



*Reshaping food and wellbeing.  
For many, for long.*

Annual Report 2021





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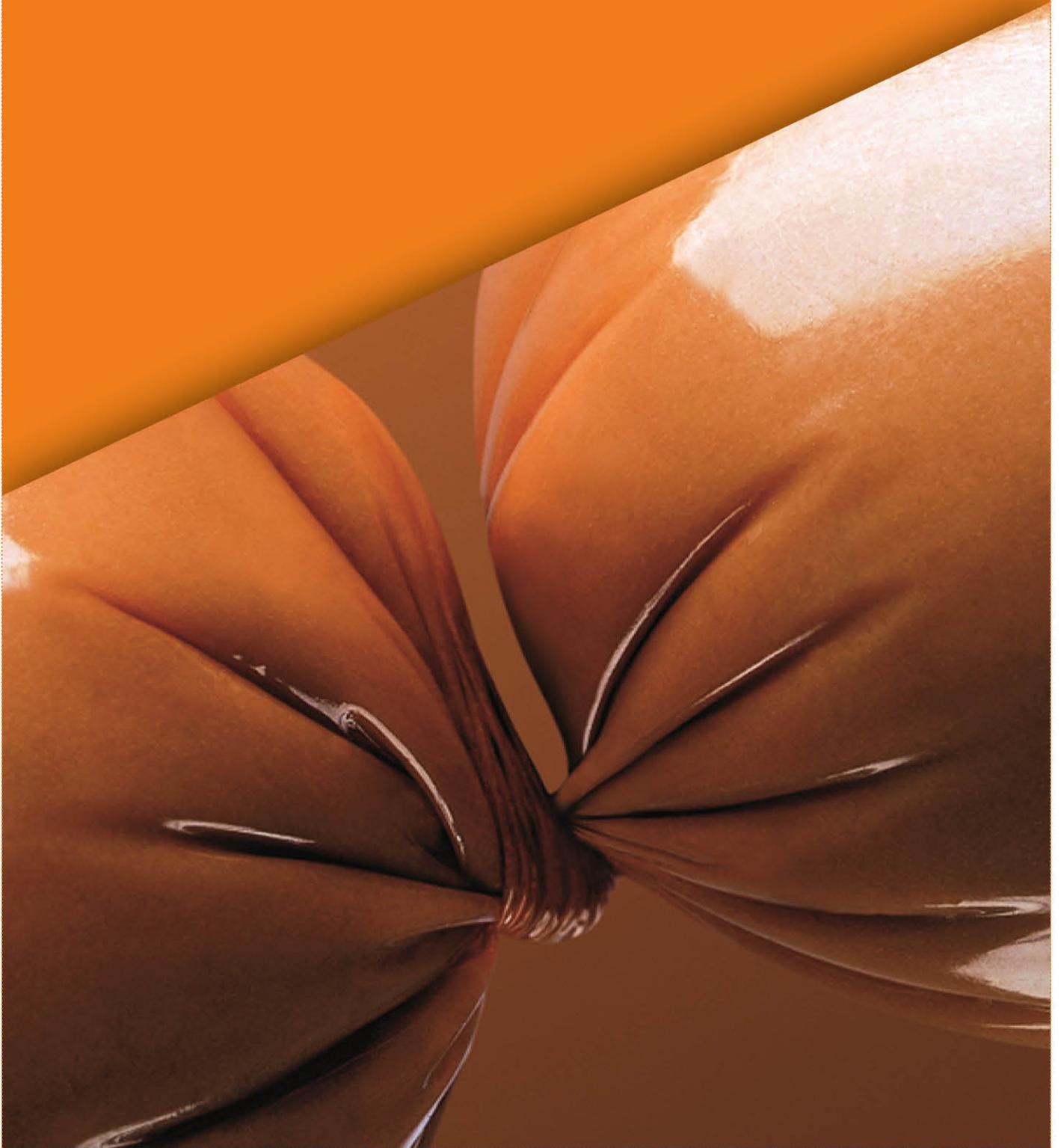
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# 1.

## Chairman's letter



# Chairman's letter



In 2021, the strategic period that we call MORE TO BE has come to an end. One of the most fascinating in Viscofan's history, with a profound transformation that has allowed us to face one of the most volatile and uncertain environments in recent years.

The period of greatest investment intensity, 476 million euros, has been concentrated in these six years, fundamentally destined to revolutionize Viscofan's technological range. The construction and start-up of the new cellulose and fibrous plant in Cáseda (Spain) stands out, a technological leap that has permitted significant increases in volumes in both technologies. It is important to highlight that the improvements have also occurred in the rest of the technologies. An example is the development in collagen, where we have invested to increase our capacity with a "dry-tech" technology -which, in addition to having better production ratios, has lower water and energy consumption-, the promotion of high-added value solutions to plastics - including the development of casings of recycled origin-, and the creation of edible vegetable casings, where we have been pioneers in our sector.

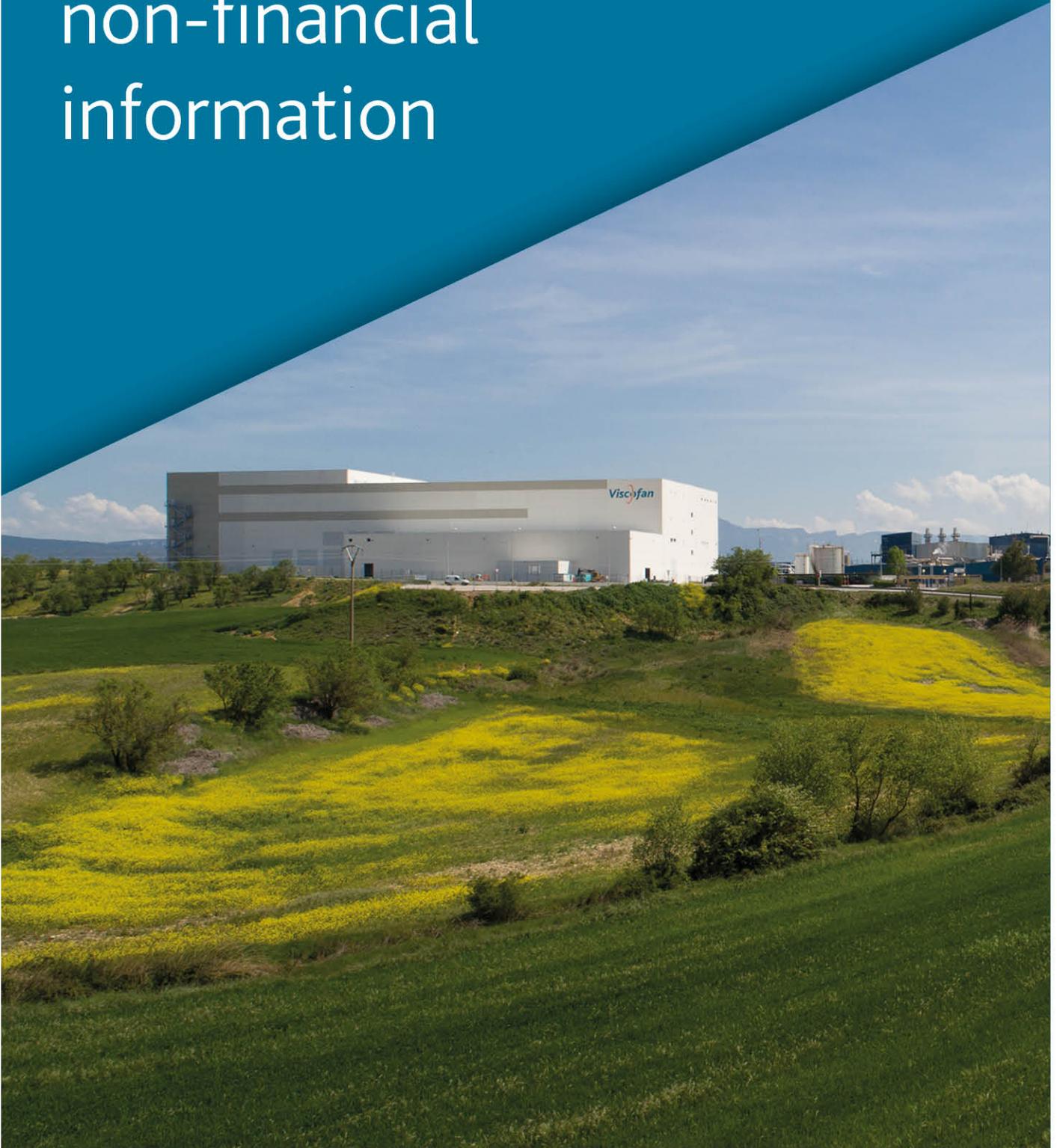
We have carried out an intense inorganic activity, with the acquisition of companies for a enterprise value of 43 million euros. In these years we have expanded our production presence to a new continent with the acquisition of Globus in Australia and New Zealand, and consolidating the market with the incorporation of Nitta Casings, becoming a collagen producer in North America. Within this growth, we must also highlight the acquisitions of Vector and, in a complementary manner, Supralon, which have allowed us to double our size in plastics. Additionally, we have installed commercial offices in India and Japan, countries where our commercial presence will grow in the future. As a whole, Viscofan is present in 20 countries and currently has 19 production plants.

This growth in companies has also been accompanied by measures to make the organization more fluid, including the reorganization of North America, with the changes in Vector USA and Nitta in Canada, whose activity has been transferred to San Luis Potosí in Mexico and Montgomery in the United States. In addition, Viscofan España SLU has also been created as an industrial entity, separate from Viscofan SA, which is constituted and organized as a holding company.

All this technological development and investment activity has allowed us to increase our commercial offer, reach more customers, and strengthen our market share.

# 2.

## Statement of non-financial information



# 2.1

## Fundamentals





# Fundamentals

*This report details and explains the significant aspects identified in the materiality analysis performed in 2021, based on the new strategy of the Viscofan Group known as Beyond25, and on the New Sustainability Action Plan for 2022-2025*

The purpose of the Non-Financial Information Statement is to inform all stakeholders of how the Viscofan Group (without distinction, the "Viscofan Group" or "Viscofan"); Viscofan S.A., parent company of the Viscofan Group, (will be referred to as the "Company") creates value and reports the environmental, social and good governance impacts that may substantially influence the decision-making of such stakeholders. This non-financial statement covers the period from 1 January to 31 December 2021 for the financial year of the Viscofan Group.

The scope of this report cover the series of companies that form part of the Viscofan Group at 31 December 2021, detailed in note 2 to the annual consolidated financial statements.

This document was prepared pursuant to Law 11/2018, of 28 December, on non-financial information and diversity. Likewise, this report was prepared in conformity with the essential option of the Global Reporting Initiative (GRI) standard.

Alongside this, the United Nations Global Compact, of which Viscofan is a signatory member, has been taken as a reference. In this regard, it is also a progress report on the measures taken by the Group to implement the 10 Principles of the Global Compact, in line with the Global Compact reporting policy.

Additionally, to contribute to improved climate change reporting, Viscofan has used the Task Force on Climate related Financial Disclosure (TCFD) as a reference, which recommends general elements on which the organisations must focus to manage climate change risks, and the Carbon Disclosure Project questionnaire, which includes the TCFD recommendations.

This report details and explains the significant aspects identified in the materiality analysis performed in 2021, based on the new strategy of the Viscofan Group known as Beyond25, and on the New Sustainability Action Plan for 2022-2025, and with a greater time horizon based on the 2030 commitments related with the United Nations' Sustainable Development Goals.

In accordance with the indications of the 102-55 content of the GRI Standard: 102 General Contents 2016, this report includes a GRI contents index as a browsing tool in Point 5 of the Management Report - Global Reporting Initiative (GRI) Contents Index.

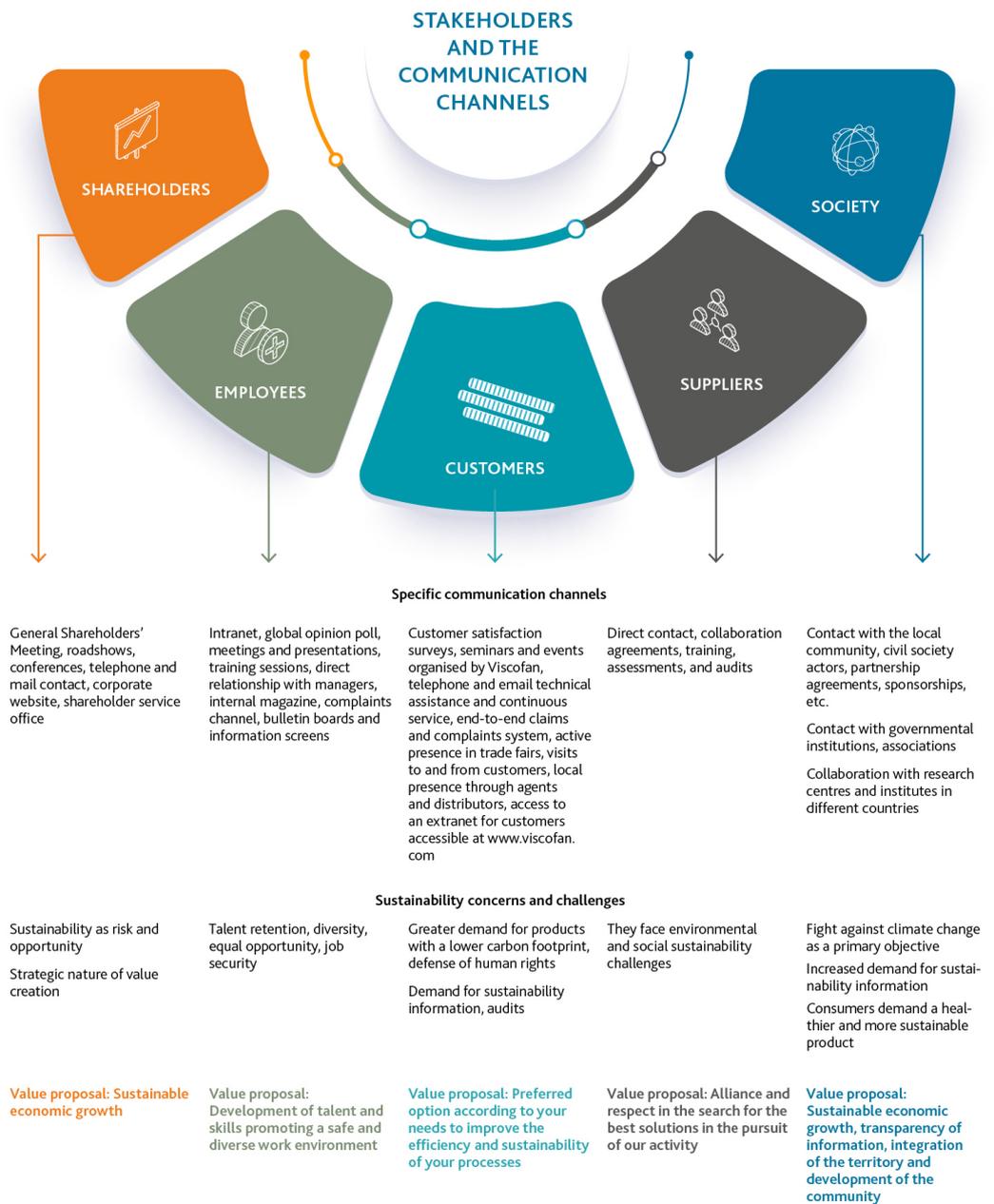
Likewise, the traceability of the content of this report with Law 11/2018 on Non-financial and diversity reporting is detailed in Point 6 of the Management Report - Content index of Law 11/2018 on Non-financial and diversity reporting.



## Relations with our stakeholders

The Viscofan Group understands sustainability as the ability to create value among its stakeholders in the short, medium and long term without compromising the well-being of future generations. To achieve this commitment, appropriate communication channels have been identified and established to ensure an open dialogue and to be aware of their needs and expectations, allowing the identification and analysis of the most relevant aspects of value creation that inspire the Viscofan Group's success strategy.

The details of stakeholders and the communication channels used are as follows:



This Non-Financial Information Statement is organised in its structure to inform on Viscofan's performance in the most significant matters identified in the area of sustainability.

## Materiality

This report contains the information on the performance and response of the Viscofan Group to the most significant aspects identified, taking into account the findings of the materiality analysis performed with the advisory services of an independent expert.

Within the framework of the new strategy of the Viscofan Group Beyond25 and the new Sustainability Action Plan, both with a time horizon from 2022-2025, a new materiality analysis was carried out that identifies the Company's most significant economic, environmental, social and governance impacts that substantially influence the valuations and decisions of the stakeholders.

The performance of the analysis took into account a double perspective reflected in Directive 2014/95/EU on the disclosure of non-financial information and diversity reporting:

- Outsider's perspective: How the non-financial aspects affect the situation and earnings of the Viscofan Group.
- Insider's perspective: How the Viscofan Group affects the surroundings from the viewpoint of social, environmental and human rights protection aspects and, therefore, how it affects the different stakeholders.

For the preparation of the materiality analysis, 45 material aspects have been identified for the different stakeholders on the basis of the following:

- **Analysis of the reporting standards** used by benchmark companies of the main customers.
- **Analysis of different media to identify trends in the most significant aspects for society.**
- **Sustainability trends.** United Nations Global Compact and Sustainable Development Goals (SDG), Task force on Climate-related Financial Disclosures (TCFD) and CDP.
- **Reporting standards** (Sustainability Accounting Standards Board or "SASB").
- **Requirement of analysts and institutions**
- **Regulatory analysis.** Law 11/2018, of 28 December, which amends the Code of Commerce, the consolidated Corporate Enterprises Act approved by Legislative Royal Decree 1/2010, 2 July, and Audit Law 22/2015, in the area of non-financial information and diversity reporting.
- **Recommendations of the GRI Standards**, specifically GRI 101: Foundation 2016, which establishes materiality as one of the principles that determines the content of the reports disclosed under this standard.

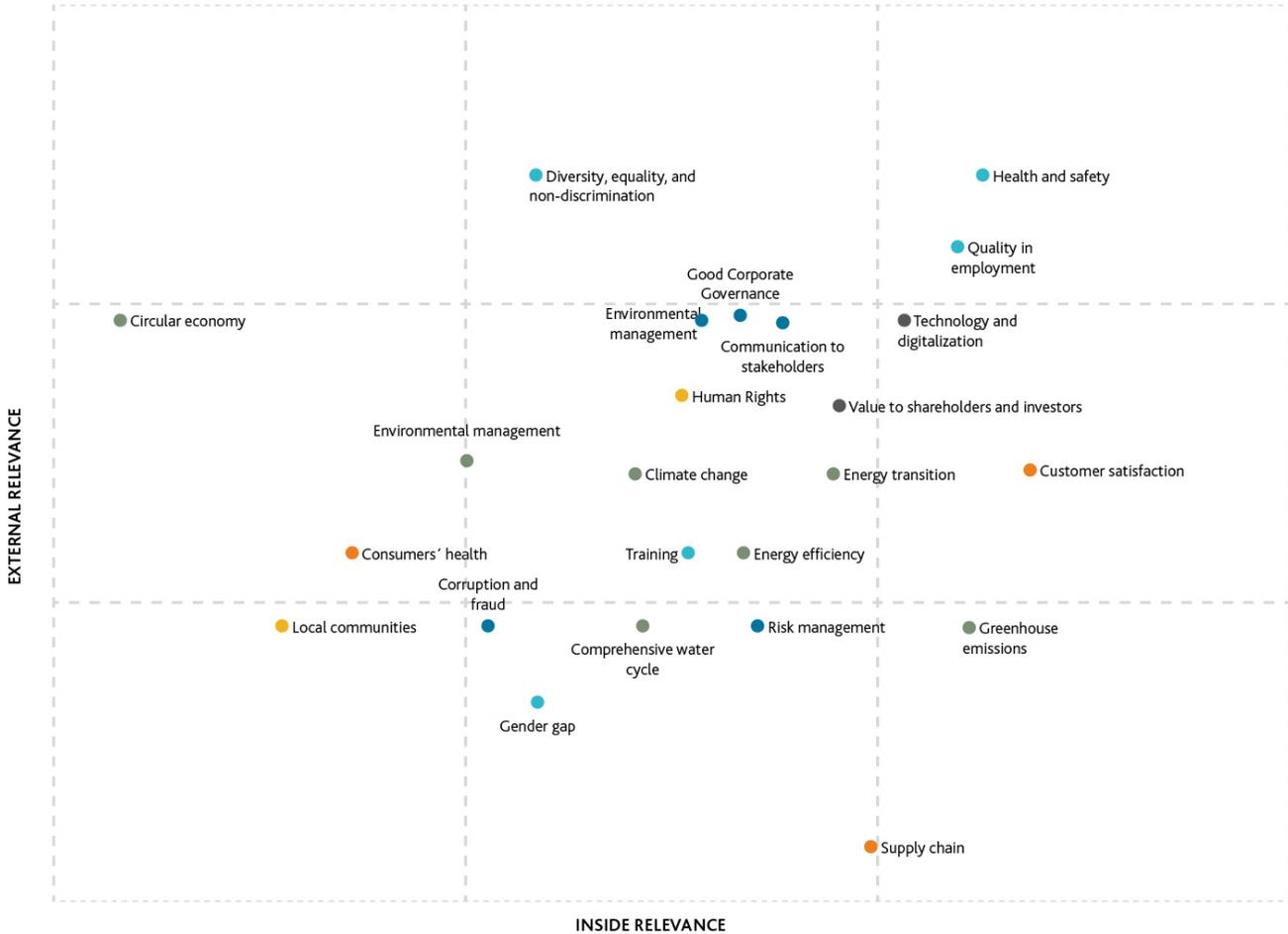
These significant issues were then presented to the heads of various areas of the Viscofan Group to assess their impact on the Group's operations and reputation and on the environment.

The results of this analysis have been presented in a materiality matrix, with the vertical axis representing the external importance, and the horizontal axis the internal importance.

Of the 45 material aspects analysed, the positioning obtained enables 24 issues of greater external and internal significance obtained at the Parent to be focused on, which are disclosed in this Non-Financial Information Statement.

The result of this analysis has served to monitor the Sustainability Action Plan approved by the Company's Board of Directors, in which the most significant aspects identified in the area of sustainability are aligned with the implementation established in the Strategic Plan.

MATERIALITY MATRIX



CORPORATE GOVERNANCE	COMMERCIAL AND SUPPLY CHAIN MANAGEMENT	EMPLOYMENT MANAGEMENT	ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE	HUMAN RIGHTS AND IMPACT ON SOCIETY	ECONOMIC
<ul style="list-style-type: none"> <li>• Good Corporate Governance</li> <li>• Sustainability strategy</li> <li>• Communication to stakeholders</li> <li>• Corruption and fraud</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Supply chain</li> <li>• Consumers' health</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity, equality, and non-discrimination</li> <li>• Health and safety</li> <li>• Quality in employment</li> <li>• Gender gap</li> <li>• Training</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Energy transition</li> <li>• Greenhouse emissions</li> <li>• Circular economy</li> <li>• Comprehensive water cycle</li> <li>• Energy efficiency</li> <li>• Environmental management</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights</li> <li>• Local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Value to shareholders and investors</li> <li>• Technology and digitalization</li> </ul>

## Contribution to Sustainable Development Goals

Viscofan is committed to the Sustainable Development Goals of the 2030 Agenda through the United Nations Global Compact, of which it has been a signatory since 2015, and it publishes its annual progress report.

