hygiene risks

The company increased the amount of resources allocated to improving and coordinating environmental, safety and hygiene risks by creating a new corporate position in the organisational structure of the Group, directly reporting to the Chief Operating Officer, in order to strengthen the Group's activity in the EHS area (Environmental, Health and Safety).

4. Regulatory risks

Changes to the regulatory framework

The Group increased its monitoring of regulatory changes, especially in Spain where continuous regulatory changes have been occurring in various aspects that affect the Company. Preventive actions were carried out with regard to the potential impact of these changes whenever possible.

Moreover, the internal audit, the Audit Committee, the Corporate Responsibility and Regulatory Compliance Committee, the Global Risk Committee, the Credit Risk Committee and the Investment Committee, as part of the functions of each, have increased monitoring measures in different risk areas in order to control their possible occurrence and impact, established the necessary prevention and control measures and ensured their fulfilment. All this was done through follow-up meetings on action plans established for each body, with controls arising from these plans and recommendations regarding such controls.

F.- INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FOR THE FINANCIAL REPORTING PROCESS (SCIIF)

Describe the mechanisms that make up internal control and risk management systems for the financial reporting process (SCIIF) of the Company.

F.1 Control environment of the institution

Provide information, indicating the main characteristics, about at least:

F.1.1- Bodies and/or functions responsible for: (i) The existence and maintenance of an appropriate and effective financial information internal control system (FIICS); (ii) its implementation; and (iii) its supervision.

Article 5 of the Board Regulations includes among the powers of exclusive knowledge of the Board of Directors as a whole:

"vii) Risk control and management policy, as well as the periodic monitoring of internal information and control systems."

Furthermore, article 13 of the Regulations of the Viscofan Board of Directors lists the functions of the Audit Committee in relation to internal information and control systems.

Among these functions, the Committee has assigned the following supervision and review functions:

"Overseeing the process of preparing and ensuring the integrity of the financial information relating to the company and its group, ensuring that the financial information internal control system (FIICS) is correctly designed and that all legal requirements have been met, and defining an appropriate consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, special purpose vehicles or instrumental entities, and the correct application of accounting standards".

In turn, the Internal Audit Division has assigned the general function of examining and assessing the systems and procedures for the control and mitigation of all risks, and the methodologies used.

Specifically, with respect to the control of financial information, it examines and assesses the reliability of the financial information, both accounting and management information, checking that it is complete and correct. It also reviews the procedures for recording it and the information, accounting and data processing systems.

In addition, the Internal Audit Division liaises with the Audit Committee and, where applicable, also with the Divisions involved, keeping them informed about the results of all audit, investigation and consultancy activities.

For its part, according to the Policy on Internal Control of the Viscofan Group's Financial Information, the Corporate Finance Division is responsible for carrying out:

- The design, start-up and dissemination of the financial information internal control system (hereinafter, FIICS).

- The definition, review and dissemination of the accounting policies and procedures to be applied, aiming to guarantee uniformity in the processes and in the accounting information.
- The definition of the process of preparation of the financial information and identification of risks that may affect its reliability.
- Identification of the control activities to be carried out to mitigate risks and the supervision of their appropriate performance both at local and corporate level.
- Supervision of the appropriate design and use of the financial information systems and of the Financial Departments of each of the companies in the Group:
- Compliance with the common accounting principles and policies.
- Dissemination of the FIICS among the local organisation, identifying those responsible for the execution of each control activity.
- Coordination of the work of the other local departments so that the local financial information is prepared in accordance with the objectives set.
- Performance of the control activities allocated to the department, and supervision of the activities that correspond to the rest of the departments (sales, purchasing, production, warehouse, maintenance, etc).

Finally, all other Group Departments are to cooperate in the dissemination of the FIICS within their area of responsibility.

Furthermore, each Department shall be responsible for the application of the controls corresponding to its area and coordination with other departments in the application of the FIICS, with the supervision of the corporate departments, and for correcting any deficiencies identified by the Internal Audit Department in its duty of supervision of the system.

F.1.2- If they exist, especially regarding the process of preparing financial information, the following elements:

- Departments and/or mechanisms responsible: (i) for the design and review of the organisational structure; (ii) for clearly defining the lines of responsibility and authority, with appropriate distribution of tasks and roles; and (iii) for there being sufficient procedures for their correct dissemination within the company.

The General Management and the Corporate Human Resources Division are responsible for the design and review of the organisational structure and for the definition of the lines of responsibility and authority, and the appropriate distribution of tasks and roles.

The Corporate Human Resources Division has procedures for updating corporate-level organisational structures and those of each of the Group subsidiaries. Dissemination takes place via the corporate Intranet, with publication of the current organisational flowcharts of each company and the most relevant changes that take place in them.

Financial Management has organisational structure charts with the composition of the financial departments of each subsidiary company, as well as information about the tasks performed by

different members of these departments. Each team has a person responsible for the FIICS at local level, responsible for disseminating it to the rest of the departments involved, checking that each one of them carries out the checks allocated and regularly reporting on the operation of the system.

The aim of all of this is to guarantee that the internal control principles are suitably disseminated within the organisation, contributing to improved quality of control over financial information.

- Code of conduct, approving body, level of dissemination and instruction, principles and values included (indicating whether there are specific mentions in the register of operations and preparation of financial information), body responsible for analysing non-compliance and for proposing corrective actions and disciplinary measures.

