

REPORT OF THE AUDIT COMMITTEE ON THE INDEPENDENCE OF THE COMPANY'S EXTERNAL AUDITORS

1. Introduction

The audit committee of ENCE ENERGÍA Y CELULOSA, S.A. has issued this report in accordance with article 529 *quaterdecies*, section 4(f) of the Spanish Capital Enterprises Act (*Ley de Sociedades de Capital*) and article 16.2 (7) of the regulations of the board of directors, which require audit committees to issue, before the audit report is released, an annual report expressing an opinion on the independence of the financial auditor.

The financial auditor to which this report relates is PricewaterhouseCoopers Auditores, S.L., with registered office in Madrid, at Paseo de la Castellana 259B, Torre PwC, and bearing tax number (Spanish C.I.F.) B-79031290.

Before the date of issue of this report, the committee received a statement from the financial auditor confirming its independence vis-à-vis the Company and entities related to it directly or indirectly, in addition to information on any non-audit services provided to these entities and the corresponding fees paid, as required under applicable financial audit law.

In its statement, the financial auditor confirms that to the best of its knowledge there are no circumstances that could, individually or jointly, pose a serious threat to its independence and that, therefore, could generate situations of incompatibility or require the application of safeguard measures.

2. Analysis of the independence of the financial auditor

In order to verify the independence of the external auditor, the audit committee has conducted an analysis based on the following aspects:

1. Engagement requirements

The engagement and renewal period of PricewaterhouseCoopers meets the requirements set out in article 264 of the Capital Enterprises Act and article 19.1 of the Financial Audit Act (*Ley de Auditoría de Cuentas*), which state that the engagement must be for no less than three years and no more than nine years, while renewals must be made for maximum periods of three years.

2. Dialogue with the auditor

The audit committee has maintained proper contact with the auditor so as to receive information on any issues that could jeopardise the latter's independence and any other matters relating to the financial audit process. The committee has also complied

with all other communication requirements prescribed by applicable financial audit law and auditing rules and standards.

3. *Declaration of independence*

The audit committee has gathered the relevant information from the auditor (and obtained written confirmation dated 11 February and attached hereto as an appendix) in order to confirm its independence as an auditor in accordance with financial auditing law.

4. *Fees and non-audit services*

According to the information provided by the auditor, total fees for all the professional services it provided to the Company over the course of 2015 amounted to 369,000 euros, of which 56,000 euros related to non-audit services.

In this regard, the auditor has confirmed that the average fees billed to the Company by PricewaterhouseCoopers over the last three years has not amounted to more than 15% of the auditor's total revenues.

Moreover, it has been confirmed that the fees billed to the Company for the services provided in 2015 do not exceed 10% of the auditor's total revenues during that period, which amount to [•] euros, thus complying with the provisions set forth in article 43.2 of the board of directors regulations.

3. **Conclusion**

The audit committee informs the board of directors that it believes PricewaterhouseCoopers has carried out its audit work with due independence in financial year 2015. In particular:

- PricewaterhouseCoopers has provided written confirmation of its independence as required under the Financial Auditing Act and the auditing rules and standards issued by the Spanish Institute of Accounting and Financial Auditing (Instituto de Contabilidad y Auditoría de Cuentas).
- Fees for audit services are set by the auditor before the start of its engagement and remain unchanged over the course of the engagement. Pursuant to article 21 of the Financial Auditing Act, the rendering of additional services will have no bearing or influence on the fees charged and nor may the fees respond to contingencies or conditions other than changes in the circumstances relied on when setting the fees.
- The fees charged for the services rendered do not constitute a significant percentage of the total annual revenues of the financial auditor.

- The information obtained through the communication channels discussed previously reveals absolutely nothing that might threaten compliance with applicable audit law and regulations in relation to the independence of the auditor. In particular, no such information has been found in relation to the rendering of additional services, when treated individually or jointly, beyond the legal audit work.

Madrid, 12 February 2016

APPENDIX

DECLARATION OF INDEPENDENCE BY THE FINANCIAL AUDITOR