From 2022, Viscofan has extended its commitment to the SDGs in the framework of the new strategic plan Beyond25 and the New Sustainability Action Plan, which generates a new purpose for the Group: "Reshaping food and wellbeing. For many, for long".

Based on the foregoing, our technology and our global presence enables us to be in a condition to shape a better world. We contribute to improve access to food throughout the world and we can also help, through nutrition and our knowledge, the well-being of humans, generating an impact over a long time. It is our sustainable proposal.

This commitment involves improving our leadership in casings and going beyond our technological frontiers, improving our contribution to global food, and to the well-being and health of people, leading the change in the casing industry to contribute to reducing climate change, a greater sustainable use and protection of water and marine resources, to the transition towards a circular economy and promoting decent work, diversity and economic growth.

With this new purpose, Viscofan adds the objective of improving the health and well-being of people, committing itself to a new Sustainable Development Goal, SDG 3. Good health and well-being.



## UNRENOUNCEABLE COMMITMENTS TO OUR SUSTAINABILITY

**SDG 13. Climate action:** The casing production process operates all year round and requires a lot of heat. However, in our fight against climate change, we are continually investing in improvements to reduce energy consumption and to make the most of the different forms in which energy is present in our processes, promoting the use of renewable energy, and introducing circular economy criteria into company activities focused on reducing global CO<sub>2</sub> emissions.

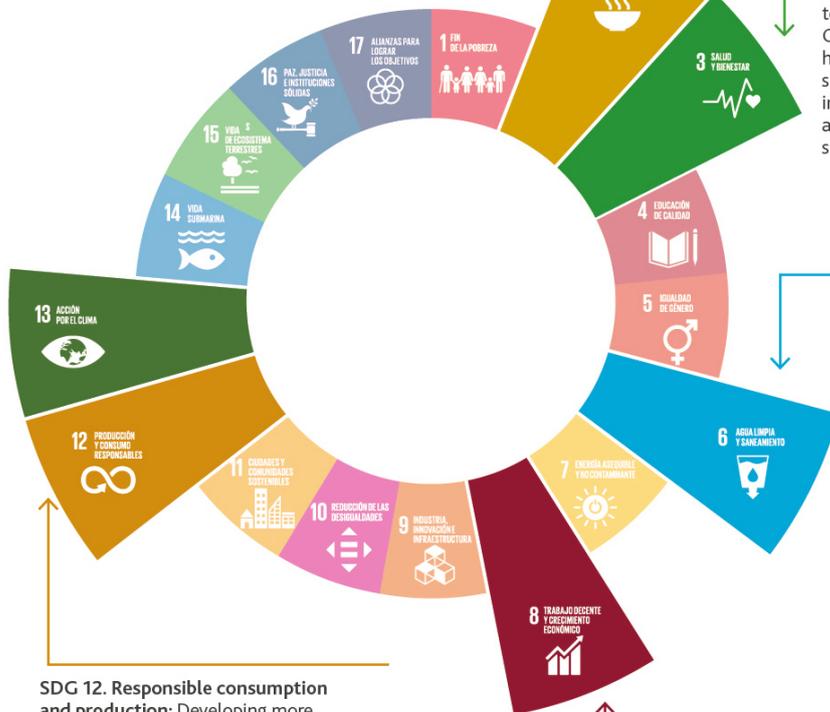
**SDG 2. Zero hunger:** Belonging to the food market carries with it a great responsibility: that of providing million of people worldwide with access to basic nutrition. As a global leader in casings, the Viscofan Group contributes to the development of products that help to avoid food waste and it invests in R&D&i that enables more efficient and sustainable processes to manufacture cold meats. It also seeks to work with NGOs whose core business is based on reducing hunger and to develop specific products that combat malnutrition.

**SDG 3. Good health and well-being.** Viscofan undertakes to transform the ample knowledge developed in the processing, use and transformation of raw materials, especially collagen, in products and solutions that contribute to improve the health and well-being of people. Collagen is the most abundant protein of the human body and of animals but, in turn, it is a singular versatile material and, therefore, is used in various areas that are beneficial for people, such as regenerative medicine, nutrition, health and life sciences.

**SDG 6. Clean water and sanitation:** Viscofan's production process requires the use of water. Hence, the Group focuses on the sustainable management of water in its operations and at its factories, with a strict consumption and re-use policy, measuring the quality of wastewater discharges and investing in the best available water management technologies.

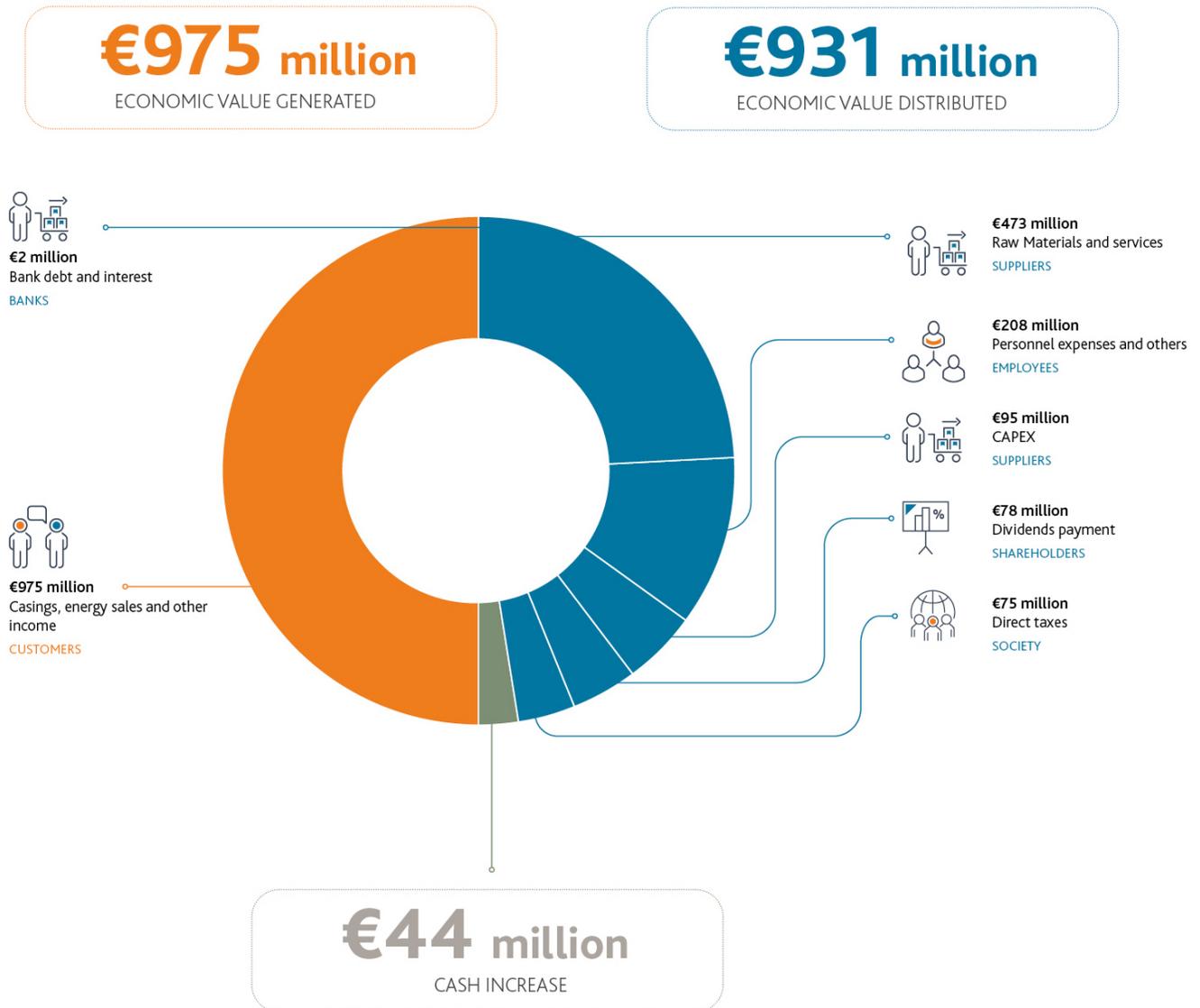
**SDG 12. Responsible consumption and production:** Developing more sustainable activity requires incorporating environmental criteria throughout the value chain that minimises the impact of our business activity caused by the transformation of raw materials by mechanical and chemical means that leads to the generation of waste. It begins with the selection of raw materials and it continues with the reduction of waste generation and the optimisation of its management, prioritising recovery or recycling above other systems such as destruction or disposal.

**SDG 8. Decent work and economic growth:** People are the differential value on which the future of Viscofan is built. More than 5,000 employees from 20 countries in which the Group has a presence constitute an extraordinary human wealth. People management is key to achieving our goals and that is why we want to attract and develop the best team in the industry, with maximum respect for human rights.



## Generated and distributed value matrix

Based on the cash flows generated in 2021, the value matrix generated and distributed by stakeholders is as follows:



# 2.2

## Our business model



# Our business model



## Mission, vision, and values

The Viscofan Group has a business model with a technological and geographical proposal that is unique in the market, based on the solid shared values of a team, aimed at creating value in a sustainable manner for all our stakeholders. As a result of this model, Viscofan is the leader on the casing market for the food industry.

### Mission

The Viscofan Group aims to meet food industry needs through the production and sale of customized casings, and to seize the business opportunities that arise from know-how achieved by the company through the production and sales of collagen-based products for food and bioengineering uses.

### Vision

In the vision established for the MORE TO BE strategic plan, which covers the period from 2016 to 2021, Viscofan wishes to become *The Casing Company*, continuing to grow with the goal of achieving a triple leadership in service, cost and technology in all casing markets. This vision means giving a value proposal for each of the stakeholders identified by Viscofan:

*The Casing Company* means:

- Being the global leader in all families of customized casings and actively promoting the development of new markets.
- Being the preferred option of our customers pursued by competitors.
- Being the benchmark of the sector in efficiency and productivity in all its casing technologies.
- Being the best market team, attracting and maintaining talent and developing its capacities.
- Focusing effort on creating value for shareholders sustainably.

### Values

The Viscofan Group understands that the creation of long-term sustainable value for all stakeholders can only be achieved through ethical behaviour that promotes the development of a culture of best practice in social responsibility within the Group and by contributing to improving people's well-being through the economic, environmental, and social development of the communities in which the Viscofan Group is present.

To successfully realise this vision, the MORE TO BE Strategic Plan was implemented, with a team that relies on shared values (service, quality, teamwork, entrepreneurship, and a focus on results) and on the non-negotiable ethical principles that arise from the fundamental rights of all human beings (respect and non-discrimination, responsibility, transparency, efficiency, loyalty, integrity and sustainability).

## Key figures

## FINANCIAL KEY FIGURES

<b>Revenue</b> <b>€969.2</b> Mn €912.2 Mn in 2020 €849.7 Mn in 2019	<b>Net profit</b> <b>€133.0</b> Mn €122.5 Mn in 2020 €105.6 Mn in 2019	<b>Net bank debt</b> <b>€1.8</b> Mn €38.2 Mn in 2020 €42.5 Mn in 2019
<b>EBITDA</b> <b>€246.7</b> Mn €234.4 Mn in 2020 €201.0 Mn in 2019	<b>Investment</b> <b>€92.0</b> Mn €56.9 Mn in 2020 €62.1 Mn in 2019	<b>Dividend</b> <b>€1.84</b> per share €1.70 in 2020 €1.62 in 2019
<b>Margin EBITDA</b> <b>25.4%</b> 25.7% in 2020 23.7% in 2019	<b>Stock market capitalisation. Year-end</b> <b>€2,646</b> Mn €2,699 Mn in 2020 €2,190 Mn in 2019	

## ENVIRONMENTAL KEY FIGURES

<b>CO<sub>2</sub> Emissions. Scope 1&amp;2</b> <b>547,981</b> Tonnes 563,188 Tn in 2020 540,801 Tn in 2019	<b>Emissions / Metres of casing extruded</b> <b>84</b> Base 100 year 2018 94 in 2020 101 in 2019	<b>Energy consumption</b> <b>2,465</b> GWh 2,371 GWh in 2020 2,294 GWh in 2019
<b>Consumption / Revenue</b> <b>2.5</b> GWh / Mn € 2.6 GWh / Mn € in 2020 2.7 GWh / Mn € in 2019	<b>Water withdrawal</b> <b>10,781,067</b> m <sup>3</sup> 10,378,646 m <sup>3</sup> in 2020 9,440,345 m <sup>3</sup> in 2019	<b>Water withdrawal / Metres of casing extruded</b> <b>95</b> Base 100 year 2018 100 in 2020 101 in 2019
<b>Water discharged</b> <b>8,432,622</b> m <sup>3</sup> 8,271,176 m <sup>3</sup> in 2020 7,760,813 m <sup>3</sup> in 2019	<b>Waste</b> <b>63,410</b> Tonnes 57,344 Tns in 2020 49,307 Tns in 2019  Recycled 47% landfill 37%	<b>Landfill Waste/Metres of casing extruded</b> <b>93</b> Base 100 year 2018 90 in 2020 91 in 2019

## SOCIAL KEY FIGURES

Average workforce

**5,083**people  
4,967 in 2020  
4,628 in 2019

Women

**28.9%**29.1% in 2020  
28.7% in 2019

% Women in management positions

**17.9%**14.8% in 2020  
15.4% in 2019

Average number of training hours per employee

**11.2**hours  
21.7 h in 2020  
28.2 h in 2019

Number of accidents per million hours worked

**16.6**16.0 in 2020  
16.9 in 2019

Hours lost per accident / Hours Worked

**0.29%**0.33% in 2020  
0.23% in 2019

Hours of training of human rights

**4,933**hours  
4,056 h in 2020  
2,163 h in 2019

## GOVERNANCE KEY FIGURES

independent directors

**45%**45% in 2020  
40% in 2019

Female directors

**27%**27% in 2020  
20% in 2019

## Competitive advantages

Viscofan's progress is viewed from the perspective of achieving sustainable competitive advantages, which are the result of the work and commitment of an exceptional team that has offered the best of everyone for over 45 years, making Viscofan the leader in the sector.

### R&D and innovation

Viscofan's position in the constantly evolving, highly competitive world market is sustained by its constant cutting-edge efforts in research, development, and innovation (R&D&i), both in technology and products. Only through the application of this philosophy will the company be able to continue advancing in its leadership of innovation in the global casings market, benefiting all of its stakeholders.

Constant innovation required by our globalised world must be considered. Our products must be compatible and adapt to the food habits and uses of millions of world consumers, their preferences and evolution over time. Viscofan couples its growth as a business with the development of its innovation capability so that it can access the best technologies available on the market, implement them and improve them, and develop its own technologies to create an enduring competitive edge.

The manufacturing of casing is characterised by its ease of use and appearance, which contrasts with the high technological component underlying the manufacturing process and which only a few companies worldwide have developed.

The food industry and, more specifically, the sausage production sector, increasingly demands more products with greater features, more sustainable and at highly competitive costs, in order to enable their large-scale manufacture. Providing a response to this demand implies a big technological and developmental challenge that is successfully met by Viscofan as the largest casing producer, and it is the only company in the industry that provides solutions in the main four casing families (cellulose, collagen, fibrous and plastic) and in other new families, such as edible vegetable and functional casings.

*The manufacturing of casing is characterised by its ease of use and appearance, which contrasts with the high technological component underlying the manufacturing process and which only a few companies worldwide have developed.*

#### DIAGRAM OF THE VISCOFAN GROUP'S PRODUCTION PROCESS AND VALUE CHAIN

##### INNOVATION PRESENT THROUGHOUT THE WHOLE PROCESS

Development of new products and improvement of a proprietary technology



RAW MATERIALS	EXTRUSION	CONVERTING	COMMERCIAL	FOOD INDUSTRY	RETAILER	CONSUMER
Extremely pure cellulose, collagen skins, abaca paper, plastic polymer, etc. depending on the type of casing	In the mechanical and chemical process, the raw materials are extruded in a seamless tube and wrapped around reels (plain casing)	Plain casings are pleated to convert them into a sticks that are better adapted to the process used by our customers	Viscofan has a global sales and distribution network, and a team of technical advisors	Viscofan supplies a tailor-made product to meet customers requirements	The casings enable our customers to comply with high standards and quality for food products	Food for a growing population that exceeds 7,800 million people

Viscofan has evolved naturally towards a technological improvement geared towards sustainability. Hence, on-going improvement work seeking greater efficiency and sustainability in process and product enhancement is essential to boost competitiveness and returns at long term. In this regard, Viscofan adapts a proactive approach in the search for sustainable solutions at technology and product level, boosting relevant aspects, such as the circular economy, the search for energy efficiency, the reduction of CO<sub>2</sub> emissions and the reduced need for water.

Innovation is an on-going process with strategic product and technological development projects in all casing families (cellulose, collagen, fibrous, plastic and vegetable), and in its final product applications (more than 14,000 items sold in 2021), also including other diversification products. Our innovation boosts the innovation of the meat sector, enabling applications to be developed aimed at providing Viscofan with the range of products required to reinforce its presence on the global market.

In this regard, the main current Research, Development, and Innovation projects under way are principally focused on the following areas:

#### MAIN CURRENT RESEARCH, DEVELOPMENT, AND INNOVATION PROJECTS

**The development of new products according to the target markets defined in the expansion plan,** and those required by our customers, and also new generation executions, designed and oriented towards offering tubular alternatives with differential performance and features.

**The development of film casings that are able to confer functionalities to the product they contain,** gaining in efficiency and preventing food waste. In 2021, of note was the launch of the Edileaf product, an edible film designed to add taste to food.

**The development of production alternatives and technological solutions through radical breakthroughs** that allow an increase in added value and efficiency levels or significantly reduce production costs for meat casings, through modernisation, streamlining and simplification, improving not only Viscofan's competitiveness, but also the sustainability of its products and processes. With this objective in 2021, work commenced on technological improvements at the Darville plant (USA).

**Research aimed at extending the range of adequate materials to manufacture casings and their features,** while also taking into account sustainability criteria such as their biodegradability or recyclability. In this area, in 2021, Viscofan launched the eFAN plastic casing range, which includes casings prepared with a proportion of renewable raw materials of biological origin and others with a percentage of raw materials from recycled material.

**Technological support for improving existing products and processes,** and for the Company's international expansion, all this adhering to Viscofan's technological and quality standards and current regulations, as well as the optimisation of production costs.

Progress in the field of digitalisation represents a new innovation opportunity that Viscofan wants to take advantage of to lead the industry's digital transformation. In collaboration with third parties, Viscofan's 4.0 industry team seeks to apply the solutions offered by new IT technologies to our operations. We are seeking to improve the quality of our products, to obtain the best information possible to improve our production process and to perform predictive maintenance, through solutions based on artificial vision, the development of technological solutions with the digitalisation of the movement of materials within the facilities, and the development and implementation of a smart 4.0 industry management system.

To progress in its digitalisation Viscofan has equipped the Cáseda plant with 5G coverage, laying the base to start the development of "smart factories".

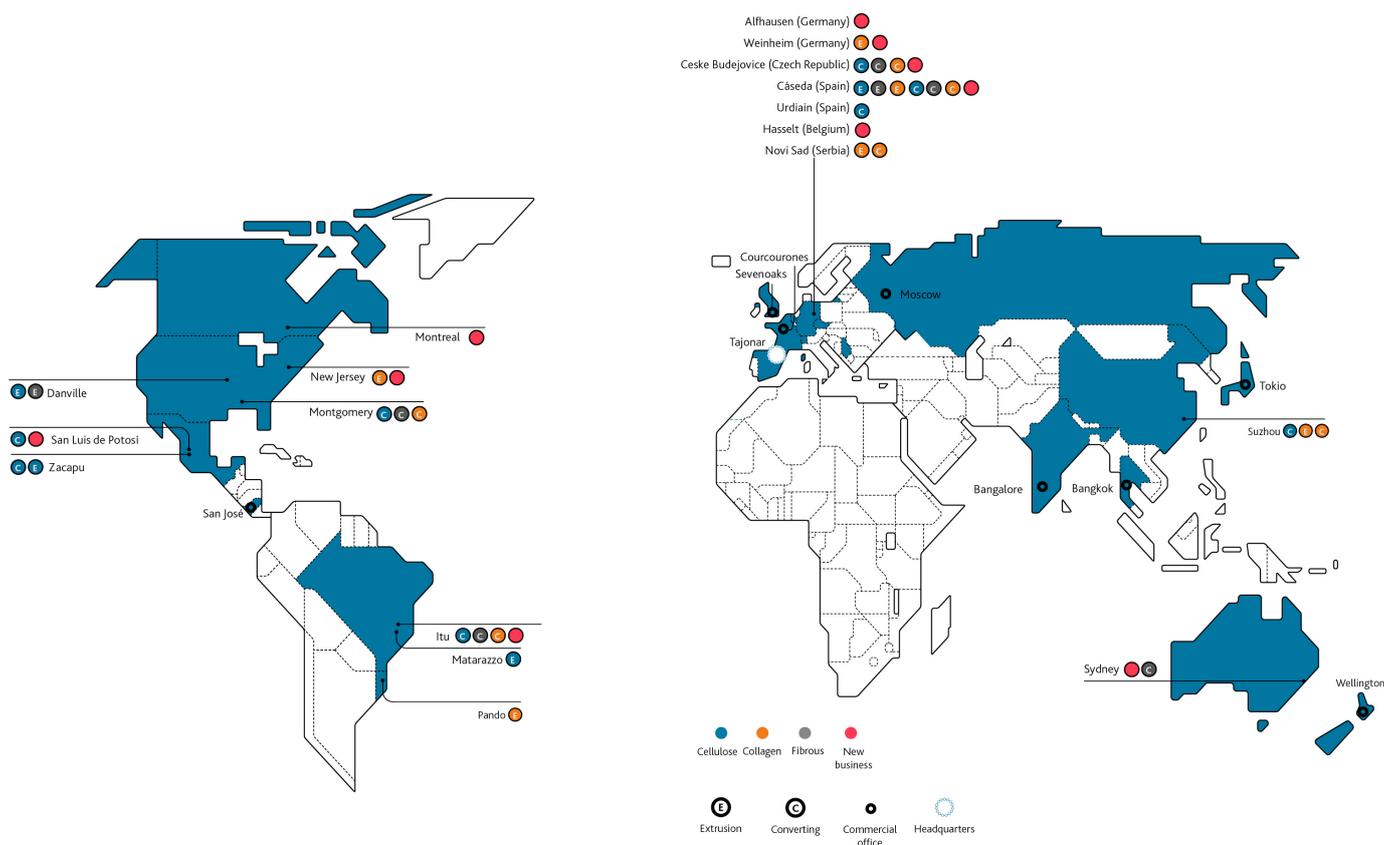
The R&D activity is possible thanks to an innovation network and culture that extends to the whole organisation, and the corporate research and development centre coordinates, directs and supports the specific research and development activities and tasks conducted at each production plant and coordinates the multidisciplinary work teams. The corporate centre seeks to share the best practices, technological knowledge, and the ideas between the different production centres.