The body that approves the Code of Conduct is the Board of Directors, at the proposal of the Corporate Responsibility and Regulatory Compliance Committee. The code affects the Boards of Directors, Senior Management and the rest of the Group's employees in their daily professional performance, regarding the relations and interactions they have with all their stakeholders.

The Code of Conduct that applies in the Viscofan Group was approved by the Board of Directors at their meeting held on 29 February 2012. This Code of Conduct's principles and guidelines cover regulatory compliance, integrity, responsibility, transparency and confidentiality. Furthermore, it also includes the criteria to be taken into account by employees who participate in the preparation of financial information, previously regulated in the Policies that are in force.

Specifically, the Group has implemented a Policy on the Internal Control of Financial Information, with the specific aim of establishing the guidelines necessary to guarantee appropriate preparation and subsequent dissemination of financial information, which establishes the principles that should govern it and describes the roles and responsibilities of each one of the Departments, financial or otherwise, both at Group level and at local level.

This Policy has been widely disseminated and is available to employees on the Group Intranet.

- A reporting channel is used to notify the Audit Committee of financial and accounting irregularities, any eventual breaches of the Code of Conduct and irregular activities in the organisation, stating whether or not they are confidential in nature, where applicable.

Article 13 of the Board Regulations allocates the following role to the Audit Committee:

"Set up and supervise a mechanism enabling employees to communicate confidentially and, if deemed necessary, anonymously, their concerns regarding possible irregular and potentially significant practices within the company, particularly those relating to accounting, finances and auditing."

The Ethics Office has been created for this purpose, as a virtual space for Group employees to discuss matters associated with compliance with the Code of Conduct and, generally, with all of the Viscofan Group's internal regulations, especially when there are signs of non-compliance.

This Ethics Office makes it possible to establish a suitable channel to facilitate reporting to the Audit Committee of any financial and accounting irregularities, guaranteeing the confidentiality of communications.

The Audit Committee has delegated the creation and management of this Ethics Office to the Ethics Committee, which is made up of the corporate areas of Internal Audit, Legal, Investor Relations and Communication, and the Board Secretary.

- Regular training and refresher programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the FIICS, to cover at least accounting standards, audit, internal control and risk management.

The aim of the Viscofan Group Training Policy is to guarantee that Group employees have all the knowledge and skills necessary for optimum execution of the duties assigned to them, improving or updating their performance.

Concerning one of the principles of this Policy, namely, planning, and in accordance with the responsibilities described therein, each year the Annual Training Plan is prepared, in which the managers of each department take part. Together with Human Resources Management, they identify training opportunities and the programmes to be carried out during the year.

In the case of the personnel involved in the preparation and review of the financial information for specific training intended to cover the specific needs of each individual or, if applicable, a department, the external training actions for the review of standards and accounting procedures are combined with internal training, mainly concentrated on the dissemination of policies and procedures and on the execution of the internal controls included in the FIICS.

F.2- Financial information risk assessment

Provide information on, at least, the following:

F.2.1- The main characteristics of the risk identification process, including those of error or fraud, in terms of:

Whether the process exists and is documented.

The two areas most directly involved in the identification of risks that could affect the drafting of financial information are the Corporate Finance Division and the Internal Audit Division. In their daily activities, permanent communication is encouraged between these two departments to analyse how the FIICS is working and identify risk areas for which additional controls should be incorporated into the system.

Subsequently the Internal Audit Division, in its quarterly report, informs the Audit Committee of the main risks identified in the period, and the monitoring carried out on the corrective actions established in previous periods.

- Whether the process covers all of the objectives of the financial information (existence and occurrence; integrity; evaluation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.

In each process and sub-process that affects the preparation of financial information, the Group identifies the risks that may materialise taking the following information into account:

- Description of the existing control objectives to meet the business targets defined by the Company and guarantee the reliability of the financial information.
- Possibility of the occurrence of an error risk, according to its impact on the financial statements, being categorised as follows:
 - Validity: All transactions generated in the period are valid.
 - Integrity: All transactions have been recorded correctly.
 - Registry: All transactions have been accurately entered into the accounts.
 - Cut-off: All transactions recorded represent economic events that occurred during the period in question; transactions are recorded in the corresponding period.
 - Assessment: Assets and liabilities are correctly valued (they appropriately reflect the existing circumstances of the business and its financial conditions).
 - Presentation: The financial statements are appropriately presented and disclosed.

At the meetings discussed above, a conclusion may be reached as to the need or not to modify the existing risk map, following an analysis of the information compiled.

- The existence of a process for identifying the scope of consolidation, taking into account, amongst other aspects, the possible existence of complex company structures, instrumental entities or special purpose vehicles.

In accordance with the Board Regulations, the definition of the structure of the group of companies is the exclusive remit of the Board of Directors, and in turn the Audit Committee's role is to supervise the appropriate delimitation of the scope of consolidation, considering, amongst other aspects, the possible existence of complex company structures, instrumental entities or special purpose vehicles.

The Viscofan Group Accounting Policy Manual determines that the responsibility of keeping the scope of consolidation duly updated lies with the Consolidation Area, which forms part of the Corporate Finance Division. Corporate operations that could affect the scope are reported appropriately by the General Management and Legal Divisions.

Independently of the fact the Group can grow either via acquisitions or organic growth, the Group's corporate strategy is to maintain as simple a structure as possible, in order to facilitate control of the business, from both an operational and a financial and accounting perspective.

Accordingly, at present the Group's parent company, Viscofan, S.A. is the owner of all of the capital in Group companies, either directly or indirectly, and in this latter case, the holding in all cases is through other Group companies.

In addition, it is the exclusive power of the Board of Directors in full to create or acquire interests in special purpose vehicles or institutions registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

According to article 13 of these same Regulations, the Audit Committee is responsible for informing the Board, prior to it making the corresponding decisions in this area.

In this respect, the Viscofan Group does not currently own or have an interest in any company in the territories listed by the OECD or by the Spanish Government that could be defined as tax havens.

- If the process takes account of the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) in so far as they affect the financial statements.

Periodically, the Audit Committee evaluates the situation of the main risks that affect the Group, in accordance with the description given in section D of the Annual Corporate Governance Report. For said purpose, it is supported by the Global Risks Committee, set up at the Audit Committee's proposal and representing the Group's General Management and other divisions (Production, Financial, Legal and Commercial) and Internal Audits.

Specifically, control of risks covers three risk categories:

1. Concerning the risks of reliability of the financial information, as described above.
2. Concerning criminal risks. The Corporate Responsibility and Regulatory Compliance Committee is responsible for monitoring all matters related to risk prevention and the identification of measures for detecting possible crimes, fraud or conduct contrary to Group policy in relation to the criminal liability of companies.
3. Concerning general risks. The responsibility is shared between the General Risks Committee, which identifies the risks map and implements the control policies that are designed to reduce them, and the Audit Committee, which supervises the adaptation of the control policies and procedures in place and reviews the risk management systems so that the main risks are identified, reported and suitably managed.

Among these, in addition to those of a financial nature, the risk map that is monitored takes account of operational, technological, legal, reputational and environmental risks, etc.

- Which governing body of the company supervises the process

Article 13 of the Regulations of the Viscofan Board of Directors assigns the Audit Committee the role of monitoring the risk management carried out by the Group.

"Monitoring the suitability of the control policies and procedures in place. Reviewing the internal control and risk-management systems, so that the main risks are properly identified, managed and reported".

Furthermore, one of the objectives of the Internal Audit Division is the identification and assessment of any type of risk faced by the Organisation, and to this effect, it is authorised to examine and evaluate the systems and procedures in place for the control and mitigation of all risks, as well as the methodologies used.

F.3- Control activities

Provide information, indicating the main characteristics, about the existence of at least the following:

F.3.1- Procedures for the review and authorisation of financial information and the description of the FIICS, to be published in the securities markets, listing those responsible for them and the documentation describing the flow of activities and controls (including those related to fraud risk) of the different types of transactions that could materially affect the financial statements, including the book closing procedure and the specific review of the relevant opinions, estimates, appraisals and forecasts.

The procedures existing in the Viscofan Group define the activities and controls to be carried out in the process of drafting the financial information, distinguishing the following stages until its dissemination:

- Recording of daily operations by each local department involved, including the book closing for each subsidiary.
- Carryover of financial information for consolidation.
- Consolidation of the information.
- Validation and approval of the financial information.
- Publication and dissemination of the information.

In accordance with what is set forth in the Policy on the Internal Control of Financial Information, the Corporate Finance Division is responsible for the design, start-up and dissemination of the FIICS, and for the accounting policies and procedures to be applied, the definition of the process of preparation of the financial information and the control activities for mitigating possible risk. To do this, it receives support from the Internal Audit Division, which in its task of overseeing the comprehensive nature of the accounting and management information issued, both internally and externally, cooperates in defining the FIICS.

Based on the documentation describing the flows that affect the different departments (purchasing, billing, salaries, banks and cash, etc.), the risk areas are identified and the internal controls to be carried out are proposed.

A tool has been developed on Viscofan's intranet to implement the FIICS controls, enabling the management of master control data according to subsidiary (executor, supervisor, frequency, etc.), the management of execution and supervision flows for each control, the storage of evidence of each control and access to controls and evidence from Corporate Finance and Internal Audits.

At local level, each subsidiary has a person responsible for the FIICS, who coordinates the launch, execution and supervision of the monthly controls.

The main control targets for each department focused on the following:

- Production/Inventories: actual manufacturing costs, inventory valuation,

validation of productions on SAP, consumption of materials on SAP, validation of the inventory information on SAP, obsolesces policy.

- Commercial/ Accounts Receivable: computer profiles and accesses, customer risk coverage procedure, approval of commercial payments, approval of claims, approval of changes to price lists, monitoring of samples sent.
- Purchasing/ Accounts Payable: computer profiles and accesses, hiring of suppliers, approval of purchase orders, payment authorisations, fulfilment of payment terms with suppliers, identification of stocks in transit.
- Wages/ Personnel expenses: computer profiles and accesses, master data, employee recruitment and dismissals, salary calculations.
- Financial Statements closure process: coordination of the monthly close, validation of the information sent for consolidation, analysis of the monthly evolution of financial statements, exchange rates applied.
- Treasury: bank balances, cash balances, impact on coverage instruments, approval of financial agreements, authorisation of bank transactions, fulfilment of payment terms for salaries and related taxes.
- Tangible and intangible assets: registration of asset acquisitions and disposals, assets under construction.
- Taxation: application of transfer pricing, balances and VAT.