This activity is possible due to a team of 160 people throughout the Group (140 in 2020) distributed throughout all the factories, including the Diversification team.

### Geographical presence

The casing market is global. Our customers are located in 110 countries around the world, so providing a quick response adapted to their needs is often a differential element of their purchase decision. To improve this response capacity we have the largest production and sales network in the market, with a presence in 20 countries and 19 production plants.

Geographical expansion is a constant at the Viscofan Group. In 2021, Viscofan Japan GK was formed to have a commercial presence in Japan, one of the main casing markets in the world. This expansion is tied to that which took place in 2020, with the opening of a Representative Office in India, which enables Viscofan to strengthen its presence in this country with a population of nearly 1,400 million inhabitants.



*Viscofan's ample knowledge in the processing, use and transformation of raw materials of a biopolymeric nature constitutes an innovation opportunity and, hence, a growth opportunity for Viscofan. A good example are the new solutions based on the technological knowledge of collagen.*

### Diversification

Viscofan has its own division aimed at diversification, which actively pursues and develops growth and innovation opportunities in materials and other activities other than the casing business. These opportunities are explored and developed directly by internal teams and through partnership agreements with third parties that stand out in specific areas (technological, industrial, medical, etc.) Activities related with health and sustainability constitute the fundamental pillars of the diversification activities.

Viscofan's ample knowledge in the processing, use and transformation of raw materials of a biopolymeric nature constitutes an innovation opportunity and, hence, a growth opportunity for Viscofan. A good example are the new solutions based on the technological knowledge of collagen.

Collagen is the most abundant protein in the human body and in that of animals but, in turn, it is a singular versatile material and, therefore, it is used in various areas that are beneficial for people, such as regenerative medicine, nutrition, health and life sciences, etc.

Viscofan applies technologies and extraction methods to process collagen from bovine skin for the industrial development and production of new collagen biomatrices in the medical and nutraceutical area.

The inclusion in December 2019 of the companies acquired from Nitta Gelatin Inc. -renamed as Viscofan Collagen USA Inc. and Viscofan Collagen Canada Inc.- aside from contributing the production of collagen casing in North America, they contribute to extending the range of Viscofan biomaterials with *Collagen Gel*, a collagen material that serves as a base for medical devices and biomedical research (coating of medical devices, products to heal injuries, etc.).

The most significant projects are as follows:

- Viscofan leads the European project "TRIANKLE", a consortium of European research that will permit the 3D manufacture of personalised implants based on collagen and gelatine to regenerate injured tendons and cartilage, subsidised with €5.9 million, and which is formed by 12 partners from 5 countries, including most notably the world leader in bioprinting in 3D CELLINK, the sports innovation laboratory of Barcelona Football Club (Barça Innovation Hub) and the Osteoarthritis Foundation International OAFI, among others.
- Viscofan commenced its participation in the European consortium Accelerating Research and Innovation for Advanced Therapies (ARDAT) to develop advance therapy medication. Thirty-four expert organisations throughout the whole of Europe and the USA participate and it is led by the pharmaceutical company Pfizer and the Sheffield University (United Kingdom). Viscofan, with its know-how in cell therapy in the area of tissue engineering seeks to contribute to standardising and accelerating the development of Advanced Therapy Medicinal Products.

On the other hand, the COVID-19 pandemic led to a delay in the research phases of projects under way, such as the case of Cardiomesh, in which the medical personnel involved interrupted their work in the project to collaborate on the front line in the fight against the virus. Likewise, the recruitment of patients required for the clinical trial phase has slowed down.



## Casing sector

Casing plays a key role in the food market. They are soft, cylindrical containers made from animal gut or from materials specially designed for stuffing meat or other food ingredients. They give sausages and cold meats their characteristic shape and are of great importance to our customers, who are looking for greater efficiency, increased production speed, reduced waste, and assured quality and consistency. That is why the use of casings is widespread throughout the world.

Belonging to the food market carries with it a great responsibility: that of providing millions of people worldwide with access to basic nutrition. A population that is continuing to grow and whose expectations in terms of taste, preparation and consumer experience are also changing and diversifying, while providing a maximum guarantee of quality and food safety.

The customized casing market has an historical average growth range of 2-4% in volumes, thanks to solid foundations based on:

- Population growth: An average annual rate of 1%, with emerging areas driving this expansion.
- Eating habits: Increased per capita demand for meat led by emerging areas thanks to the increased purchasing power of the middle classes, globalisation of eating habits and the growth of the population in cities. In developed areas, nutritional trends are evolving towards the search for greater convenience, and products of higher nutritional quality and food safety.
- Greater sophistication of meat processors: An increased quest for productivity, food safety and hygiene, and the development of new products is propelling the replacement of animal casings by customized casings (mainly collagen), as well as the development of new products.

Both in 2020 and in 2021, the casing market has shown great dynamism. Among other factors, the COVID-19 pandemic has affected food habits in many countries, due to the measures to prevent the spread of the virus, with household lockdowns, social distancing and mobility restrictions. This situation has generated a greater demand for products aimed at applications that generally lean towards a greater consumption in the home, to the detriment of those that are generally consumed in the street or at restaurants and social events. In turn, the problems of global supply, the scarcity of animal tripe and the employment absenteeism suffered by certain producers, led to the search for more efficient and automated production alternatives, with the aid of casings vis-à-vis other alternatives such as animal tripe.

With this situation, the casings market has shown itself to be an essential ingredient contributing to the production of the basic food of millions of households around the world and, hence, the market has grown again in the high range of its historical average. Together with the sound tone of growth maintained in the cellulose and fibrous market, in 2021, it is necessary to highlight the strong growth of the collagen market.

In 2021, the tripe and casings market stood at around 61 thousand million metres (59 thousand million metres in 2020) and had an estimated value of €4.5 thousand million (€4.4 thousand million in 2020). In order to meet the stuffing needs, a meat processor must choose from among the different market alternatives, either with animal tripe (47% of the market) or customized casings which, in turn, can be produced with different materials, depending on the desired production and product characteristics, combining a better range of casing with production savings.

The greater the production requirement and the sophistication of the meat processors, the greater the tendency to adopt customized casings as opposed to animal casings, hence the company has four main types of technology, cellulose casings (13% of the total market), fibrous casings (7%), collagen (23%) and plastic and others (10%).



### Tripe and casings market

# 61

thousand million metres

Estimated value

# €4.5

thousand million

## MORE TO BE strategy

Viscofan concludes this strategic plan as the market leader in casings, with a business model reinforced in the 2016-2021 MORE TO BE Strategic Plan, thanks to a single proposal in terms of the product offering and its own highly diversified presence in many countries. A period in which Viscofan has transformed itself to provide a boost to the strategic axis of Service, Technology and Cost.

At the end of the strategic plan, we considered that 20% of the market (including casings and animal tripe) trusts in our customized casings, compared to 15% at the beginning of the strategic period. Moreover, if we consider only market players with production of customized casings, the market share stands at 38% (30% at the end of 2015).

This growth represents many millions of casings a year, reaching more homes in the world, and more countries from more factories. This has been possible thanks to intense operating, investing, commercial and innovation activities, and also to the effort of the human team, which has expanded in the last few years. The average workforce rose from 4,233 people in 2015 to 5,083 people in 2021.

Viscofan is now bigger and more global, with a unique geographical presence in the sector, which is one of the keys of its success, with 19 production plants and a presence in 20 countries. The acquisitions of Vector, Supralon, TransformPack, Globus and Nitta Casings have enabled the Group to extend its geographical and product offering. Otherwise, in this period, by establishing sales offices, Viscofan has moved closer to countries with significant future growth potential, such as India y Japan.

In 2021 global demand for casing has once again shown solid growth in 2021 in all reporting areas, highlighting the strong performance of Asia - especially in China -, and the market recovery of collagen casings in Europe following the decline in 2020 due to the pandemic.

**38%**

of the market trusts our customized casings

**30% in 2015**

*At the end of the strategic plan, we considered that 20% of the market (including casings and animal tripe) trusts in our customized casings, compared to 15% at the beginning of the strategic period.*

Thanks to its entrepreneur spirit and knowledge, Viscofan has an increased product offering with innovations that are allowing it to provide a better service and variety to new market trends. Of note is the Natur collagen casing for fresh sausages; the Marathon cellulose line with extra-long sticks to improve our customers' profitability: Veggie, a vegetable-based edible casing specially designed for vegans, vegetarians and flexitarians; Vispice Products, which provide spices and aromas to meat products; and added value casings such as the families of functional solutions that include plastic casings with the transfer of colours and aromas; and a new multi-barrier Efan casing, manufactured through the advanced recycling of post-consumption plastics.

In parallel, Viscofan has reinforced and extended its existing industrial park with investments in capacity in all technologies, accompanying market growth, which has facilitated economies of scale.

The most significant project undertaken in the period was the construction of the new plant in Cáteda (Spain), in which disruptive cellulose and fibrous technology was installed which, aside from being more efficient and productive- having achieved savings in the production of cellulose of over €10 million -is in a position to double Viscofan's size in fibrous technology.

In collagen casings, capacity was increased at all production plants, and of note in plastics was the start-up in 2016 of the San Luis Potosí casing plant (Mexico).

Likewise, in 2021, capacity extension projects were brought forward, to deal with the increase in expected demand and to improve the service to the market in a context of the search to ensure orders by our customers. Noteworthy were the investments in new collagen casing production lines in China and Europe

It also boosted the improvements in processes at the existing plants and at the acquired companies (Vector, Supralon, TransformPack, Globus and Nitta Casings), seeking improved efficiency, such as the development of a new collagen technology of great importance in Serbia, and the increase in production speed at the collagen extrusion speed in Pando (Uruguay), the investments in technological transfers in collagen casings at the plant acquired in 2019 in New Jersey (USA), and the start of the investment in technological improvements at the Danville (USA) plant in 2021, among others.

Likewise, projects continued to be boosted to improve the costs, seeking savings with the approval of new suppliers, or with reorganisation of production activity in North America, which meant the transfer of the Kentland (USA) and Toronto (Canada) activities to San Luis Potosi (Mexico) and Montgomery (USA).

Viscofan is taking advantage of progress in digitalisation to make production processes more efficient and safe, highlighting 4.0 industry projects performed in the Czech Republic and Spain.

Viscofan is crossing the borders of the traditional market in the search for and development of new businesses in areas such as biomedics and nutraceuticals, where it has taken important steps at product, production and marketing level that it intends to exploit in the following strategic plan.

Such leadership cannot be achieved without a strong commitment to sustainability. For this reason, Viscofan is the first company in the sector to join the United Nations Global Compact for the achievement of Sustainable Development Goals. This commitment was formalised in the Sustainability Action Plan, which establishes objectives with a 2030 horizon for the Group in the environmental and social areas, such as the reduction in the intensity of CO<sub>2</sub> emissions, the intensity of water collection, the intensity of waste sent to landfills, the reduction of the accident rate and the promotion of workforce diversity.

Viscofan was the first company in the casing sector to sign sustainable loans, increasing its commitment to well-being and the environment. The commitments established for 2030 in the Sustainability Action Plan and the initiatives envisaged in decarbonisation, the reduction of the water footprint and the circular economy will have improved financial support if the changes in the sustainability parameters expected for the coming years are aligned with these targets.

The sustainability parameters established are the reduction of CO<sub>2</sub> emissions per km of casing produced, the reduction of m<sup>3</sup> of water withdrawal per km of casing produced and the tonnes of waste sent to the landfill per km of casing produced.

To take steps to achieve these objectives, in the fight against climate change, within its decarbonisation plan, Viscofan is pledging for green hydrogen as an energy vector in the casing production process in the future with investments in energy equipment with the capacity to use this renewable energy, and it has carried out the first tests to substitute natural gas with green hydrogen.

Likewise, seeking the responsible management of the end-to-end water cycle, we have promoted the investment of technology in collagen casing with reduced water requirements. By boosting the circular economy, the Company is studying the implementation of projects to reduce waste at landfills, also highlighting the development of plastic casings of a natural or recycled origin. In parallel, Viscofan has worked to make factories safer, with investments in ergonomics, fire protection, etc.

**Customers**

**110**  
countries

**Production plants**

**19**

**Presence**

**20**  
countries

New 2022-2025 strategic plan

NEW 2022-2025 STRATEGIC PLAN

# Beyond25

*Reshaping food and wellbeing*

Our technology and our global presence enables us to be in a condition to shape a better world. We contribute to improve access to food throughout the world and we can also help, through nutrition and our knowledge, the well-being of human beings.

*For many*

If something characterises us, it is that we have always wanted to be important, to generate an impact; hence, our scope of action in the world is, "for many", the more people that can enjoy our products, services, or solutions, the better it is for our purpose.

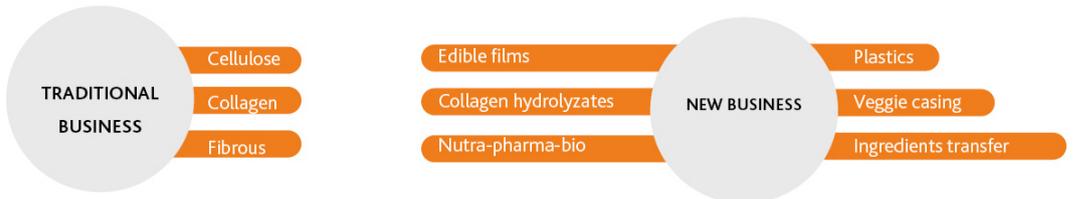
*For long*

And of course, we generate an impact that remains, a future project, a project that intends to be forever, "for a long time". It is an impact for everyone, for life, for the well-being of everybody. It is our sustainable proposal.

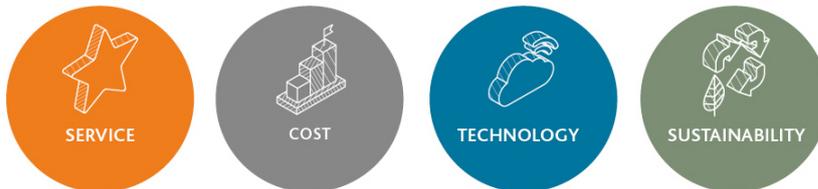
**4** management areas



**2** routes-to market



**4** strategic pillars



### *Viscofan begins a new Strategic Plan Beyond25*

Viscofan continues to maintain the ambition to transform the Company in the same way as in the previous strategic plans. Hence, Viscofan wants to go beyond the traditional borders with a new purpose "Reshaping food and well-being. For many, for long", seeking to help to provide access to food and nutrition throughout the world, and to improve the well-being and health of people.

This vision means **redefining our business model** with a new market proximity that combines our leading competitive advantages: firstly, our global geographical presence and, secondly, our wide and unique product catalogue. The new strategic plan has four leading management regions to have greater market proximity and flexibility: Europe, Middle East and Africa (EMEA), North America (NAM), Asia Pacific (APAC) and South America (SAM), completed with a cross-cutting "New Business" division.

Furthermore, **the strategies are based on a new market approach**, which distinguishes between the Traditional Business (which includes cellulose, collagen and fibrous), in which Viscofan has a privileged position to continue taking advantage of growth opportunities; and with the New Businesses (which groups together tubular plastics, packaging and third parties, new edible casings, functional solutions, nutra-medical-pharma products, as well as the diversification activity), in which Viscofan wants to leverage itself on know-how as a catalyst of innovations to expand to new markets with attractive growth trends in the area of food, well-being and health.

The **three strategic pillars of Service, Cost and Technology are accompanied by a new cross-cutting pillar: Sustainability.**

Viscofan undertakes to lead sustainability in the sector and, under a new 2022-2025 Sustainability Action Plan, it wishes to promote projects to combat climate change, measures to reduce water consumption or improvements to transform our processes into a more circular economy- and reinforce our commitments to the Sustainable Development Goals of the 2030 Agenda of the United Nations.

Faced with this new purpose, Viscofan includes a new SDG 3. Good health and well-being within its contribution priorities to the Agenda 2030.



# 2.3

## Corporate Governance



# Corporate Governance

Viscofan adds a strategic value to its good corporate governance to provide a high level of trust to make its business goals and structure compatible with the protection of the rights of all stakeholders.

## MATERIAL ASPECTS CORPORATE GOVERNANCE



Good governance



Sustainability strategy



Communication with stakeholders



Fraud and corruption



Risk management

## Good governance practices

Good corporate governance is a key factor to generate value, improve economic efficiency, integrate businesses and bolster the trust of its shareholders and other stakeholders, thanks to the appropriate division of functions, duties, and responsibilities, among all the Company's governing and management bodies.

In recent years, it has progressively reinforced its structure to ensure the incorporation of the principles and best practices of good corporate governance, both nationally and internationally, adapting them to the circumstances of the Viscofan Group until reaching the best level of compliance.

The basis of the Viscofan Group's governance is its Articles of Association, the Regulations of the General Shareholders' Meeting, the Regulations of the Board of Directors, and the Regulations of the Board's committees, and it has general ethical principles and guidelines established by the Group's Code of Conduct.

In turn, the good governance commitment of the Company's Board of Directors is expressed in its General Sustainability Policy, approved in 2020 by the Board of Directors, which aims to set out the basic principles and commitments that should govern the Group's sustainable development strategy.

This strategy, expressed in the Sustainability Action Plan, seeks to favour a culture of best practices in sustainability, and contribute to improving people's well-being, boosting the economic, environmental and social development of the communities in which the Viscofan Group is present, and creating value in a sustainable manner through its ethical performance vis-à-vis all its stakeholders.

Alongside this, the General Sustainability Policy is organised into specific policies in the main axes of sustainability procedures:

- Climate Change Policy
- Environmental Policy
- Diversity and Equal Opportunities Policy
- Tax Policy
- Policy of Respect for Human Rights
- Occupational Health and Safety Policy

*The basis of the Viscofan Group's governance is its Articles of Association, the Regulations of the General Shareholders' Meeting, the Regulations of the Board of Directors, and the Regulations of the Board's committees, and it has general ethical principles and guidelines established by the Group's Code of Conduct.*

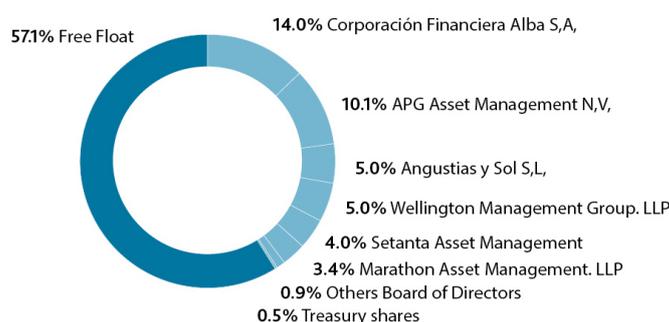
## Governing Bodies

The governance structure of Viscofan is based on two main bodies: the General Shareholders' Meeting and the Board of Directors.

### Shareholders and the General Meeting

At 31 December 2021, the Parent Company is aware of the following significant interests:

SIGNIFICANT INTERESTS 31,12,2021



\* On 26 January 2022, Wellington Management Group LLP notified that it had reduced its shareholding to less than 3%.

The General Shareholders' Meeting is the supreme governing body of the Company in which shareholders decide by a majority vote on the affairs within the scope of their authority.

Viscofan has established the principle of "one share, one vote" which promotes equality among all the company's shareholders. There is only one class of shares, giving the same rights and obligations to all the Company's shareholders. There are no restrictions to voting and no limit to the number of votes that can be cast by a single shareholder.

In recent years, Viscofan has been pursuing a series of initiatives to promote transparency, communication, and shareholder participation at the General Meeting, including information on the items on the agenda, an attendance premium of €0.01 per share, facilitating remote voting, electronic voting, electronic forum and a questionnaire to answer the most common questions regarding the General Meeting.

In 2021, pursuant to article 3 of Royal Decree-Law 34/2020, of 17 November ("Exceptional measures applicable to legal entities governed by private law"), the Board of Directors agreed that attendance at and participation in the General Shareholders' Meeting could be in person and also through the use of telematic means. Therefore, the 2021 General Shareholders' Meeting was rebroadcast on the corporate website ([www.viscofan.com](http://www.viscofan.com)).

As a result of all these measures, and despite the changes caused by the COVID-19 pandemic, the General Shareholders' Meeting for the year was attended by 82.1% of the company's share capital, maintaining the high attendance percentage at the General Meetings of recent years, above the average for listed companies, which is especially significant taking into account the company's high floating capital.

The breakdown of data on attendance at General Meetings for the last three years is as follows:

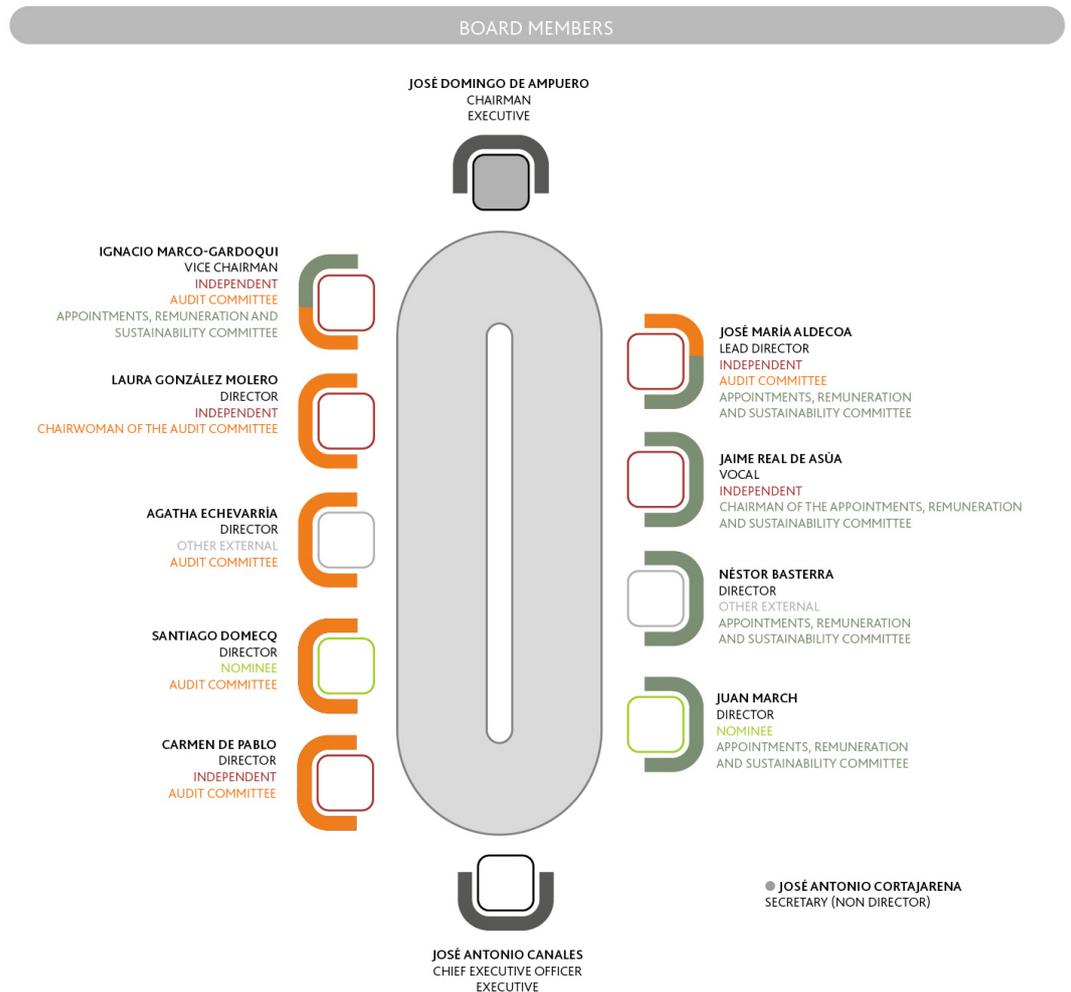
#### General Shareholders' Meeting participation

AGM	4/23/2021	4/24/2020	4/12/2019
% Attending in person	19.30%	19.2%	19.7%
% Proxy and remote voting	62.80%	68.4%	62.8%
<b>Total attendance</b>	<b>82.10%</b>	<b>87.6%</b>	<b>82.5%</b>

## Board of Directors

The Board of Directors is the body in charge of representing and managing the Company. Its essential function is the approval of the strategy, the basic policies, the preparation of financial statements and, in short, the general supervision of all aspects forming part of Viscofan S.A. and, where appropriate, of the companies forming its group of companies guided by corporate interest.