When the local financial information has been generated, in accordance with the Reporting Validation and Analysis Procedure, each company should carry out the additional controls established in this Procedure, with the participation of at least two people: on the one hand, the person responsible for book closing at local level and, on the other hand, the person responsible for validating this closing, who is usually the Company finance manager or the person responsible for the commercial subsidiary.

The procedure for validation of the financial information reported by each subsidiary makes it possible to check that the data received for consolidation is consistent with that existing in the local systems and is standardised in accordance with the corporate accounting plan in force. The computer application used for consolidation has basic controls incorporated to flag any inconsistency in the information reported.

Those responsible for the accounts inform about changes to the financial statements of their subsidiary, transmitting the most relevant accounts with details of the calculations made.

The consolidated information is reviewed by the General Management, the Corporate Finance Division and the Investor Relations and Communication Division. This review takes place before the information is sent to the Board of Directors for final approval.

The Audit Committee intervenes in the supervision of the Company's regular financial information, filling the roles assigned to it in the Board Regulations.

“Overseeing the process devised by senior management for instituting lawsuits, making assessments and reaching significant estimates, and the impact thereof on the financial statements.

Reviewing, analysing and discussing the financial statements and other relevant financial information with the senior management team and the internal and external auditors so as to ensure the information is reliable, understandable and relevant, and that the accounting standards used for the preceding year have been duly followed.”

This involvement from the Audit Committee extends to permanently monitoring account auditing, holding regular meetings with the audit team to directly supervise the result of the process after both pre-closing and definitive closing of the annual accounts.

All this complies with the following roles allocated by the Board Regulations (art. 13) to the Audit Committee in relation to the external auditor:

- (1) Ensuring that the accounts prepared by the Board of Directors are put before the General Shareholders Meeting without qualifications in the associated audit report.
- (2) Overseeing compliance with the audit agreement, ensuring that the audit opinion relating to the annual accounts and the main contents of the audit report are drawn up clearly and accurately.

The Commission pays special attention to proposals for improving internal control, the quality of the opinions and estimates and the accounting criteria applied in the Group.

F.3.2- Policies and procedures for internal control over the information systems (amongst others, secure access, monitoring of changes, their implementation, operational continuity and separation of roles) that support the relevant company processes in relation to the preparation and publication of financial information.

The main standards and procedures existing in the Viscofan Group in relation to the control of computer systems are contained in the following manuals and policies, which regulate the use of computer systems and networks and their control and management:

- Computer systems and networks user manual
- Authorisation policy on computer access and profiles
- Password policy
- Computer systems and networks management policy

These manuals develop the following aspects:

- The control systems should record and limit access to all Group computer systems and networks, establishing at least the creation of a username for each authorised user and the need for a password associated with it in accordance with Password Policy.
- Management of access to any computer system or network shall comply with the provisions of Authorisation policy on computer access and profiles. Thus, the person responsible for managing profiles and access should keep a record that justifies the authorisation of each action or modification of profiles and each access made.
- Maintenance of the computer systems and networks should include periodic measures that guarantee the copying and the possibility of backup and recovery of the data and information contained in the different Viscofan Group computer systems and networks in each case. Access to these copying and backup resources or mechanisms should be limited, protecting their content in all cases and establishing mechanisms for safekeeping and custody that guarantee their security.

- Any development or modification made by the computer departments to the Viscofan Group computer systems and networks shall be carried out with as much coordination as possible, requesting the authorisations necessary for its implementation or for performing any test process and, in any case, establishing at least the same measures in terms of security and limitation of access to the data as at the start.
- The security policy, change management, maintenance and handling of incidents should guarantee rapid recovery of the Viscofan Group computer systems and networks in the event of any contingency that could have an impact on their availability.

In 2013 the internal audit department principally reviewed the segregation of duties and the access profile of users in the IT systems giving support to key processes regarding the preparation and publication of financial information

F.3.3-Internal control policies and procedures intended for supervising the management of activities sub-contracted to third parties, as well as aspects of assessment, calculation or valuation assigned to independent experts, which could materially affect the financial statements.

The most relevant services that the Viscofan Group sub-contracts to third parties are actuarial calculations of labour costs and the calculation of the Company Tax for certain Group companies.

In any case, the criterion is maintained of working only with prestigious institutions, and the valuations received are reviewed by the financial departments involved.

F.4- Information and communication

Provide information, indicating the main characteristics, about the existence of at least the following:

F.4.1- A specific role responsible for defining and reviewing accounting policies (accounting policies area or department) and resolving any queries or conflicts derived from their interpretation, maintaining smooth communication with those responsible for the organisation's operations, as well as an accounting policy manual that is updated and sent to all units through which the company operates.

The responsibility for defining, updating and disseminating the accounting policies and procedures to be applied to guarantee standardisation of processes and accounting information lies with the Corporate Finance Division, in accordance with the Policy on the Internal Control of Financial Information.

The manuals are disseminated through the document libraries on the corporate Intranet and are available to the financial teams. Contact between corporate and local levels is continuous, and lines of communication are maintained for resolving any queries and conflicts derived from their interpretation.

In addition, regular account coordination meetings are held to transmit accounting policies, provide training in the performance of the controls included in the FIICS and check standardisation in the preparation of the information reported by each subsidiary.

F.4.2- Mechanisms for capturing and preparing the financial information with standard formats for application and use by all units of the institution or group, which support the main financial statements and the notes, as well as the information detailed about the FIICS.

In accordance with the Policy on the Internal Control of the Financial Information, the Group Financial Department is responsible for supervising the appropriate design and use of the financial computer systems.

For these purposes, the Corporate Finance Division has organised selection, set-up, implementation and training into a single reporting tool for consolidation for all Viscofan Group companies.

The data from the local applications are integrated into the consolidation system following a single corporate accounting procedure, the Corporate Accounting Plan. The Corporate Finance Division is responsible for reviewing the equivalence between the accounting plans from each subsidiary and the Corporate Accounting Plan in order to guarantee the standardisation of the information received.

As an additional control measure, the data from the financial modules of each subsidiary and from the consolidation system are exported to a data analysis module in order to check consistency between the original and the final information.

The content of the information reported includes both the financial statements and most of the information necessary for preparing the tables and notes for the Annual Report, the first draft of which is prepared directly in this system.

F.5- Supervising the system's operation

Provide information, indicating the main characteristics, about at least the following:

F.5.1- Activities for supervising the FIICS carried out by the Audit Committee, and whether the institution has an internal audit system whose responsibilities include supporting the committee in its task of supervising the internal control system, including the FIICS.

Furthermore, information is provided about the scope of the evaluation of the FIICS made during the financial year and the procedure used by the person responsible for carrying out the evaluation to report their findings, whether the institution has an action plan containing details of any corrective measures and whether their impact on the financial information has been considered.

In accordance with Board Regulations. The Audit Committee is responsible for the following:

"Overseeing the internal auditing services, including in particular:

- (i) approving the annual internal audit work plan relating to the evaluation of the FIICS, and receiving periodic information on the results of the work performed, including any incidents that may arise. The Audit Committee will likewise receive an annual activities report and action plan to correct any deficiencies detected;
- (ii) ensuring the independence and efficiency of the internal audit function;
- (iii) proposing the budget for this same internal function;
- (iv) receiving periodic information on its activities, and
- (v) verifying that senior management takes into account the conclusions and recommendations set forth in its reports".

The Viscofan Group has an Internal Audit Division, which reports functionally to the Audit Committee.

The objectives set forth in the Internal Audit Statute are:

1. Guaranteeing there is a suitable and adequate risk control system;
2. Assisting the Board of Directors or the corresponding delegated body in the objective fulfilment of their responsibilities, offering support to the Group Management and the Organisation in the improvement and consolidation of the internal control system, procedures applied and control activities
3. Checking that, through the standardised and efficient application of the policies and procedures in the internal control system, risks are appropriately managed, facilitating the achievement of the strategic objectives of the Viscofan Group;
4. Reviewing and checking that the Organisation's processes are appropriate and complied according to approved policies and procedures
5. Identifying and assessing all types of risks faced by the Organisation;

6. Overseeing the comprehensiveness of the accounting and management information issued, both internally and externally, i.e., it should be complete and correct;
7. Overseeing compliance with the law

The Internal Audit Division prepares Audit Plans, broken down into two classes, according to the time they are in force:

- a) Multi-annual plans.
- b) Annual plans.

Annual plans are considered the materialisation in a more limited timeframe of the generic work defined in the multi-annual plan. The latter is considered a declaration of measurable objectives for a longer period.

In addition, the Internal Audit Division carries out the following reporting work:

“It communicates with the Audit Committee and also, where applicable, the Divisions involved, keeping them informed about the results of all audit, investigation and consultancy activities. It also regularly reports to the Audit Committee on the application of audit plans and other relevant activities;

It drafts the results of the work and subsequently discusses them with the managers of the Divisions concerned before the reports are finally issued;

It assesses the level of implementation and efficiency of the recommendations by virtue of the reports issued, and reports on this to the Audit Commission.”

The Audit Committee holds regular meetings at which it coordinates the actions of the Internal Audit Division, prepares the action plans, reports on and monitors the progress of each of these plans and analyses the level of implementation of the recommendations that have arisen as a result of its actions.

During 2013, the Internal Audit work plan concentrated especially on:

- Monitoring the activity of the Investment Committee, and in particular the proper supervision of the Annual Investment Plan in China and Uruguay as the Viscofan Group's main expansion projects.

In 2013 the Investment Committee has met four times at the same time as quarterly financial closures.

The investments in all the subsidiaries are monitored very closely. A report is issued each fortnight and sent to the members of the Committee to enable the rapid detection of deviations so that the group can proceed accordingly.

- Monitoring the activity of the Credit Risk Committee, particularly concerning the levels of cover of credit risk and the main balances to be collected.

The Credit Risk Committee has met four times over the year. Its main aim is to report on the agreements signed with credit insurers, compliance with the procedures that are in place and the added risk resulting from selling in certain countries. It also makes a detailed analysis of actual customer risk, especially for those with high amounts due.

Although the economic situation is not healthy, the Committee's monitoring process has made it possible to stabilise the amount of debt covered at 73%. In 2013, the loss rate remained below 1 per thousand.

The consolidation of the FIICS platform for the execution and supervision of the controls in place, monitoring their implementation in all the Group's subsidiaries.

- The review of the controls that were carried out and the quality of the evidence found. In particular, a random review of the most significant controls is performed at each quarterly closure and a summary report is submitted to the Audit Committee prior to the release of financial information to the public.
- In-situ review of the accounting and the invoice, purchase, and inventory procedures in four Group subsidiaries.
- The review of the processes carried out by the Human Resources Department of the same four branches to check compliance with employee selection, welcome, training and dismissal policies in place at the Viscofan Group for the purposes of adopting the Crime Detection and Prevention System.
- Checking the effectiveness of the corrective measures established after each action.