It is governed by the Regulations of the Board of Directors, which were modified in 2021 to adapt them to the reform operated by Law 5/2021, of 12 April, which amends the consolidated Corporate Enterprises Act, in terms of promoting the long-term involvement of the shareholders of the listed companies; to the amendments of the Code of Good Governance reviewed in June 2020; and to include any improved drafting technique.



\*On 1 January 2022, Mr Marco-Gardoqui fulfilled 12 uninterrupted years as a director of Viscofan S.A. Thus, he changes his Board qualification to Other External Director.



#### Board of Directors

11

directors

2

executive

2

nominee

2

other external

5

independent

The Board of Directors consists of eleven directors, of which two are executive, two are nominee, two are other external directors and the other five are independent, thus complying with the good corporate governance recommendations stating that the number of nominee and independent directors should constitute an ample majority on the Board of Directors. The Secretary to the Board of Directors is not a director.

The selection of Directors is specifically regulated in the Policy on the Selection of Directors and Diversity on the Board of Directors, updated in 2020, to ensure that proposals for the appointment or re-election of directors are based on a prior analysis of the skills required by the Board of Directors and to encourage the diversity of knowledge, experience, age and gender required on the Board at all times, taking into account the vacancies to be covered and the structure and composition of the Board.

This policy establishes the principle of diversity. Based on this, the selection of directors should be guided by the aim of achieving a diverse and balanced composition of the Board of Directors which would contribute different points of view to the discussions it holds, thus enriching the decision-making process. With this in mind, in the selection of candidates for board members, consideration will be given to candidates whose appointment contributes to increasing the diversity of knowledge, skills, experience, origins, nationalities, age and gender. The selection process should avoid implicit biases that may imply discrimination and, in particular, make it difficult to select female directors. To this end, when the Appointments, Remunerations and Sustainability Committee or the Board itself, as the case may be, seeks a professional profile, the Company's interests shall be taken into consideration first, without prejudice to the fact that, when faced with two similar professional profiles, the one that represents the least represented gender shall be chosen.

In this regard, the Appointments, Remuneration and Sustainability Committee, in view of the completion of the mandate of directors, has worked during the year to search for more suitable profiles to be included on Viscofan, S.A.'s Board of Directors, setting as an objective the goal of increasing female representation on the Board of Directors.



### *Changes in the composition of the Board after year-end*

On 1 January 2022, the director Mr Ignacio Marco-Gardoqui Ibáñez fulfilled 12 uninterrupted years as a director of the company. Under article 529 duodecies of the Corporate Enterprises Act, it lost its status as an independent director to become an Other external director. Consequently, to comply with that stipulated in the prevailing legislation and in the company's articles of association and regulations, the director Mr Ignacio Marco-Gardoqui Ibáñez gave up his position as a member of the Audit Committee as of 1 January 2022.

### **Curricula and profiles of members of the Board of Directors**

The curricula and profiles of the members of the Board of Directors at 31 December 2021 are detailed in section C.1.3 of the Annual Corporate Governance Report forming part of this Management Report. They are also available on the Company's website [www.viscofan.com](http://www.viscofan.com), in the Corporate Governance section.

### **Performance of functions**

In order to perform their duties with the required rigor and efficiency, the Company's Board of Directors prepares an annual schedule of meetings and the annual work plan of the Board itself and of its various committees, so that the directors can better plan and to facilitate their commitment to and attendance of meetings. Directors receive the information they need well in advance, including, as appropriate, the minutes or reports of the different Board Committees.

The Board of Directors delegates to its Chairman and the CEO the powers of representation, powers relating to the purchase or sale, powers relating to personnel, to charges, payments, contracts, auctions and transactions, to checking accounts, credit or savings, to bills of exchange and promissory notes, securities, guarantees, and supplementary powers to the previous.

Actions are still being carried out to guarantee the participation of the directors, facilitating their dedication and attendance to the meetings, to provide them with tools to give more in-depth knowledge of specific aspects of the activity and specific environments of the different production centres, thus improving the monitoring of the strategy of the Group and of each of its companies.

In this regard, in 2019, the Board of Directors drew up and implemented a programme to update the knowledge of the directors, a programme that continued in 2020 and 2021, and is expected to continue in subsequent years.

In addition, the annual plan includes visits to some of the Group's production centres and the participation of executives to enable enhanced monitoring of the implementation of the Group's strategy and of the management of each of its companies.

The Board met on 11 occasions in 2021, and the Board Chairman attended all the meetings. All meetings were attended by all the directors.

Also, during the 2021 financial year, the Lead Director held four meetings with the other directors without the attendance or representation of any executive director.

*The Board met on 11 occasions in 2021, and the Board Chairman attended all the meetings. All meetings were attended by all the directors.*

### Evaluation

The Board of Directors carries out an annual evaluation of the quality and efficiency of the operation, diversity and competencies of the Board itself and of the Committees, which is promoted by the Appointments, Remuneration and Sustainability Committee, and coordinated by the Lead Director in the case of the evaluation of the Executive Chairman.

Every three years, the Board of Directors is assisted by an external consultant in the evaluation process, whose independence is verified by the Appointments, Remuneration and Sustainability Committee. During the 2019 financial year, Korn Ferry was consulted to carry out this evaluation

In 2021, performance was assessed internally on a substantial basis, just like last year, on the basis of a questionnaire whose purpose was to provide a specific view for each director with regard to both strong and weak points, as well as any other suggestions they may have with a view to improving the efficiency of the Board and of the Committees.

The result of the questionnaire was analysed by the Appointments, Remuneration and Sustainability Committee of which the Lead Independent Director is a member, by the Audit Committee itself with regard to its own assessment, and the conclusions were presented to the Board of Directors, where the process was concluded and a plan of action approved to include the appropriate improvements.

As a result of the annual assessment, the Board of Directors agreed, within its Action Plan, that in the process of renewing the Board of Directors, which must be submitted to the 2022 General Shareholders' Meeting, the objective is pursued of increasing the percentage of women and independent directors on the Board of Directors, which must be submitted to the approval of the shareholders at the aforementioned Meeting.

Likewise, in 2021, the devotion of the Board of Directors to the Group's strategy was intensified, together with the performance of offsite sessions devoted thereto.



## Remuneration

The Board of Directors' remuneration is regulated in the directors' remuneration policy, approved at the General Shareholders' Meeting held on 23 April 2021 for a three-year period, and which is available on the company's web page on the Corporate Governance section. This policy establishes a remuneration system for directors based on (i) their capacity as such and (ii) specific executive or senior management functions.

In addition, the General Shareholders' Meeting held on 24 April 2020 approved a Long-Term Incentive Plan for the period 2019-2021 for the Company's executive directors, managers and other key personnel of the Viscofan Group. This plan establishes the delivery of a cash amount and Company shares based on the fulfilment of objectives of creation of value for shareholders (TSR) and sustainability which includes the improvement in the indicators of accident rate and reduction of waste to landfill. Once the measurement period had been complied with, a degree of attainment of 102% was achieved.

In the short term, variable remuneration included specific CO<sub>2</sub> emission targets and a reduction of waste sent to landfill.

The remuneration of the Board of Directors in 2021 was €5,986 thousand (€3,490 thousand in 2020). This amount includes the remuneration of the Long-term Incentive Plan, which will mean a total amount of €2,513 thousand for the two executive directors, €678 thousand in cash and 32,259 shares valued at the closing price of the share at 31 December 2021, which must be paid after it has been approved by the General Shareholders' Meeting.

Likewise, the 2021 Annual Remunerations Report forms part of this Management Report and is available separately on the Company's web page under the Corporate Governance section - Corporate Governance Reports.

## Committees of the Board of Directors

The Board has created two committees in support of its functions: The Audit Committee and the Appointments, Remuneration and Sustainability Committee.

### Audit Committee

In 2021, the Audit Committee had six members, all non-executive and a majority independent, appointed by the Board of Directors at the proposal of or upon a report by the Appointments, Remuneration and Sustainability Committee, bearing in mind accounting, auditing and financial and non-financial risk management knowledge, skills and experience. It is chaired by the independent director Ms Laura González Molero.

The composition, functions, rules of organisation and operation, as well as the responsibilities conferred upon the Committee are regulated in the Articles of Association, in the Regulations of the Board of Directors, and in the Regulations of the Committee itself.

The Regulations of the Board of Directors were modified in 2021 to adapt them to the reform under Law 5/2021, of 12 April, which amends the consolidated Corporate Enterprises Act, in terms of promoting the long-term involvement of the shareholders of the listed companies; to the amendments of the Code of Good Governance reviewed in June 2020; and to include any improved drafting technique. In particular, Article 15 of the Audit Committee Regulations has included terms envisaged in the regulatory update of the Corporate Enterprises Act and the provisions, as a recommendation, in Code of Good Governance, which clearly included the duty of supervision, also by it, of the non-financial information and risks. The Audit Committee Regulations have also been modified to adapt them to the reform of Law 5/2001 mentioned above.

The Committee functions are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.



### Actions taken during the year:

The Audit Committee met ten times in the year. It has covered all its functions attributed with respect to the auditing of accounts, internal audits, financial and non-financial information, internal control and risk management systems, the Ethics and Compliance Committee and related party transactions.

The procedures performed by the Committee in 2021 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

### Appointments, Remuneration and Sustainability Committee

It is formed by five non-executive directors appointed by the Board of Directors: three independent directors, one other external director and one nominee director. It is chaired by the independent director Mr Jaime Real de Asúa.

The composition, functions, rules of organisation and operation, as well as the responsibilities conferred upon the Committee are regulated in the Articles of Association, in the Regulations of the Board of Directors, and in the Regulations of the Committee itself.

The Regulations of the Board of Directors were modified in 2021 to adapt them to the reform under Law 5/2021, of 12 April, which amends the consolidated Corporate Enterprises Act, in terms of promoting the long-term involvement of the shareholders of the listed companies; to the amendments of the Code of Good Governance reviewed in June 2020; and to include any improved drafting technique. Specifically, with respect to this Committee, the following articles of the Regulations were amended:

- Article 16, on the Appointments and Remunerations Committee introduces a clear drafting in line with the existence of a single Committee.
- Article 17 on the Sustainability Committee, in line with the drafting of the Good Governance Code clearly indicates that this Committee must be differentiated or attribute the powers and functions relating to the supervision of sustainability matters (except those conserved by the Audit Committee, such as that relating to the supervision of the whistleblower channel) to one of the obligatory Committees, in which case, the expression "Sustainability" must be contained, as currently occurs with the current Appointments, Remunerations and Sustainability Committee.

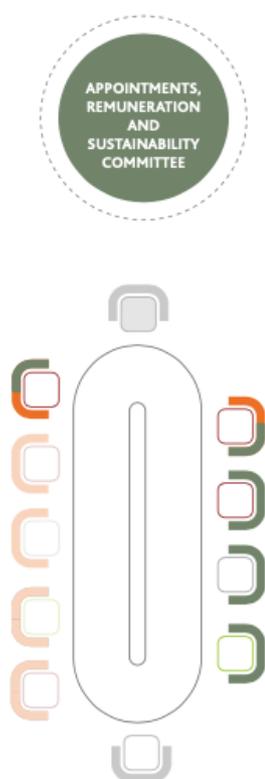
The Committee functions are also detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

### Actions taken during the year:

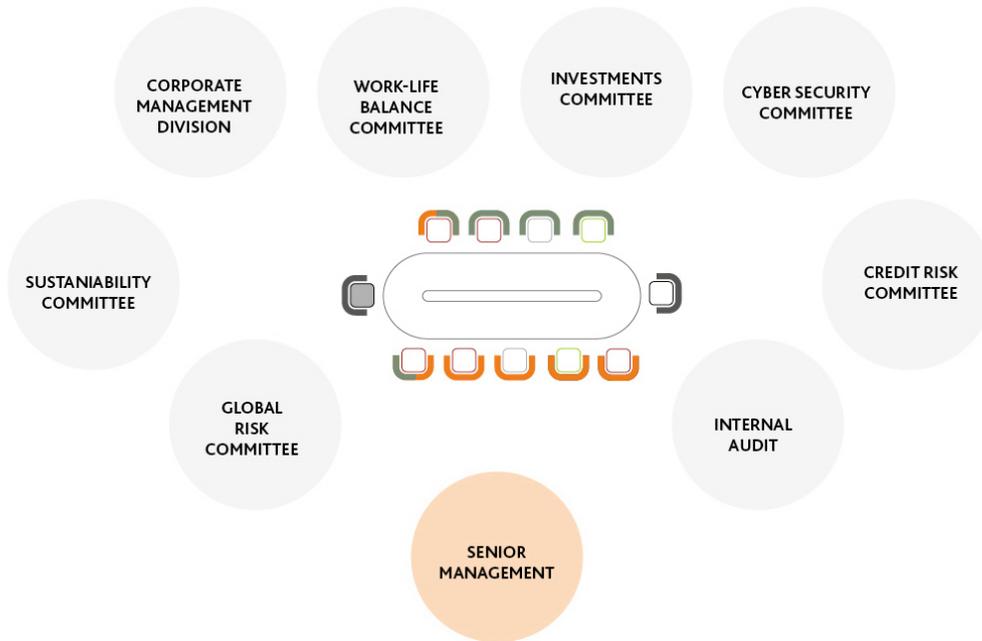
The Appointments, Remuneration and Sustainability Committee met on 8 occasions in 2021 and, whenever considered appropriate, the presence of the Chairman, Managing Director and senior management members was required.

The main matters dealt with and analysed by the Committee in 2021, which have formed their main areas of supervision were, among other matters, issues of Corporate Governance and regarding the Board composition, the assessment of the Board of Directors and those relating to sustainability.

The procedures performed by the Committee in 2021 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.



## TOP MANAGEMENT AT 31.12.2021



**JOSÉ ANTONIO CANALES**  
General Manager Director

## CORPORATE MANAGEMENT DIVISION

**JOSÉ ÁNGEL ARRARÁS**  
*R&D and Quality Chief Officer*

**ANDRÉS DÍAZ**  
*Chief Operations Officer*

**GABRIEL LARREA**  
*Chief Commercial Officer*

**MARÍA CARMEN PEÑA**  
*Chief Financial Officer*

**ÓSCAR PONZ**  
*Chief Plastic Business Unit Officer*

## CORPORATE SERVICE DIVISION

**ARMANDO ARES**  
*Chief IR & Corporate Communications Officer*

**CÉSAR ARRAIZA**  
*Chief Strategy, Organization and IT Officer*

**ALEJANDRO BERGAZ**  
*Internal Audit Manager*

**JOSÉ ANTONIO CORTAJARENA**  
*Chief Legal Officer & Secretary of the Board of Directors*

**IÑAKI RECALDE**  
*Chief Technology & Diversification Officer*

**JUAN JOSÉ ROTA**  
*Chief Human Resources Officer*

**RICARDO ROYO**  
*Chief European Business Officer*

## DIRECCIÓN DE GESTIÓN FILIALES

**EDUARDO AGUIÑAGA**  
*General Manager Mexico*

**LUIS BERTOLI**  
*General Manager Brazil*

**JESÚS CALAVIA**  
*General Manager Spain*

**BELÉN ALDAZ**  
*Human Resources Manager Spain*

**GUILLERMO EGUIDAZU**  
*General Manager USA*

**MILOSLAV KAMIS**  
*General Manager Czech Republic*

**ÁNGEL MAESTRO**  
*General Manager Uruguay*

**IÑIGO MARTÍNEZ**  
*General Manager Serbia*

**JUAN NEGRI**  
*General Manager Asia Pacific*

**WILFRIED SCHOBEL**  
*General Manager Germany*

The remuneration of senior management in 2021 was €13,297 thousand as opposed to €6,082 thousand in 2020.

This amount at 31 December 2021 includes the remuneration of the Long-term Incentive Plan, amounting to €8,133 thousand, €3,763 thousand in cash and 76,802 shares valued at the closing price of the share at 31 December 2021, which must be paid after it has been approved by the General Shareholders' Meeting (€3,544 thousand recognised as equity and liabilities at 31 December 2020).

## Regulatory compliance system

Viscofan considers that integrity and transparency contribute directly to achieving its objectives and managing its business in a sustainable manner. To guarantee it, it establishes a system of regulatory compliance described in the Ethics and Compliance Manual, which must govern the ethical performance of directors, management, and employees of the Viscofan Group, as well as any person who works for the Viscofan Group, in the performance of their professional activity. This system is crucial to be able to protect people and the organisation and avoid risks with a negative impact on the Group.

### Code of Conduct

The Code of Conduct contains the ethical procedural principles and conduct guidelines summarised in the Respect and Defence of Human Rights; Sustainability; Integrity, Responsibility and Transparency; Respect and Non-Discrimination; Efficiency; and Loyalty.

The functions of the Board of Directors are to ensure the correct application of this Code of Conduct, and to that end, it has the collaboration of the Ethics and Regulatory Compliance Committee, who supervise and monitor compliance with the Code of Conduct.

The Code of Conduct in force at the Viscofan Group was approved by the Board of Directors at its meeting dated 29 February 2012, although the Audit Committee, upon the proposal of the Ethics and Compliance Committee at its meeting of December 2021, has favourably reported a new Code of Conduct, which was ultimately approved by the Board of Directors at its meeting of January 2022.

### Internal Regulations in the scope of good governance policy

The internal rules governing the aforementioned bodies, supplemented by the applicable rules to ensure good corporate governance at the Viscofan Group, are available on the Company's website ([www.viscofan.com](http://www.viscofan.com)) within the Corporate Governance section, as well as in compulsory publications and registrations, on the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)) and in the Mercantile Registry of Navarre [www.rmbmnavarra.com](http://www.rmbmnavarra.com), respectively.

These internal regulations are mainly formed by the regulations of social bodies and committees:

- **Articles of Association:** These are the basic rules governing the Company and all its bodies. The articles set out the main features and operating principles of the General Shareholders' Meetings, the Board of Directors and its committees.
- **Regulations of the General Shareholders' Meeting:** Basic principles governing the General Shareholders' Meeting to ensure transparency and safeguard shareholders' rights and their access to Company information. The rules stipulate the formalities of calling, attending, holding and recording General Meetings of Shareholders and of access to prior and General Meeting information by shareholders.
- **Regulations of the Board of Directors:** These set down the principles of action of the Board of Directors, including an appraisal mechanism, and its organisational and operating rules, the standards of conduct of Directors (including the duty to avoid conflict of interest), their duties and the overarching principles that should guide their decisions. They also govern committees existing within the Board of Directors, their organisational and operational rules, and their remit and powers.
- **Audit Committee Regulations and Appointments, Remunerations and Sustainability Committee Regulations:** They establish the scope and functions of the Committee, its composition and operation, the Committee's relations with governing bodies and other entities, and the possibility of seeking advice.
- **Internal code of conduct on matters relating to the securities market:** This Code lays down rules of conduct to ensure that the institutional and personal acts of the Viscofan Group's directors and

employees strictly comply with current laws and regulations on transparency in the markets and to protect investors' interests.

Hence, within the regulatory compliance system, the Viscofan Group has approved procedural policies in the following areas:

Scope	Policy
Good governance	<ul style="list-style-type: none"> <li>· General Sustainability Policy</li> <li>· Climate change policy</li> <li>· Risk Control and Management Policy</li> <li>· Policy of Respect for Human Rights</li> <li>· Anti-corruption policy</li> <li>· Crime Prevention Policy</li> <li>· Policy of communication with shareholders, institutional investors, proxy advisors and of economic-financial and non-financial and corporate information.</li> <li>· Board Remuneration Policy</li> <li>· Director selection and diversity policy of the Board of Directors</li> <li>· Policy to encourage shareholders to take part in the General Meeting of Shareholders: attendance fee</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>· Commercial Practices Manual</li> <li>· Policy of Business Courtesies</li> <li>· Policy to outsource commercial services: distributors, agents and other:</li> <li>· Export control protocol</li> </ul>
Financial and tax resources	<ul style="list-style-type: none"> <li>· Internal Control Policy for Financial and Non-Financial Information</li> <li>· Tax Policy</li> </ul>
Information and systems	<ul style="list-style-type: none"> <li>· Personal data protection policy</li> <li>· Computer security policy</li> <li>· Confidentiality policy</li> <li>· Access authorization policy and computer profiles</li> <li>· Password policy</li> <li>· Computer systems and networks management policy</li> <li>· Audiovisual information control policy</li> </ul>
People	<ul style="list-style-type: none"> <li>· Diversity and equal opportunities policy</li> <li>· Policy on Staff Selection and Recruitment</li> <li>· Policy on welcoming of new recruits</li> <li>· Training policy</li> <li>· Staff leave procedure</li> <li>· Powers of Attorney Policy</li> <li>· Policy on Business Expenses</li> <li>· Code of conduct for trips and stays abroad</li> </ul>
Production	<ul style="list-style-type: none"> <li>· Environmental policy</li> <li>· Occupational health and safety policy</li> <li>· Food Regulation Policy</li> <li>· Control procedure instructions in the event of product recalls</li> <li>· Policy for the management of goods purchases and the arrangement of services</li> <li>· Transport Management Policy</li> </ul>

*Risk management aims to balance the desire for value creation for our stakeholders with the risks associated with business, commercial, operational, labour, financial and social initiatives, as established by the sustainability policy.*

## Supervision

The Viscofan Group has an ethical and compliance system, which aims to promote an ethical culture at the organisation, which reinforces its long-term competitiveness and sustainability, reputation and ensures compliance with the regulatory system by all Group employees, together with prevention and response faced with the commission of offences and breaches of regulations.