The Internal Audit activity is considered satisfactory, mainly due to the high level of application of the improvements and recommendations made to deal with the incidents detected.

The Internal Audit Department prepares action reports, which contain a list of incidents detected during the performance of work, as well as suggestions for improvement. These reports are initially discussed with the individuals in charge of the corresponding branches or departments.

Once discussed with the individuals in charge, and after establishing the measures to be adopted, the report is transferred to the Audit Committee. If the identified incidents may have a quantifiable impact on the financial information, notification is provided to the Corporate Finance Department, as well as to the local Finance Departments affected, in order to rectify them.

F.5.2- Whether there is a procedure for discussion through which the account auditor (in accordance with what is stated in NTA), the internal audit team and other experts can report to Senior Management and the Audit Committee or administrators of the institution any significant weaknesses in internal control identified during the annual account review processes or any others assigned to them.

Furthermore, whether there is an action plan to correct or mitigate any weaknesses observed.

In addition to the roles of the Internal Audit Division described in the previous point, the Board Regulations authorise the Audit Committee to request the presence of the external auditors whenever they consider it appropriate:

“The Audit Committee shall be empowered to request the presence of any member of the Management team or any member of the Company’s staff at its meetings, as well as the presence of the Company’s independent auditors or any Company advisor whose presence is deemed advisable. All of the aforementioned shall be bound to cooperate and facilitate access to the information they have.”

In practice, the Audit Committee holds a minimum of three annual meetings with the external auditors, one of which coincides with the pre-audit carried out at the end of October each year and the other two with the year-end audit. In particular, four meetings were held with the auditors in 2013.

At said meetings, the auditors report any weaknesses in internal control that may have been detected. The Committee monitors them during the year, in coordination with the Internal Audit Division and the Corporate Finance Division, to identify and implement, where applicable, any measures that may be deemed advisable.

F.6 - Other relevant information

We do not consider it necessary to disclose any other information that has not been already described in the above sections.

F.7 - External audit report

Provide information about the following:

F.7.1. Whether or not SCIIF information released to the markets has been reviewed by an external auditor. If so, the company should attach the corresponding report as an appendix. If it has not, provide information about the reasons why.

SCIIF information has been submitted for review by our external auditors EY, in accordance with the Professional Action Guidelines and the Audit Report form concerning SCIIF-related information on listed companies in July 2013. A report with the conclusions of this review is attached hereto.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the recommendations of the Unified Good Governance Code.

If any recommendation was not followed, or was only partially followed, a detailed explanation for the reasons thereof should be attached, so that the shareholders, investors and the market in general have sufficient information to be able to evaluate the impact on the company. Explanations of a general nature are not acceptable.

1.-The Articles of Association of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.

See sections: A.10, B.1, B.2, C.1.23, and C.1.24

Complies

2. When both the parent company and a subsidiary company are listed companies, they both provide detailed public disclosure on:

a) Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;

b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: D.4 and D.7

Not Applicable

3. Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the company and, in particular, the following, are submitted to the shareholders at the General Shareholders' Meeting for approval:

a) The transformation of listed companies into holding companies through "subsidiarization," i.e., reallocating core activities to controlled entities that were previously carried out by the company itself, even if the latter retains full ownership of the former;

b) The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;

c) Transactions whose effect is tantamount to the liquidation of the company.

See section: B.6

Complies

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information to which recommendation 27 refers, are made public at the time of publication of the notice of call to the General Shareholders' Meeting.

Complies

5. Matters that are substantially independent are voted on separately at the General Shareholders' Meeting, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

- a) To the appointment or ratification of directors, which shall be voted on individually;
- b) In the event of amendments to the Articles of Association, to each article or group of articles that are substantially independent of one another.

Complies

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act on behalf of different clients can divide their votes in accordance with the instructions given by such clients.

Complies

7. The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the Company.

It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it carries on its business, and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies

8. The Board assumes responsibility, as its core mission, for approving the company's strategy and the organization required to put it into practice, and to ensure that Management meets the objectives set while pursuing the company's interest and corporate purpose. As such, the full Board reserves for itself the right to approve:

- a) The company's policies and general lines of strategy, and in particular:
 - i) The strategic or business plan as well as the management objectives and annual budgets;
 - ii) The investment and financing policy;
 - iii) The definition of the structure of the corporate group;
 - iv) The corporate governance policy;
 - v) The corporate social responsibility policy;
 - vi) The policy for remuneration and assessment of the performance of senior managers;
 - vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems.
 - viii) The dividend policy, as well the treasury stock policy and, especially, the limits thereto.

See paragraphs: C.1.14, C.1.16 and E.2

b) The following decisions:

- i) At the proposal of the chief executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.
 - ii) The remuneration of directors and, in the case of executive directors, the additional remuneration for their executive duties and other terms and conditions that must be included in their contracts.
 - iii) The financial information that the Company must periodically make public due to its status as a listed company.
 - iv) Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Shareholders' Meeting.
 - v) The creation or acquisition of interests in special purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.
- c) Transactions made by the company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").