To attain its objectives, the system has an extensive updated regulatory scheme, control procedures, training and communication items and a complaint's channel, among others.

It also has management bodies of the foregoing. Specifically, the Ethics and Regulatory Compliance Committee, responsible for supervising and ensuring the adequate implementation and follow-up of the Group's compliance system, defined by the Board of Directors.

Likewise, the Audit Committee supervises the effectiveness and operation of the Ethics and Regulatory Compliance Committee and, for this purpose, its receives regular information on compliance with the Internal Code of Conduct in matters relating to the Securities Market and the Code of Conduct, and in particular, regarding the complaints channel.

Upon the proposal of the Ethics and Compliance Committee and subject to a report by the Audit Committee, the Board of Directors approved the Group's Compliance Plan, which contains action plans in different areas: improved internal regulations, annual update of the procedural compliance risk map, training plans, internal control improvement plans. In relation to the training plans, the company works on a cross-cutting basis with the Department of Human Resources which, aside from guaranteeing the publication of the Code of Conduct, participates in the implementation of annual Compliance Training Plans.

Additionally, each of the Group companies has a Local Compliance Head, who is the person appointed by the Ethics and Compliance Committee to monitor the Group's Compliance System and to ensure that all local employees, technicians and managers receive ongoing training.

The complaints channel is a key element to the system. To facilitate supervision of compliance with Viscofan's Code and Ethics and regulations, employees and any person with a legitimate interest can access the Complaints Channel on Viscofan's web page under the Corporate Governance section, on the employee's Intranet or by email to [officeofethics@viscofan.com](mailto:officeofethics@viscofan.com) or by post to the Ethics Committee at Viscofan's central offices in Navarre to notify any sign of conduct that they deem to be a possible risk.

The Committee is the body responsible for commencing, on its own account or at the request of a third party, an investigation on events or practices that may give rise to a situation of risk for the Viscofan Group as a result of a breach of the Viscofan Group's Code of Conduct or prevailing regulations.

In 2021, nine complaints were received, seven of which were filed, although only on two occasions, following the processing of the corresponding file, was a breach of internal regulations proven, with the competent bodies proposing and adopting the necessary rectification measures. The Ethics and Regulatory Compliance Committee has met on eight occasions.

Training is an essential element to promote the ethical culture and prevent non-compliance. In 2021, in order to reinforce awareness and knowledge of Regulatory Compliance, specific training was provided in different areas:

- Training to senior management of the different subsidiaries on the main compliance risks detected at Viscofan.
- Training on the whistleblower channel, on the new conflict of interest regulations and on the new Code of Conduct updated in 2021.
- The training plan was completed for the companies recently included in Viscofan: Globus, Nitta, Viscofan Japan KK.

## Risk Management

Risk management aims to balance the desire for value creation for our stakeholders with the risks associated with business, commercial, operational, labour, financial and social initiatives, as established by the sustainability policy.

Viscofan has approved a risk management control policy, whose purpose is to set the basic principles and the general action framework to identify, measure, prevent and mitigate risks of all types that may affect the attainment of the strategic objectives.

Viscofan seeks to reinforce the risk control system, promoting a solid business model enabling risks to be confronted in a controlled manner. The aim of Viscofan's risk management policy is to identify and assess risks as soon as possible, based on the Code of Conduct, the internal regulations and the Strategic Plan, and to take adequate measures to reduce them and, in some cases, they can present opportunities.

The risk management system is the responsibility of the Board of Directors, which delegates its supervision and correct functioning to the Audit Committee. Likewise, the Viscofan Group has different bodies charged with the supervision and control of different risks that could arise in the course of Viscofan's activities with different level of occurrence and materiality:

- Internal audit
- Ethics and regulatory compliance committee
- Global Risk Committee
- Credit Risk Committee
- Investments Committee
- Cybersecurity committee.
- Sustainability Committee
- Senior management

In particular, the Global Risk Committee aims to identify and assess the main risks threatening the Viscofan Group, going into depth in the exposure of the organisation thereto to prepare the recommendations and actions required to manage the risks within the established margins. Likewise, the Viscofan Group, through the different risk control and supervision bodies, entrusts the Global Risk Committee with the preparation of a risk map.

The Global Risk Committee met three times in 2021 to update the risk map and the methodology, as well as to assess and monitor the main risks.

The management and control activities enable the risks to be anticipated and detected and the threats to be examined and measured that may prevent the Viscofan Group from attaining its objectives, as well as the creation of value that is sustainable and shared with the stakeholders. During the 2021 financial year, the comprehensive risk management and control system assessed these risks and identified those that were most critical (by expected impact and probability of occurring), as well as considering new risks and assessing their development.

Moreover, the Viscofan Group monitored the values of the risk indicators and the defined thresholds, so that when these thresholds were exceeded the required management measures were taken to redirect the risks to the defined tolerance level.

The information in reference to risk management has been set forth in greater detail in section *E) of the Annual Corporate Governance Report*. In this section, the Viscofan Group describes the main financial and non-financial risks, the bodies responsible for drawing up and enforcing the financial and non-financial risk management system, the description of the main risks, the level of tolerance, the risks occurred in the year and the plans to respond to and supervise the main risks.

Below are the main risks faced by the company in 2021 and the response and supervision plan:

## 1. COVID-19 Pandemic

### A

**Infection of Viscofan Group** workers with the subsequent risk of production shutdowns due to outbreaks of COVID-19 in the workforce or due to a shortage of staff.

**Response and monitoring plan:** In 2021, Viscofan has maintained the protection of the health of employees implemented in 2020 at the beginning of the pandemic, which includes strengthening prevention and hygiene measures and increasing health personnel at the factories so that Viscofan can meet its responsibilities as an essential food company.

Hence, none of our production plants have stopped due to COVID-19. Supply to our customers throughout the world has been ensured and in some countries increased demand has been met.

### B

**Interruptions in the production of customers** due to outbreaks of COVID-19 at their factories.

**Response and monitoring plan:** The diversification of the Viscofan Group's customer portfolio has allowed the impact to be moderate, together with rapid action to recover lost volumes.

### C

Limitations to the commercial activities of new products in the face of mobility restrictions

**Response and monitoring plan:** Remote meetings with customers have been promoted and commercial activity has been maintained when possible.

### D

The pandemic has meant that a part of the workforce has had work from home, which could have resulted in connection problems to computer systems and difficulties in the performance of administrative activities

**Response and monitoring plan:** Viscofan has ensured access to computer equipment and connections to corporate programmes in the commercial, financial, purchasing and logistics areas. The security protocols were also strengthened in the Information Systems Master Plan, with the implementation and planning of specific actions in the area of cybersecurity.

Limitations to the commercial activities of new products in the face of mobility restrictions

## 2. Exchange rate variations

**Fluctuations in exchange rates**, especially the USD with respect to the Euro, has an impact on Group earnings. Specifically, in the first half of 2021, it had a negative impact

**Response and monitoring plan:** The impact of the variation of the Group's main exchange rates has been managed applying a hedging policy and with commercial discipline measures.

### 3. Environmental and climate change risks:

#### *Significant increase in the price of CO2 emission rights*

**Response and monitoring plan:** A sustainability strategy and plan has been deployed, together with the related Policies approved by the Board of Directors and a committee has been set up to manage sustainability risks, including environmental risks and those derived from climate change.

The Group has continued with the implementation of the Environment Policy, the renewal and extension of the certifications in this area (mainly ISO 50,001 and ISO 14,001), the specific management improvement projects.

As part of its decarbonisation plan, Viscofan has installed energy equipment with green hydrogen capacity and has carried out the first tests of this fuel of renewable origin in a boiler at the Cáseda plant in Spain..

#### *Floods in New Jersey, USA*

Fast response to recover the activity

Materials in warehouses and production support from other Group facilities to maintain the service to customers

### 4. Operational risks

#### *Increase in raw materials cost*

The interruptions in manufacturing and consumption, together with the interruptions in transport, caused a lack of raw materials and basic products at global level. Accordingly, the price of certain critical raw materials for the Viscofan Group increased.

**Response and monitoring plan:** Viscofan has implemented sales price increase from January 2022 to offset the inflation of operating costs. In addition, the Viscofan Group has taken measures such as carrying out detailed monitoring of costs, needs and the risk of non-availability and the examination of different scenarios.

#### *Increase in energy costs*

The energy cost, both of gas and of electricity, increased significantly in 2021.

**Response and monitoring plan:** Viscofan has implemented sales price increase from January 2022 to offset the inflation of operating costs. The company has supply contracts with the main energy suppliers and cogeneration plants at certain Group companies, which reduces the risk of dependency. Furthermore, the Viscofan Group has taken measures such as a detailed monitoring of costs, of requirements and the examination of diverse scenarios.

#### *Supply chain disruptions*

The imbalance between supply and demand in certain sectors, jams at ports and mobility restrictions caused by the COVID pandemic, have led, inter alia, to transport delays in certain goods, thereby representing a risk of production stoppages

**Response and monitoring plan:** To mitigate this risk, the Viscofan Group increased safety stock, insured purchase volumes and applied innovative R&D solutions. This risk has not led to shutdowns of production plants.

#### *Production interruption*

at the Danville plant (USA) due to the manufacturing defect of a boiler by a supplier

**Response and monitoring plan:** Insurances to cover this kind of issues.

Materials in warehouses and production support from other Group facilities to maintain the service to customers.

## Prevention of corruption, fraud and money laundering

As stated in Principle 10 of the United Nations Global Compact, of which Viscofan is a signatory, "Businesses should work against corruption in all its forms, including extortion and bribery".

This principle governs at Viscofan, being expressed in the Code of Conduct, and it has been enacted and reinforced in recent years with the approval by the Board of Directors of the Anti-corruption Policy (2019) and the Crime Prevention Policy (2020) which, encompassed within the Compliance System, demonstrate the Group's commitment to the permanent monitoring and sanctioning of fraudulent acts and conduct and the development of a business culture of ethics and honesty.

To avoid any type of corruption, the regulations establish a series of guidelines, and communication and training is encouraged in this area on forbidden procedures that may form the scope of corruption: bribery, extortion, facilitating payments and influence peddling, gifts, business courtesies, donations and sponsorships and relationships with third parties.

Further, the Global Risk Committee carries out an analysis of fraud risks, and its different forms are regulated in various policies; and sets specific controls and mechanisms to reduce their likelihood of occurrence. The identified risks are: conflict of interest and internal fraud, private corruption, and fraud and misleading advertising.

Specifically, to fight against money laundering, the Group had a reinforced control system in 2020 with financial, tax and commercial policies, and it was considered to be a low risk.

It should be noted that in 2021, no acts were subject to significant legal actions related to unfair competition, monopolistic practices and against free competition, nor have any processes or complaints been filed due to the breaching of laws or regulations in the social and economic field. However, in 2021, a complaint was lodged in relation to the breach of the policies stipulated in the Code of Conduct arising from an investigation and the concomitant expulsion of the worker in question.

# 2.4

## Commercial and supply management



# Commercial and supply management

The customer is at the centre of all the decisions we make about our products. We seek their safety, their satisfaction and their loyalty through a product of the highest quality, 100% safe and totally adapted to their needs through our Technical Assistance service. To this end, we pamper the product from the raw material stage to its final delivery to the customer, placing emphasis on continuously improving our production processes to make them ever more efficient and responsible. It is important to feed millions of households around the world but it is even more important to do so in a responsible and sustainable way.

## MATERIAL ASPECTS COMMERCIAL AND SUPPLY MANAGEMENT



Customer satisfaction



Supply chain



Consumers' health

## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS. LINES OF ACTION



- > We ensure the production and distribution of an essential ingredient for millions of households around the world, in a backdrop of restrictions and difficult movement due to COVID.
- > Our portfolio includes products adapted to regulations of Islamic religion (Halal) and to regulations of the Jewish religion (Kosher), considering the specific cultural features of our customers.
- > We also manufacture products of vegetable origin for vegans and vegetarians.
- > We design sustainable products that help to avoid food waste.
- > Through our products, we provide more efficient and sustainable cold meats manufacturing processes, contributing in the long term to meeting the growing demand for food.



- > We promote energy efficiency throughout the value chain, developing casings that minimises waste generation - such as gas emissions and wastewater generation, among others - during manufacturing and the subsequent processing.
- > We have food safety and quality certifications.
- > Our production policy in proximity through a production presence of up to 19 factories, contributes to reducing the impact of transportation on the environment.

The Viscofan Group places the customer at the centre of its operational decisions, continuously striving to provide them with the best value proposition to strengthen efficiency and have a greater product diversification, maintaining strict quality and food safety controls. We offer the highest quality in our products and services through:

- Product range
- Approval of suppliers
- A renowned technical assistance service for customers
- A sound product safety and food hygiene system
- Evaluation of customer satisfaction

## Product range

We offer the widest range of products so that the customer can choose the casing that best suits his needs. More than 14,078 SKUs were sold in 2021.

Viscofan, as the world leader in the production and distribution of casings, is the only company that manufactures products in the four main artificial casing technologies: cellulose, collagen, fibrous and plastic casings. In this regard, we take maximum care over the raw materials that we use, ensuring that we maintain the highest food health and safety standards in all production phases, carefully seeking a more sustainable solution in the transformation of our products, adding vegetable casings in 2019 to meet the demand for new areas of interest in vegan and vegetarian products,

In a context in which consumer habits may lead to the use of non-sustainable materials, at Viscofan, 84% of our income originates from the sale of organic casings, or they are biodegradable or originate from already recycled raw materials. Likewise, we help our customers to achieve greater sustainability in their production processes, providing them with products with greater production efficiency leading to less food waste, which also enables the reduction of CO<sub>2</sub> emissions during their processing. Our product categories are as follows:



### Cellulose casings

Our small size cellulose casing is characterised by its high elasticity, consistency of size and homogeneity. The ease with which this tripe is peeled guarantees a fast and uninterrupted production process. It also stands out for the excellent smoking properties and for the perfect absorption of colour and flavour. Enables printing in a wide variety of colours. Items can also be produced with colours or stripes to improve safety and, in general, their transparency and shine give the product a very appetising appearance.

They are used primarily in the production of industrially cooked sausages. They are especially used for traditional sausages such as frankfurters, Vienna sausages and hot-dogs. They can also be used in the production of raw-cured products.

### Brands

Viscofan.

### Main raw material: cellulose

Cellulose is a linear polymer composed of glucose units found in the wall of cells in plants, wood and natural fibres, usually combined with other substances such as lignin, hemicelluloses, and other components. To produce casings, the cellulose chain must be broken to obtain a polymer with the appropriate length for its extrusion in the form of a casing and with very specific elastic properties. This process requires cellulose with a high level of purity, also called "Premium cellulose" or "special cellulose" by our approved suppliers.

### Sustainability commitment

All our suppliers are certified by the international PFEC and FSC certification programme, which ensures that the cellulose they obtain originates from sustainably managed trees and forests and, therefore, does not contribute to the deforestation of the planet.



### Collagen casings

It is an alternative to animal tripe. These are casings that improve the appearance of the product, thanks to their smoked properties and perfect development of colour and flavour, fulfilling the consumer's wish to obtain a product with a classic and appetizing appearance. It is ideal for both cooked and raw-cured sausages. Collagen has great resistance because it stands fast filling, oven cooking and hanging, hence it performs very efficiently in the production process. Collagen products stand out due to their high uniformity (homogeneous quality), and small sizes have good properties for frying and for providing a perfect "bite".

The classic collagen sheet (Coffi), and the pleated collagen with a net (Coffinet) offer new possibilities that go beyond traditional shapes, making it possible to produce cooked hams, cylindrical sausages and marinated and smoked items.

### Brands

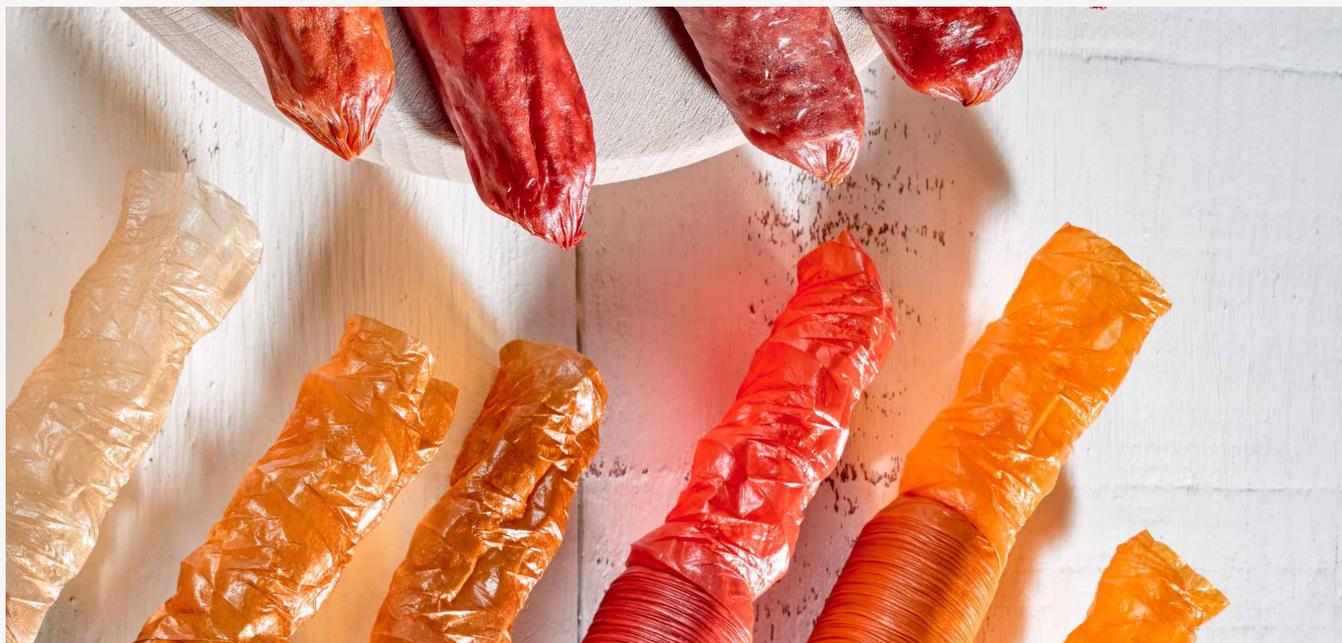
Colfan, NDX, Viscofan Natur, Edicurve, Eficook, Efidry

### Main material: collagen

Collagen is a very common long fibrous protein with remarkable chemical and mechanical properties. It has been used for many years as a basic raw material for several applications, as well as for sausage casings. Among others, it is used in the fields of biomedicine and cosmetics, as well as applications in the food industry. It is also the basic material used in the extensive gelatine industry. The corium, or inner part of the skin of cattle, is mainly used to produce collagen casings, since it is very rich in collagen.

### Sustainability commitment

Our collagen casings are the best example of the circular economy in the world of casings, since it takes advantage of bovine skin for its recovery in the food industry, all under strict controls and working with European skin suppliers that comply with animal well-being codes.



### Fibrous casings

Fibrous casings give the product a high endurance and homogeneity of calibre but less elasticity than cellulose casings. Fibrous casings are mainly used for large sausages, products such as mortadella or salamis, which require excellent size consistency, in particular, products that are going to be sliced, an expanding market. They have a high mechanical resistance during the production process and are easy to peel.

They homogeneously transfer colour and aroma. The variety of colours available add value to the final product by improving it visually and giving it a very appetising attractive appearance.

### Brands

Securex, Zip, PSX, Titanium

### Main raw material: cellulose and abaca paper

The abaca paper is obtained from a herbaceous plant called *musa textilis*. Paper made from its fibres has a high mechanical and moisture resistance and is used at Viscofan to produce fibrous casings. Abaca fibre is also used by other industries to produce high quality paper and non-woven textiles for various uses such as tea bags, paper money and filters.

### Sustainability commitment

All our suppliers are PFEC or FSC certified , ensuring that the paper they obtain comes from the sustainable management of trees and forests.



### Casings, film, bags and other plastic products

There is a wide variety of types (in tube format and also in film format) that allow us to offer the most suitable product for each type of application. The tubular plastic casings are extremely resistant to the filling process and their barrier properties maintain the constancy of the aroma, colour and weight of the product during its distribution and sale. These barrier properties maximise product life and cooking performance.

The plastic casings offered by Viscofan also incorporate exceptional characteristics such as a great ease of product moulding, peeling and slicing, and they maintain the organoleptic properties of the final product during its useful life.

Within the plastics division is a family of products focused on food packaging. Viscofan specialises in two of these types of products. On the one hand, the "Nanopack" plastic films, which are sheets for separation of sliced foods. These films - also called interleavers - enhance the visual characteristics of the product, its colour and brightness, and its presentation, since they stop slices of the product sticking together. On the other hand, retractable bags and "Vector" packaging films extend the catalogue of retractable bags that the company has had for many years, adding a new technology that provides options and properties to cover with a wider range of applications in the meat and dairy sector.

Our catalogue also contains products that can transfer spices, aromas, flavours or colours, depending on the added value requirements requested by our customers.

#### Brands

Viscofan Smoke, Betan, Tripan, V-4000.

#### Main raw material: plastic polymers

Plastic casings are obtained by treating different plastic polymers widely used in different industries. The most commonly used polymers are polyethylene, polypropylene and polyamides.



### Sustainability commitment of plastic

In 2021, the development and processing of plastic have continued to progress in accordance with the 3R rules (reduce, reuse and recycle) and measures have been taken in favour of a circular economy:

-Reduce: At the Ceske Budejovice plant (Czech Republic), the thickness of the adhesive layer was reduced by over 10% through improvements in process control and product redesign. This reduction affected 70% of the total production of multi-layers in 2021 and reduced the consumption of plastic materials by approximately 25 tonnes. This type of reduction has also already been approved at Viscofan Brazil and will be carried out in 2022.

In 2021, another converting waste was avoided, especially in the printing of Viscofan Brazil. By implementing process improvements, the company managed to reduce printing waste by two percentage points. Moreover, customer claims due to printing failures fell by 88% on the previous year. Both improvements represent 3.2 million metres less material wasted.

-Reuse and recycle: in the first half of 2021, Viscofan officially launched a new casing that respects the environment and which is economically sustainable, known as eFAN. This casing contains up to 95% plastic recycled material or which has a biological base. In 2021, Viscofan had already secured the first customer orders for eFAN.

Also in 2021, Viscofan's plastic division obtained the ISCC PLUS certification from the plastic extrusion and plastic converting centres in Brazil, Mexico, Belgium and Germany. Furthermore, the extrusion and converting centre in the Czech Republic obtained the ISCC PLUS recertification.

That means that now all of Viscofan's important plastic extrusion and converting plants are ready to produce and introduce the eFAN casing.

-Circular economy: with the use of recycled renewable raw materials with a biological base, instead of consuming raw materials based on crude oil, Viscofan also provides the food industry with an important step in the management of the circular economy.

In total, in 2021, Viscofan bought almost 10,000 kilogrammes of recycled plastic materials based on post-consumption plastic waste and more than 5,000 kilogrammes of renewable plastic materials of a vegetable origin, having reached an agreement to double this capacity to 20,000 kgs of recycled plastic per year.



### Functional solutions

Viscofan's functional casing and packaging solutions provide high value added, incorporating new colour, flavour and spice properties into foods.

Viscofan's functional solutions are also applicable to a wide range of foods, such as fresh produce (meat, vegetables, fish), processed meats, cheese and ready-to-eat products.

### Brands

Vispice, Roast-E, Smoke-E, Edileaf

### Main raw material: plastic polymers

They can be made under different technologies, such as polymers, collagen or abaca paper.

### Sustainability commitment

The process of transmitting colour, taste and spices in this type of casing is greatly optimised, since it allows the process to be performed in a single step without manual intervention. Hence, product waste is avoided, while ensuring homogeneous production with significant reductions in cost and waste generation (smoke emissions from smoking processes, significant reduction in the generation of wastewater during manufacture, etc.).



### Vegetable casings

A new generation casing that was launched in 2019, based on plants and specially developed for vegetarian and vegan recipes. In addition to being 100% vegetable, it is a gluten-free product, without GMOs (genetically modified organisms) and free of allergens. For all these reasons, its composition makes it ideal to cover certain expanding market requirements, specific legal and labelling conditions or demands of a religious nature.

The Veggie casing is suitable for fresh and cooked products, with good results in frying and it represents a particularly tender bite. As it is a completely vegetable casing, it is edible and therefore does not need to be peeled.

### Our brand

Viscofan Veggie

### Main raw material: vegetables

Viscofan has developed a new edible casing technology based on vegetables.

### Sustainability commitment

Product free from allergens and GMOs.

In addition, Viscofan also markets machinery solutions to make it easier for our customers to use our casings. These machines have been designed for casings for which the meat machinery market does not offer adequate solutions due to their special application.



## Supplier relations

The Viscofan Group is committed to its suppliers and establishes relationships with them based on respect and trust in the quality of products and services, and on a reciprocal growth and learning opportunity.

This is a commitment that we understand must be mutual and that globally links to all employees of the organisation in the use of best practices in product purchase management and in any other service contracted.

The consumption of main (cellulose, collagen, abaca, polymers) and auxiliary raw materials (those used for chemical transformation, such as glycerine and caustic soda, among others) represents 39% of the Group's total consolidated raw material consumption cost (39% in 2020).

Viscofan uses raw materials requiring different types of containers. A part of them is reusable, such as containers that store collagen skins, and another part is biodegradable and is recycled, such as the boxes that contain the cellulose paper and, to a lesser extent, other containers are of a synthetic origin, for which Viscofan promotes their recycling as far as possible.

Due to the production characteristics of our main raw materials, in terms of our supply chain, there is a low risk of trafficking in human beings or of slavery.

Viscofan has established a supplier approval system that ensures non-discriminatory treatment in the selection processes of suppliers and contractors, while seeking to ensure their compliance with quality, safety and cost criteria. In addition to this commitment, Viscofan expects suppliers to be innovative and efficient, to meet the legal and functional requirements, as well as the ethical practices required. In this sense and in accordance with our code of conduct and with our human rights policy, Viscofan rejects any type of child labour and, in accordance with this, our suppliers are asked to make a commitment similar to that included in our code of ethics.

In particular, our approval system for suppliers of raw materials and packaging includes a declaration of conformity with their performance commitments, in accordance with internationally accepted ethical principles and human rights. In 2017, all companies that make up the Viscofan Group began to request this commitment in the area of human rights and environmental criteria from new suppliers of raw materials, and this commitment was ratified by all of them.

Specifically, all suppliers of raw materials, packaging and maintenance must approve an internal approval procedure consisting of a verification, either in person or through the completion of a questionnaire. In both cases, among other matters, the following systems are assessed: quality management (ISO 9001, IFS), food safety management in the case of suppliers of raw materials (FSSC 22000, BRC Global Standard, BRC Packaging), occupational health and safety management (OHSAS 18001/ISO 45001), environmental management (ISO 14001) and human rights management (UN Global Compact, BSCI). In the specific instance of collagen, the acquisition of animal hide (mainly cows) is required that in Europe must comply with the European regulations of welfare of animals at the time of slaughter.

In this regard, and within the new 2022-2025 Sustainability Action Plan approved by the Board of Directors, a new suppliers code of conduct was approved and a commitment was established in which its progressive compliance can be verified at 100% of suppliers.

In 2021, the global supply chain was tensioned, causing a significant rise in prices, service delays and other logistical difficulties. This situation has not had a great impact on Viscofan since it has the greatest in-house production presence in the industry, enabling it to optimise the transportation of merchandise, both with respect to customers and suppliers. Through specialised transportation companies, it seeks the most optimum route to receive and distribute merchandise. Likewise, Viscofan's products do not require special conservation conditions during the distribution process, meaning that the transportation expenditure of the whole Group represents 3% of sales.

In addition, the Viscofan Group's activities in the countries in which it operates are geared towards value creation for all stakeholders, including suppliers. Thus, in 2021, the company allocated €473 million to reflect the distribution of value to suppliers of goods and services, and 52% of raw materials were purchased from local suppliers<sup>1</sup> (54% in 2020), which favours the economic development of the communities in which Viscofan is present.

In line with its economic importance, Viscofan has a solid anti-corruption policy, which includes the company's commitment to fight against bribery and corruption, and establishes the dealings and commercial relationship with third parties.

In 2014, Law 31/2014 of December 3 entered into effect, which modifies the Spanish Corporation Law with regards to corporate governance. It establishes that companies unable to present abridged income statements must mention their average payment periods to suppliers in their management report; these calculations must be based on criteria approved by the Ministry of Finance and Public Administrations, in accordance with guidelines established in the third section of the Second Final Provision of Organic Law 2/2012, of 27 April, on budget stability and sustainability.

In compliance with this reporting requirement, the average payment period for the Viscofan Group companies in Spain during 2021 was 23 days (24 days in 2020), lower than the maximum established by payment arrears regulations.

The average payment period calculations were performed as indicated in the Resolution of 29 January 2016 was published, approved by the Spanish Accounting and Audit Institute on information to be disclosed in the Notes of the Consolidated Financial Statements concerning late payment to suppliers in commercial transactions.

<sup>(1)</sup> A local supplier is deemed to be that whose tax domicile is in the same country in which Viscofan carries out its purchases.

## Sales team and technical assistance service

Viscofan has the largest commercial network in the industry and the level of service of its technicians is widely recognised throughout the market. As experts in customized casings, we are the only company in the sector that has its own technology in the main families of casings and therefore offers a global and integrated service to our customers, providing the casing option that best suits their needs.

Viscofan offers customers a Technical Support service, which is a competitive advantage and of great help to customers when deciding, from the wide range of casings, which one is adequate for the needs of each product. This work is of growing importance because our customers are not divided by technology, but rather they use various technologies for different products, depending on the degree of sophistication of the meat processor.

In a continuous improvement model, through multidisciplinary teams representing sales, production, and research & development areas, the Viscofan Group identifies the issues that cause most concern to the meat industry and analyses, develops and implements the related improvements.

Maintaining our leadership position in the global market in an environment as dynamic as the current one would be impossible without Viscofan's excellent level of service and diversification; as a result of our presence in 20 countries we are able to offer suitable casing solutions to more than 2,212 customers in 110 different countries.

## Product safety and food hygiene

In order to guarantee the excellence of products and services for both customers and for the end consumer at all times, Viscofan has a food safety system that covers all of these aspects: manufacturing facilities are built to food safety specifications, employees are trained in food hygiene and product safety, raw materials are tested for compliance with specifications previously agreed with certified suppliers, systems are in place to detect defective materials in the production system, pest control is implemented and policies are in place to monitor hazardous substances, personal hygiene and visitors.



These protocols configuring our product food safety and quality system are based on the following core principles:

- **Hazard analysis and critical control point.** Viscofan has a hazard analysis and critical control point (HACCP) system in place. Hence, an inter-disciplinary team assesses every step of the production process to detect possible hazards (physical, chemical and microbiological pollution, including allergens), identify critical control points, establish relevant controls and take any required corrective action. The system is annually updated in line with any changes in the production process.
- **Compliance with the applicable laws.** Casings manufacturing is becoming more tightly regulated, in the area of food safety, by countries and supranational institutions, making up a growing and constantly changing battery of rules. This regulatory framework directly affects the activity of different production plants due to laws in the country of origin and requirements in the receiving countries, and internationally recognised standards. For this work it has a specific department of Patents and Regulatory Affairs.
- **Product traceability and certification.** Viscofan operates a product traceability system that enables us to identify, at any time and in full detail, the history of every unit and even sub-unit sold, from receipt of raw materials to product use by our customers. In Europe, Viscofan fully implements a food traceability system under Regulation (CE) 178/2002.
- **Audit and certification.** To ensure that our product safety and food hygiene systems comply with requirements, our production processes are audited internally on a regular basis. Our production facilities are also continuously audited by the health authorities, numerous customers and certification authorities.

What's more, Viscofan has internationally developed certifications for meat processors to homologate new

suppliers and commercialise their products in the main distribution chains around the world.

This year, the mobility restrictions and other limitations linked to COVID-19 have once again meant a challenge for the audit processes of our plants which, in the case of Brazil, were carried out remotely.

Certificates that prove the organisation's commitment to product safety, health and quality at its work centres as well as in all the activities carried out around the world are shown below:

#### **Viscofan Group certifications**

<b>Country</b>	<b>Plant</b>	<b>Certifications</b>	
		<b>Food safety</b>	<b>Quality</b>
<b>Spain</b>	Cáseda	BRC Pack	
		BRC Food	ISO 9001
	Urdiain	BRC Pack	
<b>Czech Republic</b>	Ceske Budejovice	BRC Pack	ISO 9001
		BRC Food	
<b>Germany</b>	Weinheim	BRC Food	ISO 9001
		BRC Pack	
<b>Serbia</b>	Novi Sad	BRC Pack	ISO 9001
		BRC Food	
<b>Belgium</b>	Hasselt	BRC Pack	ISO 9001
<b>China</b>	Suzhou	BRC Pack	ISO 9001
		BRC Food	
<b>Canada</b>	Montreal	BRC Pack	
		BRC Food	
<b>USA</b>	Danville	BRC Pack	ISO 9001
		BRC Pack	
	Montgomery	BRC Food	
		FSSC 22000	
<b>Mexico</b>	San Luis	BRC Pack	ISO 9001
		BRC Pack	
<b>Uruguay</b>	Pando	BRC Food	ISO 9001
<b>Brazil</b>	Itu	BRC Pack	ISO 9001
		BRC Food	
	Ermelino	BRC Pack	
<b>Australia</b>	Sidney	FSSC 22000	Expected in June 2022

The Viscofan Group also has Halal and Kosher certifications. These certifications, referring to food products, are based on regulations that are key to servicing different markets and exploring new growth opportunities. The Halal certification is specifically designed for products sold in Muslim countries and Islamic communities, while the Kosher certification is a requirement for food consumption by the Jewish community.

## Customer satisfaction

2021 was a year of high logistic demand marked by the disruptions in the global supply chains, and also by the successive rises in COVID cases. In this context, Viscofan has endeavoured to maintain excellence in customer service and care, supported by an ample geographical positioning that enables greater proximity and an extensive product portfolio. Customer satisfaction is, along with service quality and product safety, a fundamental objective for Viscofan. A commitment backed by what is reflected in an estimated 38% market share that has placed their trust in our products in 2021.

In this regard, the sales team has a satisfaction evaluation system that allows it to directly obtain customers' opinions by measuring mainly four parameters (Product Quality, Delivery Service, Economic Competitiveness and Technical Assistance). In the latest global survey conducted, a total of 348 questionnaires were sent out and a 82% satisfaction rate was obtained.

Likewise, Viscofan has a very comprehensive integrated complaints and claims system that facilitates dialogue and communication to record, identify, follow up and analyse any notification of dissatisfaction with the product or service provided by the Viscofan Group to its customers. It is a system of cross-sectional, continuous improvement in which the departments involved must analyse the cause of the dissatisfaction and provide the corrective actions that will be established in the organisation to avoid its repetition. Any dissatisfaction is analysed, making it possible to control both the material that is returned as a result of the complaints and compensations paid to customers.

In 2021, a total of 3,532 complaints were registered in our systems<sup>[1]</sup>, including both service and administrative or product complaints, compared to 3,610 complaints in the previous year, and none were registered regarding customer data protection.

In addition, the Code of Conduct of the Viscofan Group establishes that "relationships with customers will be based on respect and transparency". Therefore, commercial messages fall within principles of transparency and veracity where no subjective comparisons are made nor is information given when it conflicts with third-party rights. These procedural policies extend to all geographical areas where the Viscofan Group has a commercial presence. It must be highlighted that in 2021 no penalties or complaints were filed for breaches relating to marketing notices or to the labelling of products and services, nor were there any incidents related to violations of customer privacy or the loss of data.

(1) Does not include those third-party products converted and distributed by Viscofan Globus Australia and New Zealand<sup>[1]</sup>

# 2.5

## Employment management



# Employment management

People are the differential value on which the future of Viscofan is built. Over 5,000 employees in 20 countries constitute an extraordinary human wealth. People management is key to achieving our goals and that is why we want to attract and develop the best team in the industry.

## MATERIAL ASPECTS EMPLOYMENT MANAGEMENT



Diversity, equal opportunities and non-discrimination



Health & Safety



Creation of stable employment and quality

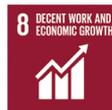


Salary gap



Formation

## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS. LINES OF ACTION



- > Ensure decent working conditions for all company employees, with non-discriminative hiring. Likewise Viscofan maintains its commitment to create ongoing employment, with net growth of 2,3% in 2021 vs. 2020.
- > We back the promotion and professional development of our teams, especially among young people. We inform employees of the opportunities and processes that arise at the company so that they can opt for new goals and challenges.
- > We guarantee freedom of association and collective bargaining.
- > Creating a stable working environment, supporting full-time permanent contracts, in a climate of respect and non-discrimination. 90% of our workforce have permanent contracts.
- > Encouraging youth employment through recruitment and internship programmes. Almost a third of our workforce is under 35.
- > Having occupational health and safety management systems at all the company's factories. We set the target of reducing the accident rate by 50% with respect to 2030.
- > We maintain public-private partnerships with universities to carry out projects that contribute to sustainable economic growth.



## Human team

Viscofan is made up of a large group of people who are spread across 20 countries in which the company has a presence, thereby reflecting its marked international nature. A multicultural, competitive, qualified team in constant training, which shares solid values and common ethical principles, despite having different cultures. In short, a rich and complex multicultural environment, which is both a challenge and an opportunity for the international development for all employees.

### People

The average workforce in 2021 amounted to 5,083 people, a rise of 2.3% (116 people) if compared with the average workforce reported the previous year, due to the hiring needs to deal with production increases, highlighting the extension of fibrous in Spain and the extensions of collagen capacity in China and Europe. Of these employees, 3,688 are men (3,621 in 2020) and 1,494 are women (1,507 in 2020).

At 2021 year-end, the workforce comprised 5,182 employees (up 1.1% on the workforce at 2020 year-end).

The breakdown of the average workforce by country and their coverage by collective agreements is as follows:

Average workforce breakdown by country	2021				2020			
	Man	Woman	TOTAL	% covered by agreement	Man	Woman	TOTAL	% covered by agreement
Spain	644	226	870	68%	614	202	816	68%
Czech Republic	367	280	647	100%	365	279	644	100%
Serbia	406	223	629	100%	371	204	575	100%
Germany	473	76	549	81%	473	73	546	82%
China	211	142	353	0%	202	138	340	0%
Australia	55	14	69	42%	59	15	74	30%
Belgium	58	10	68	100%	63	10	73	100%
France	7	8	15	100%	5	7	12	100%
Thailand	6	8	14	0%	5	8	13	0%
New Zealand	8	5	13	0%	11	6	17	0%
United Kingdom	10	2	12	0%	10	3	13	0%
Russia	4	2	6	0%	4	2	6	0%
<b>Europe and Asia</b>	<b>2,249</b>	<b>996</b>	<b>3,245</b>	<b>75%</b>	<b>2,182</b>	<b>947</b>	<b>3,129</b>	<b>74%</b>
United States	418	184	602	51%	428	210	638	52%
Mexico	464	93	557	69%	429	84	513	73%
Canada	59	30	89	0%	65	39	104	0%
<b>North America</b>	<b>941</b>	<b>307</b>	<b>1,248</b>	<b>55%</b>	<b>922</b>	<b>333</b>	<b>1,255</b>	<b>56%</b>
Brazil	344	146	490	100%	340	144	484	100%
Uruguay	70	14	84	95%	71	15	86	95%
Costa Rica	8	8	16	0%	7	6	13	0%
<b>Latin America</b>	<b>422</b>	<b>168</b>	<b>590</b>	<b>97%</b>	<b>418</b>	<b>165</b>	<b>583</b>	<b>97%</b>
<b>TOTAL</b>	<b>3,612</b>	<b>1,471</b>	<b>5,083</b>	<b>73%</b>	<b>3,522</b>	<b>1,445</b>	<b>4,967</b>	<b>72%</b>

\* The breakdown of the average workforce by country in the table above does not include Japan, since it is a company formed in June 2021 with one worker, or India, in which one Spanish person is working belonging to Viscofan Spain.

As part of Viscofan's internationalisation strategy, each year different initiatives are implemented in the area of International Mobility to reinforce the transfer of the Group's best practices through benchmarking from the Group to all its subsidiaries. In fact, there are numerous projects to transfer knowledge between the different production plants, and to develop specific global training seminars for Group workers.

In 2021, the tendency to travel, characteristic of Viscofan, was once again conditioned by the COVID-19 pandemic. However, international mobility within the Group remained stable, with an average of 38 employees that participated in international projects and which were posted abroad for long durations (43 in 2020). Likewise, short trips were adapted to the travel guidelines and the travel restrictions imposed by the company. Faced with this scenario, Viscofan reinforced investment in technology and new digital tools to overcome the travel restrictions and to reduce the risk and the economic and environmental costs associated therewith.

It should be noted that 83% of the members of the senior management team are recruited from the local community, i.e., they were born in the country where they hold their position.

## Age

The potential of our team is based on young talent and experience. The average age of the workforce is 42 years, as in 2020. Of the total average workforce, 31% are under 35 years old, 42% are between 35 and 50 years old, and 27% are over 50 years old.

Breakdown of the average workforce by age	2021			2020		
	Men	Women	Total	Men	Women	Total
17 - 34 years	1,099	499	1,598	1,065	479	1,544
35 - 50 years	1,482	665	2,147	1,440	642	2,082
More than 50 years	1,031	307	1,338	1,017	324	1,341
TOTAL	3,612	1,471	5,083	3,522	1,445	4,967

Average workforce by age and type of recruitment	2021			2020		
	Permanent contract	Temporary contract	TOTAL	Permanent contract	Temporary contract	TOTAL
17 - 34 years	1,272	326	1,598	1,273	271	1,544
35 - 50 years	2,004	143	2,147	1,961	121	2,082
More than 50 years	1,299	39	1,338	1,312	29	1,341
TOTAL	4,575	508	5,083	4,546	421	4,967

Likewise, in line with the rules of the International Labour Organisation that appear in the Conventions 138 and 182 on child labour, Viscofan does not employ children under 14.

## HUMAN TEAM



## Hiring and professional category

Our business model has a marked industrial nature: 51% of those working at Viscofan are operators and 18% are specialised personnel. Within this industrial context, Viscofan is committed to stable quality employment, and 90% of the workforce have permanent contracts and 99% are full-time workers.

Average workforce. Type of contract	2021			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
Permanent contract	3,274	1,301	4,575	3,238	1,308	4,546
Temporary contract	338	170	508	284	137	421
TOTAL	3,612	1,471	5,083	3,522	1,445	4,967

Average workforce. Type of working day	2021			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
Full-time contract	3,577	1,439	5,016	3,480	1,407	4,887
Part-time contract	35	32	67	42	38	80
TOTAL	3,612	1,471	5,083	3,522	1,445	4,967

Average template per category	2021			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
Directors	101	22	123	104	18	122
Technicians and supervisors	896	341	1237	875	333	1208
Administratives	57	176	233	57	178	235
Specialists	670	229	899	670	216	886
Labourers	1,888	703	2591	1816	700	2516
TOTAL	3,612	1,471	5083	3,522	1,445	4,967

Average workforce by category and type of recruitment	2021			2020		
	Permanent contract	Temporary contract	TOTAL	Permanent contract	Temporary contract	TOTAL
Directors	121	2	123	120	2	122
Technicians and supervisors	1,197	40	1,237	1,173	35	1,208
Administratives	215	18	233	223	12	235
Specialists	813	86	899	813	73	886
Labourers	2,229	362	2,591	2,217	299	2,516
TOTAL	4,575	508	5,083	4,546	421	4,967

Average staff by category and part-time	2021			2020		
	Men	Women	TOTAL	Men	Women	TOTAL
Directores	1	0	1	1	0	1
Técnicos y Mandos	11	6	17	11	7	18
Administrativos	2	8	10	2	9	11
Personal especializado	3	7	10	5	7	12
Operarios	18	11	29	23	15	38
TOTAL	35	32	67	42	38	80

## Commitment 2030: Promotion of female talent and professional development

*Increasing the weight of the less represented gender is one of the challenges that we face, especially with respect to the retention, development and promotion of female talent. Accordingly, we set ourselves the objective of increasing the number of female directors to 30% by 2030.*

Average staff by category and part-time	2021			2020		
	Men	Women	TOTAL	Men	Women	TOTAL
17- 34 years	7	8	15	6	8	14
35 - 50 years	7	10	17	11	15	26
More than 50 years	21	14	35	25	15	40
TOTAL	35	32	67	42	38	80

In a growing team, the policy on staff selection and recruitment is key to ensure continuity in leadership. In this regard, the development and recognition of the Viscofan Group's in-house staff is being stepped up by listing the company's job vacancies in internal information channels and on the intranet. In addition, the attraction talent strategy is pursued through international management tools for selection, hiring, internal mobility and expatriation processes.

Viscofan aspires to be a company where the talent of its employees can develop and reach the highest level. In this sense, several of its corporate directors have been recognised with awards for the best professional career, as is the case of the Group's Financial Director and R&D Director.

Also, Viscofan has 1,061 employees with university degrees (985 employees in 2020), of which 50 had a PHD (42 employees in 2020). A very high level of training that demonstrates Viscofan's rigorousness and the means used to achieve excellence in production and maintain the levels of innovation necessary in our activity.

## Equality and work-life balance

Viscofan's employment environment enables the professional and personal development of all people that form part of the company, integrating them and allowing them to participate in the company's future regardless of their race, ethnic group, gender, sexual orientation, age, religion or nationality, among others.