However, Board authorization need not be required in connection with related-party transactions that simultaneously meet the following three conditions:

1st They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;

2nd They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;

3rd The amount thereof is no more than 1% of the Company's annual revenues.

It is recommended that related-party transactions only be approved by the Board upon the prior favourable report of the Audit Committee or such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the full Board.

See sections: D.1 and D.6

Complies

9. In order to operate effectively and in a participatory manner, the Board ideally is comprised of no few than five and no more than fifteen members.

See section: C.1.2

Complies

10. External directors, proprietary and independent, occupy an ample majority of the Board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the Company's share capital.

See sections: A.3 and C.1.3

Complies

11. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

1°- In large cap companies where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.

2°-Companies where there is more than one shareholder represented on the Board and these are not linked between themselves.

See section: A.2, A.3 and C.1.3

Complies

12. The number of independent directors represents at least one third of the total number of directors.

See section: C.1.3

Complies

13. The status of each director is explained by the Board at the General Shareholders' Meeting at which the shareholders are to make or ratify their appointment and such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the Appointments Committee. This report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Complies

14. When women directors are few or non-existent the Appointments Committee takes steps to ensure that when new vacancies are filled:

a) Selection procedures do not have an implied bias that hinders the selection of women directors.

b) The company deliberately looks for women with the target professional profile and includes them among the potential candidates.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies

15. The Chairman, as the person responsible for the effective operation of the Board, ensures that directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organizes and coordinates regular evaluations of the Board and, where appropriate, the Chief Executive Officer.

See section: C.1.19 and C.1.41

Complies

16. When the Chairman of the Board is also the chief executive of the company, one of the independent directors is authorized to request the calling of a Board meeting or the inclusion of new business on the agenda; to coordinate and hear the concerns of external directors; and to lead the Board's evaluation of the Chairman.

See section: C.1.22

Complies

17. The Secretary of the Board takes particular care to ensure that the Board's actions:

a) Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;

b) Comply with the company's Articles of Association and the Regulations for the General Shareholders' Meeting, the Regulations of the Board and other regulations of the company;

c) Are informed by those good governance recommendations included in this Unified Code that the company has subscribed to.

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and removal are reported by the Appointments Committee and approved by the full Board; and that such appointment and removal procedures are set forth in the Regulations of the Board.

See section: C.1.34

Complies

18. The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each Director is entitled to propose items of the agenda that were not originally included therein.

See section: C.1.29

Complies

19. Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.

See sections: C.1.28 and C.1.29 and C.1.30.

Complies

20. When directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them.

Complies

21. The full Board evaluates the following on a yearly basis:

- a) The quality and efficiency of the Board's operation;
- b) On the basis of a report submitted to it by the Appointments Committee, how well the Chairman and chief executive of the company have carried out their duties;
- c) The performance of its Committees, on the basis of the reports furnished by them.

See section: C.1.19 and C.1.20

Complies

22. All directors are able to exercise the right to request any additional information they require on matters within the Board's competence. Unless the Articles of Association or the Regulations of the Board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.

See section: C.1.41

Complies

23. All directors are entitled to call on the company for the advice they need to carry out their duties. The company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.

See section: C.1.40

Complies

24. Companies organize induction programs for new Directors to rapidly and adequately acquaint them with the Company and its corporate governance rules. Directors are also offered refresher training programs when circumstances so advise.

Complies

25. Companies require that directors devote sufficient time and effort to perform their duties efficiently, and, as such:

a) Directors apprise the Appointments Committee of their other professional duties, in case they might detract from the necessary dedication;

b) Companies lay down rules about the number of boards on which their directors may sit.

See sections: C.1.12, C.1.13 and C.1.17

Complies

26. The proposal for the appointment or re-election of directors that the Board submits to the shareholders at the General Shareholders' Meeting, as well as the interim appointment of directors to fill vacancies, are approved by the Board:

a) On the proposal of the Appointments Committee, in the case of independent directors.

b) Subject to a prior report from the Appointments Committee, in the case of other directors.

See section: C.1.3

Complies

27. Companies post the following director information on their websites, and keep such information updated:

a) Professional and biographical profile;

b) Other Boards of Directors of listed or unlisted companies on which they sit;

c) Indication of the director's classification, specifying, for proprietary directors, the shareholder they represent or to whom they are related.

d) Date of their first and subsequent appointments as a company director; and

e) Shares held in the company and options thereon held by them.

Complies

28. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them do likewise when such shareholder reduces its interest to a level that requires the reduction of the number of its proprietary directors.

See paragraphs: A.2, A.3 and C.1.2

Complies

29. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term, set by the Articles of Association, for which he was appointed, except for good cause is found by the Board upon a prior report of the Appointments Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his position or comes under any of the circumstances described ECC/461/2013 order.

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the equity structure of the Company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 11.

See paragraphs: C.1.2, C.1.9, C.1.19 and C.1.27

Complies

30. Companies establish regulations obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes described in art. 213 of the Spanish Public Limited Companies Act, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See paragraphs: C.1.42 and C.1.43

Complies

31. All directors may clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

When the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, this director draws the pertinent conclusions and, if he chooses to resign, sets out the reasons in the letter referred to in the next Recommendation.

This Recommendation also applies to the Secretary of the Board, even if he is not a director.

Complies

32. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a significant event, the reason for the withdrawal is explained in the Annual Corporate Governance Report.

See paragraph: C.1.9

Not Applicable

33. Compensation paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable remuneration linked to the company's performance or pension schemes is confined to executive directors.