The high percentage of men (71%) compared to women (29%) continues to be significant. A similar percentage to that of companies in the sector, where the incorporation of new companies into Viscofan's scope throughout the strategic period MORE TO BE continues to present a similar percentage, thus diluting the results of greater employability of women carried out by Viscofan.

% Average workforce by gender and category	2021		2020	
	Men	Women	Men	Women
Directors	82.1%	17.9%	85.2%	14.8%
Technicians and supervisors	72.4%	27.6%	72.4%	27.6%
Administratives	24.5%	75.5%	24.3%	75.7%
Specialists	74.5%	25.5%	75.6%	24.4%
Labourers	72.9%	27.1%	72.2%	27.8%
TOTAL	71.1%	28.9%	70.9%	29.1%

The executive Sustainability Committee has analysed the tendency of the workforce by gender, monitoring the universal leave for the birth of children and the death of spouses and children, even in countries whose legislation does not provide for this, and no work disconnection policies were envisaged.

In 2021, the III Equality Plan for Viscofan SA and the I Equality Plan for Viscofan España SLU were approved, both with four-year terms (2021-2025), in which areas of improvement were detected, and different objectives were set to achieve equality and a work-life balance at the company, and the measures and/or actions were envisaged to obtain such balance in all the analysis areas detailed in RD 901/2020 which regulate the equality plans, as well as adding others that are considered fundamental to correctly develop and implement the plan and, in this regard, the Group has a negotiating committee charged with its promotion and follow-up.

This III Equality Plan of Viscofan SA is based on the evaluation of the previous plan, with an analysis of the

actions performed and implemented or pending performance. Likewise, since the end of 2020, unbundled data was gathered by gender, in line with the new legal regulations, pursuant to RD 901/2020 and RD 902/2020 on remuneration equality, thereby including a remuneration audit.

**To promote diversity**, Viscofan works with special employment centres in Spain and in other countries to perform certain tasks that contribute to the development of our production activity. Likewise, its employees include people with other abilities. The breakdown of this heading is as follows:

	2021			2020		
	Men	Women	TOTAL	Men	Women	TOTAL
Nº employees with disabilities	67	6	73	67	7	74

*In the area of equality, Viscofan has joined the CEO alliance for Diversity, a pioneering initiative in Europe, in which a total of 70 male and female executives have participated in the whole of Spain*

Furthermore, in the area of equality, Viscofan has joined the CEO alliance for Diversity, a pioneering initiative in Europe, in which a total of 70 male and female executives have participated in the whole of Spain. Following the mission of uniting the CEOs of the main companies around a common innovative vision of diversity, equity and inclusion, acting as promoters and ambassadors that help to accelerate the development of strategies that contribute to business excellence, the competitiveness of talent in Spain and the reduction of inequality and exclusion in the Spanish society. The participation of Viscofan in the alliance involves its presence at meetings and symposiums, all in line with the commitment of going into depth in our policies and strategies of diversity, equity and inclusion, seeking synergies among different member companies.

In addition, the Viscofan Group participates as a Collaborating entity and a member of the Management Committee of the Observatory of Conciliation and Joint Responsibility of Universidad Pontificia de Comillas. Viscofan's work centres contribute to human development, basing themselves on a culture and shared values, and where they offer conditions that facilitate collective talent, the exchange of ideas, innovation, contrasted opinions and shared initiatives. However, the pandemic has led to a rapid transformation to ensure health and an adequate work-life balance; accordingly, in many countries, Viscofan adopted extraordinary flexibilisation and work-life balance measures, reducing working hours and providing leave to take care of minors or dependent people, among others.

## Employment and remuneration

Workers are a key part of the Viscofan Group's success and leadership. Their constantly evolving commitment and work and improvement represent a clear competitive advantage for the Group.

In 2021, the workforce was increased due to the need to create new capacity, while the efficiency and productivity improvements have enabled the earnings ratio per employee to be improved.

	2021	2020	2019*
<b>Average workforce</b>	5,083	4,967	4,628
<b>Revenue in million €</b>	969	912	850
<b>Revenue per employee (thousands of €)</b>	190.7	183.6	183.6

\* Excludes the workforce of Viscofan Collagen USA Inc. and Viscofan Collagen Canada Inc

The average workforce increased by 2.3% in 2021 as opposed to 2020, situating the net variation in employment at 116 people. The net variation in employment by category, gender and age is broken down as follows:

Breakdown by age	2021			2020		
	Men	Women	TOTAL	Men	Women	TOTAL
17 - 34 years	34	20	54	39	10	49
35 and 50 years	42	23	65	99	73	172
More than 50 years	14	-17	-3	83	35	118
TOTAL	90	26	116	221	118	339

Breakdown by category	2021			2020		
	Men	Women	TOTAL	Men	Women	TOTAL
Directors	-3	4	1	5	0	5
Technicians and supervisors	21	8	29	51	34	85
Administratives	0	-2	-2	4	0	4
Specialists	0	13	13	33	7	40
Labourers	72	3	75	128	77	205
TOTAL	90	26	116	221	118	339

The importance of these stakeholders - the employees - can be seen in the generated and distributed value table. In 2021, employees received €208 million of the total value generated by the Group (€194 million in 2020).

The necessary training in the production process, the strategies for creating long-term value, and the high level of commitment of the people who make up our team are reflected in the voluntary redundancy rate of the average workforce for 2021, which stands at 4.4% (2.9% in 2020). The increase observed this year has mainly to do with the variations in the United States, in which the context known as "the great resignation" doubled the volume of voluntary resignations with respect to the previous year, concentrated mainly in the category of operators.

The Group's business activity requires adapting to various market needs in the different locations, under criteria of competitiveness and efficiency, which in some cases, requires workforce reductions. In this regard, Viscofan is reorganising its production activity in North America.

The breakdown of average dismissals by category, age and gender is as follows:

Average workforce layoffs	2021	2020
Directors	3	1
Technicians and supervisors	12	10
Administratives	9	4
Specialists	3	9
Labourers	57	44
TOTAL	84	68

Average workforce layoffs	2021	2020
17 - 34 years	30	32
35 - 50 years	34	25
More than 50 years	20	11
TOTAL	84	68

Average workforce layoffs	2021	2020
Men	57	18
Women	27	50
TOTAL	84	68



# 73%

of the company's employees are covered by general collective bargaining agreements, therefore improving the minimum conditions set by the different employment legislation.

## Remuneration

The contracting policy of the Viscofan Group is based on objectivity, equal opportunities and training, and one of its aims is to favour gender diversity, among other aspects. This implies competitive remuneration, adapted to the capacities and competences of the different profiles required according to the industrial or commercial process, and also according to the realities of the multitude of countries in which Viscofan is present.

The average remuneration expressed in euros by category and age is as follows:

Average remuneration (€)	2021	2020
Directors *	127,103	124,302
Technicians y supervisors	46,462	44,553
Administratives	31,801	31,125
Specialists	26,326	24,924
Labourers	25,504	24,217
<b>TOTAL</b>	<b>32,610</b>	<b>32,025</b>

\* Excludes remuneration of executive directors in 2021 and 2020

Average remuneration (€)	2021	2020
17 - 34 years	22,641	21,845
35 - 50 years	30,848	30,174
More than 50 years *	50,860	47,210
<b>TOTAL</b>	<b>32,610</b>	<b>32,025</b>

\* Excludes remuneration of executive directors in 2021 and 2020

Minimum salary paid in the country with respect to the minimum legal salary in the country: in the country vs. minimum legal salary in the country is as follows:

### Minimum wage paid in the country vs. the country's legal minimum (% difference over the minimum wage)

Spain	104%
Czech Republic	23%
Germany	83%
Serbia	1%
Belgium	67%
United Kingdom	59%
France	19%
Russia	1522%
China	44%
Thailand	172%
Australia	15%
New Zealand	4%
Canada	0%
United States	51%
Mexico	75%
Brazil	89%
Uruguay	5%
Costa Rica	17%

Within the area of remuneration, 73% of the company's employees are covered by general collective bargaining agreements, therefore improving the minimum conditions set by the different employment legislation. Collective Bargaining Agreements regulate the remuneration received by the workers who sign them, and in particular establish criteria of equity between similar jobs, thus avoiding gender discrimination and the wage gap between equivalent jobs. The Group's average remuneration is €32,610 (€32,025 in 2020): €35,218 for men (€35,012 in 2020) and €26,168 for women (€24,887 in 2020). This difference in average

remuneration corresponds to a multitude of factors, from the gender composition of the Group, to its geographical presence, the different distribution of jobs, their level of specialisation, the night shifts for a continuous production process of 24 hours, danger and seniority bonuses, etc., which are in line with the industrial context, the composition of the workforce and the history of the Viscofan Group.

To perform an internal monitoring of the possible remuneration differences by gender in 2021, in Spain a project to assess work posts was implemented to identify comparable degrees, that is, those which, due to the nature of the functions or tasks effectively undertaken, the educational, professional or training conditions demanded for their exercise, the factors strictly related to their performance and the conditions in which these activities are performed, are equivalent. This analysis was performed with the help of the consultant Willis Tower Watson, which enabled up to 21 equivalent degrees to be identified within Viscofan.

Based on this experience, the equivalent in degrees was analysed internally for all the companies included in the scope of consolidation. Hence, the remuneration by degrees and gender was analysed in the different towns, to identify salary gaps, understood to be the difference between the salaries of men and women with respect to the salary of men in each of its degrees. Based on this analysis, the Sustainability Committee can monitor the performance of this indicator in the most significant degrees and therefore be able to establish the measures for its improvement.

The result of this analysis is summarised in the salary gaps per country, understood to be the weighted average of the remuneration differences between the salary of men and women with respect to all female employees of that country:

	<b>2021</b>	<b>2020</b>
Spain	11.20%	9.90%
Czech Republic	11.90%	15.00%
Germany	7.30%	14.20%
Serbia	2.60%	4.20%
Belgium	-1.90%	2.10%
United Kingdom	-22.90%	-35.60%
France	6.00%	11.90%
Russia	5.10%	3.30%
China	6.80%	17.00%
Thailand	25.50%	24.00%
Australia	2.70%	7.80%
New Zealand	-2.40%	19.90%
Canada	12.70%	13.70%
United States	12.60%	13.10%
México*	15.30%	15.60%
Brazil*	17.10%	16.30%
Uruguay	5.10%	11.10%
Costa Rica	-2.70%	-27.20%

\* Excludes work centers with representation of one of the genders less than 5%.

*Viscofan's commitment to gender equality and to the development of female talent is backed by the objective of placing 30% of women into executive posts in 2030.*

The most significant salary gaps have been in the United Kingdom and Thailand, commercial offices with a small size of staff that in turn have individualized salary conditions, resulting in significant salary gaps of different signs (-22.9% and +25.5% respectively). In order to provide comparable information, the table presented excludes from the calculation those centers in which there is little representation of one of the two genders (less than 5% of the workforce), a circumstance that occurs in Mexico and Brazil. If this comparison were included, the gap would be -5.4% and 32.3%, respectively.

Viscofan's commitment to gender equality and to the development of female talent is backed by the objective of placing 30% of women into executive posts in 2030. In this regard, it has a Talent Management Plan, which has defined a talent map by gender to take advantage of all opportunities to incorporate the less represented gender, both with internal and external candidates, in those positions that they expect to have in the future in terms of vacancies, growth opportunities or within a succession plan.

The individual remuneration of all members of the Board of Directors is detailed in note 23 to the company's consolidated financial statements, in accordance with the Board's remuneration policy, as detailed in the Remuneration Report available on the company's website, [www.viscofan.com](http://www.viscofan.com)

The Group makes contributions to various different defined benefit plans. The significant information is set forth in note 14 to the consolidated financial statements.

## Professional development

We promote people's personal and professional development through different initiatives that allow us to manage knowledge and take advantage of employees' abilities to achieve the group's objectives.

Likewise, the industrial nature of Viscofan requires the combination of a large number of operators with specialised staff. This is an increasingly demanding and global industry in terms of requirements, which requires greater knowledge and expertise of the workforce. To take on this challenge, the Group constantly invests in staff capabilities, added to the continuous training effort carried out in the organisation.

Continuous training is one of Viscofan's primordial goals for its personnel, thereby boosting personal and professional development. The methodology has changed with training through e-learning platforms, both at corporate and local level, which enabled training activities to be continued that could not be provided on a face-to-face basis.

For this commitment to human capital training, the group has invested €1.4 million (€2.3 million in 2020), of which €0.3 million (€0.5 million in 2020) correspond to training and explicit awareness in health and safety (more information in the workplace safety section).

Formation	2021			2020		
	Men	Women	Total	Men	Women	Total
Number of hours	37,385	19,333	56,718	68,751	38,858	107,609
Average number of hours per employee	10.4	13.1	11.2	19.5	26.9	21.7
% of employees who have received training	89.0%	88.1%	88.7%	91.0%	91.3%	91.4%

Within the training plan, subjects related to aspects of human rights have been addressed, such as the use of non-sexist language, corporate social responsibility, gender equality and sexual harassment, for a total of 4,933 hours, compared to the 4,056 hours invested in 2020.

*Continuous training is one of Viscofan's primordial goals for its personnel, thereby boosting personal and professional development.*



### Training

11.2

hours/employee

56,718

hours

88.7%

employees who have  
received training

The number of training hours by category are broken down as follows:

Training. Number of hours by category	2021			2020		
	Men	Women	Total	Men	Women	Total
Directors	972	498	1,470	1,254	317	1,571
Technicians and supervisors	14,773	6,627	21,400	14,338	5,216	19,554
Administratives	644	2,042	2,686	615	2,412	3,027
Specialists	6,720	6,032	12,752	6,146	3,489	9,635
Labourers	14,276	4,134	18,410	46,398	27,424	73,822
TOTAL	37,385	19,333	56,718	68,751	38,858	107,609

The decrease in the number of hours reported in 2021 with respect to the previous year was concentrated mainly in the category of operators and was principally due to the change in training in the welcoming process in the United States, which was reduced considerably with respect to the previous year.

Facilitating training is one of the most effective measures to encourage the employability of our people, both with regard to the development of their career and to opt for opportunities for professional development within the Group. The new processes and vacancies at Viscofan are notified internally so that the people that wish to can set themselves new challenges and goals at the company itself, strengthening and preserving the talent of the human team.

Looking towards promoting employment, the Group also fosters participation in the main universities of the countries in which it carries on its activities. Within the objective of attracting and developing talent, in 2021, there were an average of 51 internships (70 in 2020).

In line with the results from the Work Environment surveys, the purpose of the Viscofan Group is to forward development of a personal high-performing culture and evaluate the established objectives through a performance assessment process. In particular, performance assessment is an on-going process of planning, monitoring and evaluating the objectives that are defined by each head with each team member. This methodology improves the professional capacity of each person and aligns individual expectations with the strategy and objectives as a company.

In 2021, 40% of the Group's staff was subject to a performance assessment process, compared with 41% in the previous year. The breakdown by gender and professional category is as follows:

Performance evaluation	2021				2020			
	Men	Women	TOTAL	% average workforce	Men	Women	TOTAL	% average workforce
Directors	90	13	103	84%	80	13	93	76%
Technicians and supervisors	536	211	747	60%	497	191	689	57%
Administratives	28	79	107	46%	27	72	99	42%
Specialists	209	100	309	34%	215	109	324	37%
Labourers	575	189	764	29%	576	274	850	34%
TOTAL	1,438	592	2,030	40%	1,395	660	2,055	41%

In line with the development of a high-performance culture, in 2021, Viscofan implemented a more digital and collaborative workspace at the whole Group, the Modern Workspace, through the implantation of innovative solutions that adapt to the different user profiles at Viscofan (personnel at offices, at the factory or commuting), and which will enable the teams to work more effectively thanks to the adoption of new tools, platforms and work methodologies.

The Group promotes evaluation bilaterality through pluri-annual global opinion surveys (Viscofan Opinion Survey). In this regard, in 2022, the fourth opinion poll of the Viscofan Group is envisaged, to learn more about our strengths and our areas of improvement.

## Occupational safety

*Training in accident prevention and about the importance of safe behaviour patterns is one of the cornerstones of health protection of our employees.*

Viscofan works with the belief that it is possible to avoid all occupational accidents. Hence, it not only ensures that its facilities are safer, but also that its staff throughout the whole Group are aware of the fundamental importance of safety issues. A reality that was doubly imposed in 2021, due to the urgent need to protect the teams at all locations at which Viscofan is present and to ensure strict compliance with the prevailing safety measures with respect to COVID-19.

Corporate workplace safety policies are the responsibility of the Environment Health and Safety (EHS) department, working in close partnership with the corporate and local Human Resource departments. To a large extent, this coordination has enabled the immediate application at all subsidiaries of the safety measures and protocols to prevent and minimise cases of COVID-19 among the workforce, which has permitted Viscofan to maintain its production activities at its factories.

It has boosted measures and investments to improve the employment conditions of our workers and to obtain reliable and consistent indicators to measure and compare performance in the various countries in which the Group operates. The best health and safety practices are thereby extended to the production centres.

Within the improvements in the area of occupational health and safety, noteworthy in 2021 was the implementation of a fire protection project in Pando (Uruguay) for 2020-2022, investments in fire protection systems in Koteks (Serbia) and in Weinheim (Germany) and the improvement of safety in converting machines in Cáseda (Spain). Likewise, accident investigation and health and safety training is shared among Group companies on the corporate intranet.

For Viscofan, the material aspects that affect safety are essentially based on the characteristics of the position and the activities that are required. This explains the constant effort of Viscofan to standardise procedures and distribute them among the workforce with regard to the company's safety policy, providing workers in this regard with specific courses and information in their areas of work.

In order to carry out these initiatives, a new occupational health and safety policy was approved by the Board of Directors in 2020, in which the following guidelines are indicated:

- Provide employees with a safe and healthy workplace.
- Identify and comply with applicable legislation and regulation in terms of Environment, Health and Safety (EHS) in each of the locations where the group does business, and any other voluntarily-acquired commitments of Viscofan to improve these areas.
- Ensure that management, employees and all staff working for the organisation (or on its behalf) are aware of this policy and are trained, according to their responsibilities, to comply with it.

Alongside this, certain specifications are determined within the collective bargaining agreements of the different locations in which the Viscofan Group is present in matters related to health and safety. In turn, the participation of employees in health and safety matters is guaranteed at all factories through health and safety committees- in which the company's risk prevention procedures are regularly and frequently consulted-, suggestion boxes, as well as other communication channels established.

The performance of the health and safety indicators of the Viscofan Group is as follows:

	2021	2020	2019
Hours lost per accident	28,592	31,257	20,682

	2021			2020		
	Men	Women	Total	Men	Women	Total
Number of accidents	117	32	149	116	31	147
Number of occupational diseases	8	3	11	5	1	6
Occupational accidents. Frequency <sup>1</sup>	18	13.1	16.6	17.3	12.3	16
Accident rate <sup>2</sup>	0.31%	0.25%	0.29%	0.38%	0.18%	0.33%
Absenteeism rate <sup>3</sup>	4.6%	6.0%	5.0%	4.2%	5.2%	4.5%
Severity index <sup>4</sup>	0.39	0.32	0.37	0.47	0.23	0.41

1. Number of accidents per million hours worked

2. Hours lost per accident / Hours worked

3. Hours lost per illness or accident / Total hours worked

4. Number of equivalent days lost per accident per thousand hours worked

In the year, accidents and their frequency increased at the Group. However, they were less serious with respect to the previous year, placing the seriousness rate at 0.37 with respect to 0.41 in the previous year, but lower than the 0.96 benchmark reported by the industrial sector in Spain. Also, the growth in absenteeism is related to the incidence of COVID-19.

The reduction in the accident rate is one of the priority objectives for Viscofan in the area of health and safety, for which measurable short- and medium-term objectives have been set: an initial reduction of 3% in 2021 and of 50% with respect to 2030.

A reduction in the accident rate has also been set as an objective within the long-term variable remuneration plan for Viscofan's senior management and key personnel, reflecting the number of hours lost due to accidents with respect to the total number of hours worked. The improvement achieved in recent years has enabled compliance with the objectives set.

Training in accident prevention and about the importance of safe behaviour patterns is one of the cornerstones of health protection of our employees. This training includes basic prevention measures that have to be adopted in the workplace, or the importance of day-to-day heart-healthy habits, the role of middle-level management and the improvement of its leadership in safety. The breakdown of the number of hours of training in this area is as follows:

Health and Safety Training	2021			2020		
	Men	Women	Total	Men	Women	Total
Number of hours	16,253	3,061	19,314	16,695	4,294	20,989
Average number of hours per employee	4.5	2.1	3.8	4.7	3	4.2
% of employees who have received training	69%	61%	68%	75%	64%	72%

Alongside this, the objectives of the MORE TO BE period were the inclusion of the OHSAS 18001 certification (or the most recent ISO45001 standard) at all production plants, an internationally accepted specification that defines the requirements to establish, implement and operate an effective Occupational Health and Safety Management System. The ISO 45001 is the new safety standard that substitutes the OHSAS.

Migration to the ISO 45001 certification has continued its development in 2021, significantly conditioned by the global situation of the pandemic, although most of the Group's factories have been updated with this certification. This process is expected to take place at the remaining factories in 2022.