This recommendation shall not apply to the delivery of shares when such delivery is subjected to the condition that the directors hold the shares until they cease to hold office as directors.

Complies

34. The remuneration of external directors is such as is necessary to compensate them for the dedication, qualifications and responsibility required by their position, but is not so high as to compromise their independence.

Complies

35. The remuneration linked to company earnings takes into account any qualifications included in the external auditor's report that reduce such earnings.

Complies

36. In the case of variable remuneration, remuneration policies include technical safeguards to ensure that such remuneration reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies

37. When there is an Executive Committee (hereinafter, "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.

See paragraphs: C.2.1 and C.2.6

Complies

38. The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Complies

39. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors forms a single Appointments and Remuneration Committee as a separate committee of the Board, or a Appointments Committee and a Remuneration Committee.

The rules governing the make-up and operation of the Audit Committee and the Appointments and Remuneration Committee or committees are set forth in the Regulations of the Board, and include the following:

a)The Board appoints the members of such Committees, taking into account the background knowledge, qualifications and experience of the Directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following the meetings of such committees, on their activities and the work carried out.

b)These Committees are formed exclusively of external directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior managers, when expressly resolved by the members of the Committee.

c)Committee Chairmen are independent directors.

d)They may receive external advice, whenever they feel this is necessary for the discharge of their duties.

e)Minutes are prepared of their meetings, and a copy is sent to all Board members.

See paragraphs: C.2.1 and C.2.4

Complies

40.Overseeing compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit Committee, the Appointments Committee or, if they exist separately, to the Compliance or Corporate Governance Committee.

See paragraphs: C.2.3 and C.2.4

Complies

41. The members of the Audit Committee and, particularly, the Chairman thereof, are appointed taking into account their background knowledge and experience in accounting, auditing and risk management matters.

Complies

42. Listed companies have an internal audit function which, under the supervision of the Audit Committee, ensures the smooth operation of the information and internal control systems.

See paragraphs: C.2.3

Complies

43.The head of internal audit presents an annual work plan to the Audit Committee; reports to it directly on any issues arising in the execution of such plan; and submits an activity report to it at the end of each fiscal year.

Complies

44. Risk control and management policy specifies at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks.
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place designed to mitigate the impact of the risks identified, should they materialize;
- d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

See paragraph: E

Complies

45. The Audit Committee's role is:

1. With respect to internal control and reporting systems:

- a) To ensure that the main risks identified as a result of supervising the efficiency of the Company's internal control and, where applicable, internal audit, are adequately managed and reported.
- b) To ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election and removal of the head of the internal audit area; propose the budget for this area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.
- c) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.

2. With respect to the external auditor:

- a) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.
- b) To monitor the independence of the external auditor, to which end:
 - i) The company reports a change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.
 - ii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.

See paragraphs: C.1.36, C.2.3, C.2.4 and E.2

Complies

46. The Audit Committee may cause any company employee or manager to appear before it, and even order their appearance without the presence of any other manager.

Complies

47. The Audit Committee reports to the Board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:

- a) The financial information that the Company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.
- b) The creation or acquisition of interests in special purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.

See paragraphs: C.2.3 and C.2.4

Complies

48. The Board of Directors seeks to present the financial statements to the shareholders at the General Shareholders' Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the Chairman of the Audit Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.

See paragraph: C.1.38

Complies

49. The majority of the members of the Appointments Committee – or of the Appointments and Remuneration Committee, if one and the same – are independent directors.

See paragraph: C.2.1

Complies

50. The Appointments Committee has the following duties, in addition to those stated in the earlier Recommendations:

- a) To assess the qualifications, background knowledge and experience necessary to sit on the Board, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) To examine or organize, in the manner it deems appropriate, the succession of the Chairman and the chief executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.
- c) To report on senior manager appointments and removals that the chief executive proposes to the Board.
- d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See paragraph: C.2.4

Complies

51. The Appointments Committee consults with the Company's Chairman and chief executive, especially on matters relating to executive directors. And any board member may request that the Appointments Committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

Complies

52. The Compensation Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

a) To propose to the Board of Directors:

i) The remuneration policy for directors and senior managers;

ii) The individual remuneration of executive directors and other terms of their contracts.

iii) The basic terms and conditions of the contracts with senior managers.

b) To ensure compliance with the remuneration policy set by the company.

See paragraphs: C.2.4

Complies

53. The Compensation Committee consults with the Chairman and chief executive of the Company, especially on matters relating to executive directors and senior managers.

Complies

H. OTHER INFORMATION OF INTEREST

1.- Provide a brief description of any relevant aspect, if any, of issues related to the corporate governance of the Company or the companies of the Group that have not been listed in the other sections of this report, but that should be included for the purposes of gathering more complete and reasoned information about the structure and governance policies of the Company or its Group .

2.-In this section, you may include any other information, clarification or comment relating to the earlier sections of this report as long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this Report.

3.- The Company can also indicate whether it has voluntarily adhered to any other Code of Ethics or Good Practice, whether international, sectorial or of any other nature. If so, name the corresponding Code and the adoption date.

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of

February 27, 2014

Indicate whether any Directors voted against or abstained in connection with the approval of this Report.

NO

Name or company name of director who has not voted in favor of the adoption of this report	Reasons (counter, abstention, no assistance)	Explain the reasons