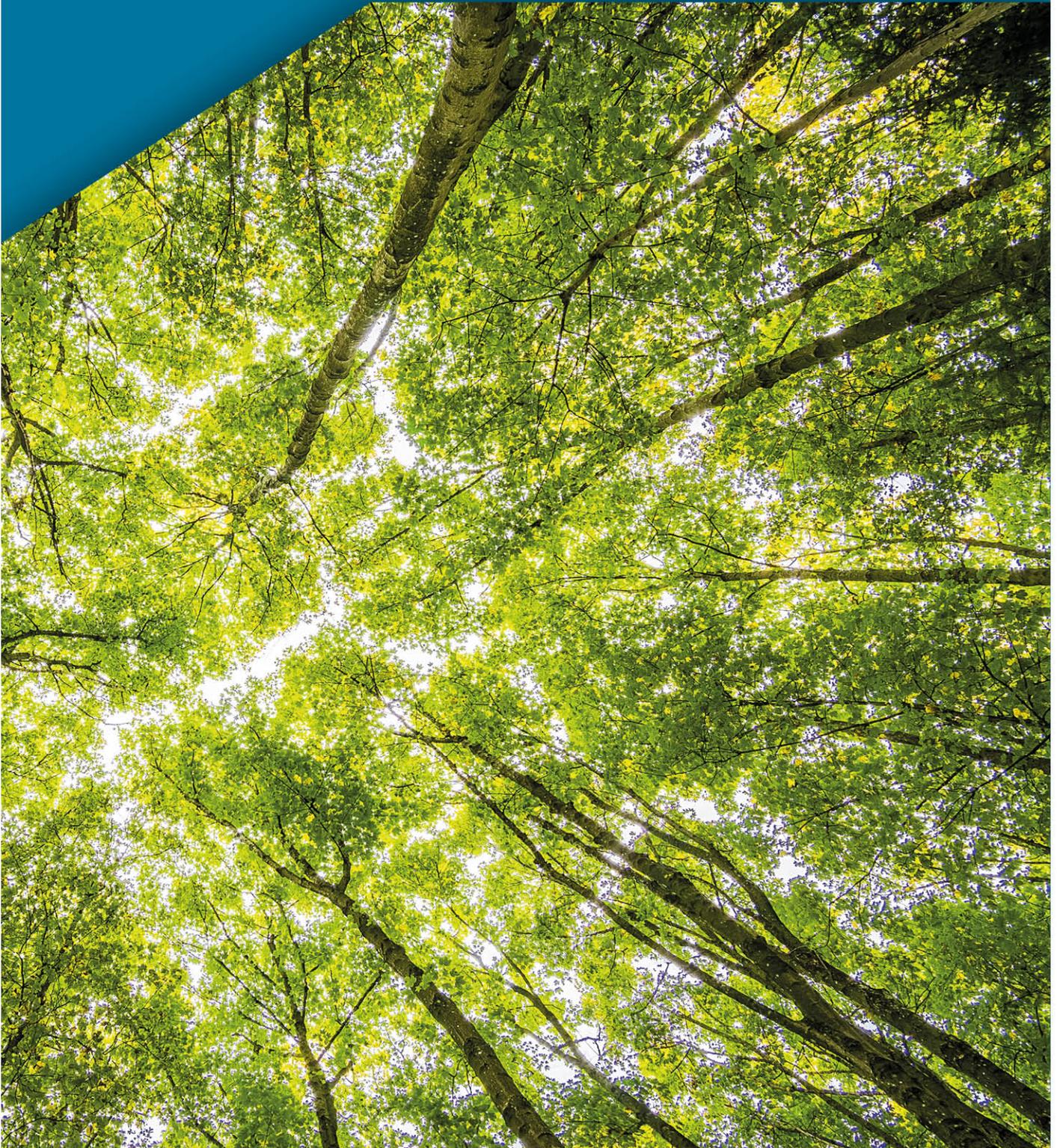
The details of the Group's factories that already have these certificates is as follows:

Country	Plant	Certification	
Spain	Casada	ISO 45001	Si
	Urdiain	ISO 45001	Si
Czech Republic	Ceske Budejovice	ISO 45001	Si
Germany	Weinheim	ISO 45001	Si
Serbia	Novi Sad	ISO 45001	Si
Belgium	Hasselt	ISO 45001	Si
China	Suzhou extrusión	ISO 45001	Si
	Suzhou converting	ISO 45001	Si
USA	Danville	<i>ISO 45001 * Planned certification 2022</i>	*
	Montgomery	<i>ISO 45001</i>	Si
	New Jersey	<i>ISO 45001 * Planned certification 2022</i>	*
Mexico	San Luis	ISO 45001	Si
	Zacapu	ISO 45001	Si
Uruguay	Pando	ISO 45001	Si
Brazil	Itu	ISO 45001	Si
	Ermelino	ISO 45001	Si



# 2.6

## Environmental management and climate change

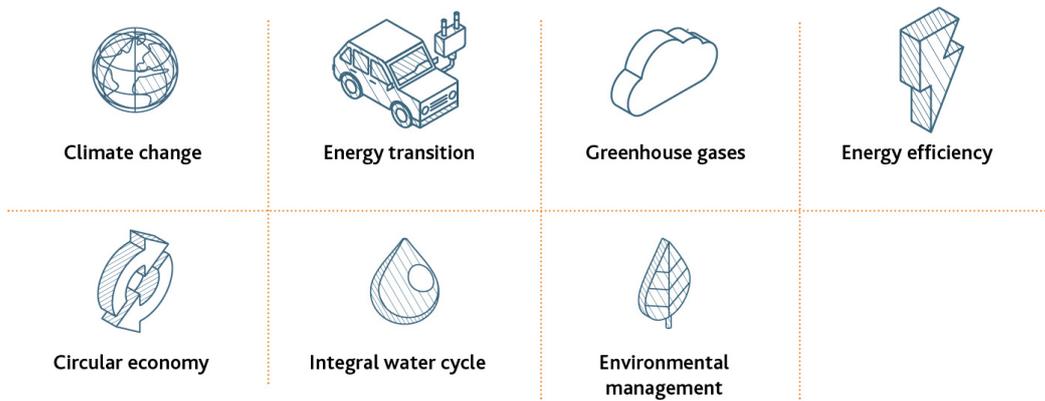


# Environmental management and climate change

We are acting in line with the Paris Agreement to avoid climate change and the consequences of a global increase in temperature above 2 degrees with respect to pre-industrial levels.

This sustainable future means facing the challenges that range from the optimisation and purification of water used in the production process, a better use and reuse of raw materials and an efficient use of energy and renewable energy.

## MATERIAL ASPECTS ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE



## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS. LINES OF ACTION



> We invest in technologies in the search for decarbonization such as the installation of energy equipment with the capacity to use green hydrogen in Cáseda and we promote the use of renewable electricity.



> Viscofan invests in technologies that allow production with less productive waste, seeks to reduce the intensity of waste in landfill, and also develops and promotes the use of natural, biodegradable or recyclable materials, highlighting the advances in the family of plastics with the new EFAN casing.



> We carry out sustainable water management by investing in technologies with lower water collection needs.  
> We invest in water purification facilities to improve the quality of the discharge



## Environmental management and climate change approach

### Governance and strategy

*The Sustainability Committee met four times in 2021, analysing the progress of the 2019-2021 Sustainability Action Plan, boosting the strategic sustainability initiatives and the performance of the main indicators;*

Climate change is a significant aspect identified in the materiality analysis and, as such, is included in the Group's long-term operating management processes. It forms an integral part of our risk mitigation policy and an essential part of our Sustainability Action Plan.

The governance and management of climate change at Viscofan is the responsibility of the Board of Directors and, by extension, of the Appointments, Remunerations and Sustainability Committee (AR&SC) of the Board itself.

The functions of the AR&SC include promoting and supervising compliance with environmental sustainability policies, overseeing their improvement and that they take into account the legitimate interests of the stakeholders.

Viscofan has an Executive Sustainability Committee responsible for coordinating and supervising the long-term objectives, initiatives and work plans established by it in the sustainability area. Likewise, the Committee is part of the Group's risk control system in the assessment and management of climate change risks and opportunities.

It is a mainstream committee comprising the Group's Managing Director, Viscofan Spain's Managing Director, the Operations Managing Director, the Commercial Managing Director, the Human Resources Director, the Legal Director and the Investor Relations and Communication Director.

The Sustainability Committee met four times in 2021, analysing the progress of the 2019-2021 Sustainability Action Plan, boosting the strategic sustainability initiatives and the performance of the main indicators; the regulatory reporting analysis in the area of sustainability, placing special emphasis on the EU Taxonomy on Sustainable Finances, the performance of a new Sustainability Action Plan adapted to the new Beyond25 Strategy for 2022-2025, approved by the Board of Directors, among others.

Moreover, the management of environmental matters at Group level is the responsibility of the Corporate Environment, Health and Safety (EHS) Department, which reports to the Operations General Management and is responsible for coordinating and supervising EHS matters at all the Group's production plants.

Climate change management is regulated in the Climate Change Policy, which demonstrates the Group's commitment to this huge environmental problem, establishing its undertaking to control atmospheric emissions and energy efficiency, and to a business strategy related with the development of alternative energy sources.

Moreover, the internal climate change regulations are complemented by the environmental policy, approved by the Board of Directors. This policy establishes that the Group's procedures must be carried out with respect for the environment, which means incorporating sustainable development criteria in all areas of activity, guaranteeing the efficient management of natural resources and minimising the undesirable effects of the activity.

In addition, the Group has a Sustainability Action Plan for the period 2019-2021, which seeks to promote the development of a culture of best sustainability practices, especially in the area of environment, with commitments for 2030 to reduce waste, water collection and CO<sub>2</sub> emissions per metre produced.

In January 2022, the Board of Directors approved a new Sustainability Action Plan for 2022-2025, in line with the new Strategic Plan. This plan extends the Group's commitments in the area of sustainability and establishes lines of action and specific objectives at regional level.

To attain long-term goals and control climate-related matters, Viscofan has environment indicators which each Group factory reports monthly to central headquarters, such as energy (scope 1 and 2 emissions), water and raw materials consumption and waste production.

In 2021, the Group implemented new IT tools for the reporting and analysis of indicators, to perform a better analysis of their performance and possible variations. Likewise, information assurance was extended with the

implementation of controls, requests for proof and a detailed review of such controls.

### Climate change risks

Climate change is a risk identified in the Global Risk Map, since its implications may hinder the achievement of long-term objectives and the creation of value for stakeholders. See section 2.3 Corporate Governance, Risk Management section, in which the Viscofan Group's Risk Management System is detailed, together with the main risks and the risks occurred in the year.

Likewise, in the specific case of climate change risk, and taking as a reference the Task Force on Climate related Financial Disclosure (TCFD), Viscofan is performing the analysis of risks and opportunities at short-, medium- and long-term; the impact of risks and opportunities in the business lines, the organisation's financial planning and strategy and the measures implemented and envisaged for each type of risk and opportunity.

In the preliminary analysis, significant risks were identified as the following:



#### Transition. Legal policy and risks:

The increased price of greenhouse gas emissions has an impact on the Group's operating costs. In 2021, the CO<sub>2</sub> emission rights expenditure was €7,9 million. On the basis of the foregoing, Viscofan is implementing measures to mitigate this:

- Within its Decarbonisation Plan, the Viscofan Group has invested in energy equipment with the capacity to use green hydrogen as a renewable energy source.
- Specifically, at the Cáseda plant, two cogeneration engines and a boiler were replaced, whose useful lives had ended and had to be substituted. Likewise, in 2021, Viscofan carried out the first tests to use green hydrogen, verifying its viability for casing production.

#### Physical. Chronic:

The increase in the planet's average temperatures can increase the risk of water stress, causing a lack of supply at production plants. Based on this risk, Viscofan has identified plants located in regions of high or extremely high water stress, in line with the list of the World Resources Institute. Said plants are located in Brazil, Mexico, Belgium and China and, as a whole, represented 21% of the Group's total water collection in 2021. However, in 2021, these plants did not have water supply problems. Viscofan is implementing measures to mitigate this:

- Within the Sustainability Action Plan, Viscofan is analysing possible scenarios and measures to be implemented faced with this possible long-term risk.
- Likewise, the 2030 commitments include reducing the intensity of water collection. To comply with this commitment, Viscofan is developing and investing in technologies that require less water, promoting and

studying the viability of reusing water in the production process and investing in the best available water treatment and discharge technologies.

#### Transition. Reputation:

It involves an increase in the concerns of stakeholders if they do not comply with the expectations of society and customers regarding climate change.

In terms of earnings, it may represent a risk or an opportunity, with changes in product demand, depending on Viscofan's ability to comply with customer expectations. In this regard, Viscofan is continually monitoring market trends, and customer and consumer needs, specifically in relation to this matter. Hence, vegetable casings and eFAN plastic casings of a recycled nature have been developed, among others.

At operating cost level, it could lead to a risk of increased operating costs due the reduced availability of workers, and also to a rise in lending costs if Viscofan cannot gain access to financing if it does not comply with sustainable criteria. On the basis of this risk, Viscofan is implementing various measures:

- Viscofan has joined the United Nations Global Compact and it is committed to the United Nations Sustainable Development Goals. This commitment is formalised with Viscofan's objectives in 2030 within the Group's Sustainability Action Plan, for whose compliance specific objectives are being executed or planned.
- In 2021, Viscofan was the first company in the sector to sign sustainable lending, and the interest rate on the loans is tied to the performance of a series of sustainability indicators, which will be reviewed annually.

From the preliminary analysis performed, no impairment was identified on the current assets and no significant investments were envisaged to comply with the commitments established in our 2022-2025 Sustainability Action Plan.

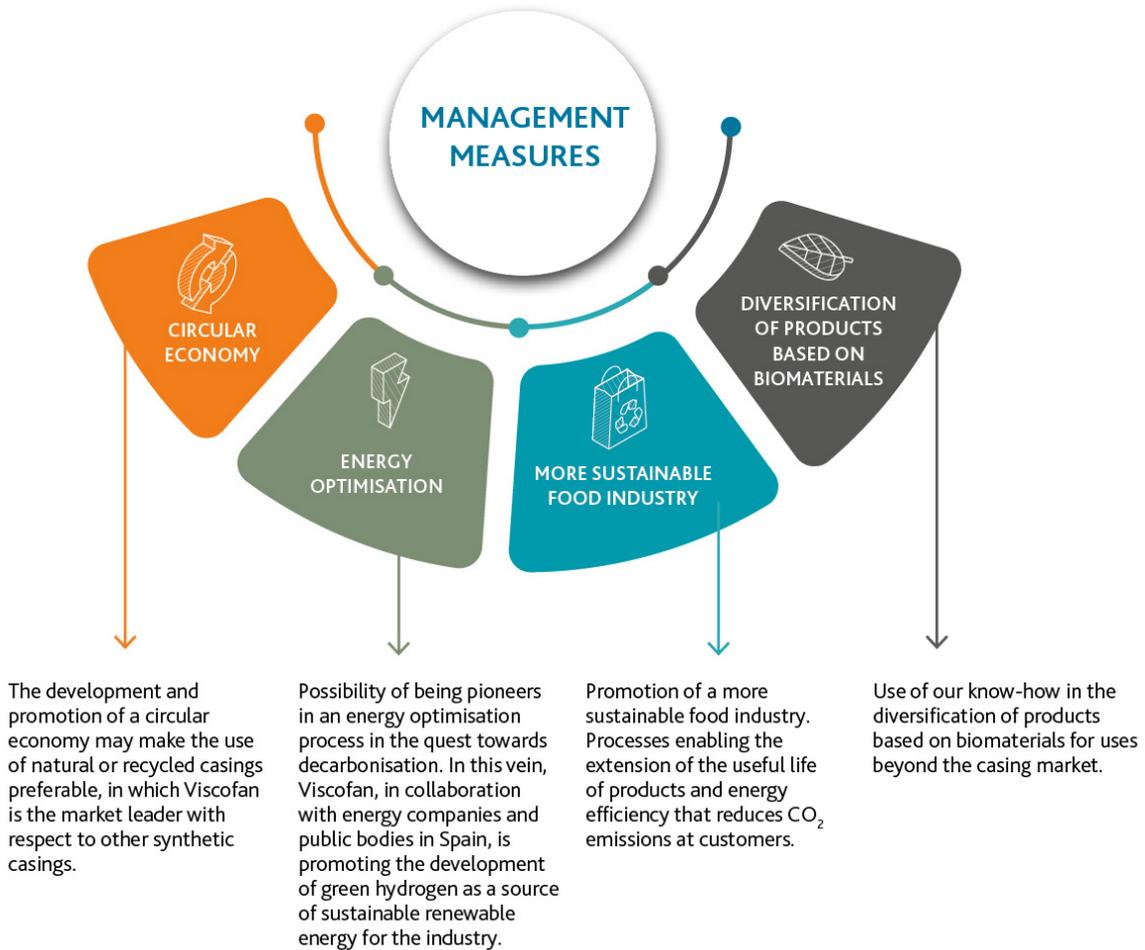


## Climate change opportunities

Viscofan's integral risk management system assesses and monitors the risks and their tendency, taking the necessary management measures which, aside from mitigating the risk, may generate opportunities.

The main opportunities identified are as follows:

### CLIMATE CHANGE OPPORTUNITIES



## Resources allocated

Viscofan's commitment to environmental improvement and the fight against climate change is also revealed in its human, operating and financial dimension.

### Management systems

#### Environmental. ISO 14.001:

We are working to attain this environmental management certification at all our production plants. At 2021 year-end, 83% of the Group's plants now have this certificate. In 2021, in the USA, the Montgomery plant managed to obtain this certificate, and the Danville y New Jersey plants were pending its obtainment, immersed in a technological update project; hence, the certification process of its environmental management systems in this standard has been postponed, together with that of Alfhausen in Germany.

The breakdown of the Group's plants with the ISO 14.001 certificate at 31 December 2021 is as follows:

Country	Plant	ISO 14.001
Spain	Caseda	Si
	Urdiain	Si
Germany	Weinheim	Si
	Alfhausen	No
Serbia	Novi Sad	Si
Czech Republic	Ceske Budejovice	Si
Belgium	Hasselt	Si
USA	Danville	*
	Montgomery	Si
	New Jersey	*
Mexico	Zacapu	Si
	San Luis Potosi	Si
Brazil	Itu	Si
	Matarazzo	Si
Uruguay	Pando	Si
China	Suzhou (2 plantas)	Si
Australia	Sidney	Si



Environmental investment

€6.9

million

environmental management

€65.4

million

gross value of environmental management

#### ISO 50.001 energy efficiency certificates

The Caseda (Spain), Weinheim (Germany) and Ceske Budejovice (Czech Republic) plants have an ISO 50.001 standard certificate, enabling the plants to improve their efficiency, energy costs and green greenhouse emissions.

#### Other certificates

Viscofan's plastic division obtained the ISCC PLUS certification from the plastic extrusion and plastic conversion centres in Brazil, Mexico, Belgium and Germany. Furthermore, the extrusion and conversion centre in the Czech Republic obtained the ISCC PLUS recertification. This certification system ensures the sustainability of raw materials and products for diverse markets.

#### Environmental investment

Part of Viscofan's industrial asset base relates to environmental management, seeking the best available technology in the management of water, energy and waste, among others. Hence, at the end of December 2021, the gross value of this type of asset was €65,4 million (€57,3 million at 31 December 2020).

Viscofan continues its quest to improve environmental management and with this objective in mind, in 2021, it invested €6.9 million in this area (€9,2 million in 2020). The following are noteworthy because of the impact they have on total investment: the installation of a new co-generation engine prepared to partially use

green hydrogen as fuel and the installation of a boiler with a green hydrogen capacity, both in Caseda (Spain), and facilities for the processing of waste in the production process.

### *Environmental training*

Being more sustainable and reducing our impact on the environment is a commitment for all of us. In addition to allocating financial resources, measures are also promoted to further the Group's values and commitments with regard to environmental management among employees, with training courses standing as an essential element of the management approach.

## European taxonomy for environmentally sustainable economic activities

### Foundation

In its notification dated 8 March 2018, the European Commission published its "Action Plan: Finance sustainable growth", with which it commences an ambitious integral strategy with which it endeavours to ensure that the finances become an essential driver to move towards an economy that guarantees compliance with the objectives of the Paris Agreement and of the agenda 2030 of the European Union (EU) for Sustainable Development.

In this context, the package of measures presented defines ten specific actions, one of the main objectives of which is to redirect the capital flows towards sustainable investments. As a result of the first of these actions, the Taxonomy Regulations were published, Regulation (EU) 2020/852, which endeavours to establish a classification system which, based on objective criteria, determines which economic activities are sustainable.

The Taxonomy Regulations establishes six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and the ecosystems

On 4 June 2021, the Delegated Regulation (EU) 2021/2139 was published on sustainable activities for the objectives to mitigate and adapt to climate change. Therefore, technical selection criteria were established to determine the conditions in which it is considered that an economic activity substantially contributes to these two objectives, and to determine if such economic activity does not cause significant harm to any other environmental objectives.

Likewise, on 6 July 2021, the Commission adopted the Delegated Regulation (EU) 2021/2178, completing article 8 of the Taxonomy Regulation. This delegated act specifies the content, methodology and presentation of the information that must be disclosed to the financial and non-financial companies in relation to the proportion of environmentally sustainable economic activities with regard to its commercial, investment or lending activities.

As indicated in this article, for reports published from 1 January 2022 on information for 2021, the non-financial companies that are entities of public interest and which have over 500 employees, must disclose the proportion of eligible and non-eligible economic activities in line with the Taxonomy in their total business turnover, their investments in fixed assets (CapEx) and their operating expenses (OpEx), hereinafter KPIs (article 10.2 of the delegated act that complements article 8 of the Taxonomy Regulation).

On 2 February 2022, the European Commission approved a Complementary Delegated Act on the Climate which includes, under strict conditions, specific nuclear energy and gas activities in the list of economic activities covered by the EU taxonomy. It will formally adopted once all the languages are available to be examined by the co-legislators. Article 3 of this Complementary Delegated Act established that the regulation will apply from 1 January 2023, hence it does not apply to this Management Report.

### Analysis of implications for Viscofan

Viscofan's principal activity consists of the manufacture and distribution of all manner of artificial casings for cold meats and other uses; the manufacture and distribution of collagen-based products for food and bioengineering use; as well as, to a lesser extent, the generation of electricity for sale to third parties through cogeneration systems.

These activities were not included in appendix 1 of the Delegated Regulation (EU), which establishes the technical selection criteria to determine the conditions in which it is considered that an economic activity substantially contributes to mitigate climate change or to adapt it to determine if such economic activity does not cause significant harm to any of the other environmental objectives. In this regard, the Taxonomy does not identify whether the climate risks detected are material for the artificial casings industry, not being included as an eligible economic activity for the goals of climate change Mitigation and Adaptation described in the delegated acts adopted under article 10, section 3, article 11, section 3, article 12, section 2, article 13, section 2, article 14, section 2 and article 15, section 2, of Regulation (EU) 2020/852.

Accordingly, based on the prevailing applicable legislation for the 2021 management report, Viscofan does not carry out activities that may be included as eligible, in accordance with the taxonomy for the goals of climate change Mitigation and climate change Adaptation.

On 2 February 2022, the European Commission approved a Complementary Delegated Act on the Climate, which includes the co-generation of high efficiency heat/cold and energy based on gaseous fossil fuels encompassed within point 4.30 as an economic activity covered by the EU taxonomy.

This text will be submitted to a scrutiny period by the European Parliament and the Council and if approved, the application period would be from 1 January 2023. In this respect, with regard to the reporting of the consolidated management report for the next period, Viscofan is going to study if the co-generation activity complies with the technical selection criteria to determine the conditions in which it is considered that an economic activity substantially contributes to climate change mitigation, and to determine if such economic activity does not cause significant harm to any other of the environmental objectives.



## Responsible energy management

The fight against climate change is a global task. As an energy-intensive company, Viscofan is committed to energy efficiency and global climate protection. We seek to reduce the intensity of our atmospheric emissions by investing in and developing more efficient production technology, increasing the use of renewable energy and leading the change in the industry towards technology that helps to fight against climate change. We also wish to positively influence the value chain, through sustainable casings that help our customers to reduce their emissions.

Casing production is an on-going process all year round that requires a lot of heat, especially in tripe drying processes. The main energy input used in the process is natural gas, electricity and steam.

The reduction in energy consumption with new technologies and the availability of renewable energy sources are essential aspects of Viscofan's undertaking to contribute to climate change protection and, hence, Viscofan works on three main axes:



### Commitment with renewable energy

Caseda

Urdiain

San Luis de Potosí

Weinheim

Alfhausen

Novi Sad\*

\*in 2022

- Development and investment in more efficient production technologies: As far as possible, Viscofan invests in improvements to reduce energy consumption and to make the most of the different ways in which this energy is present in our processes. Viscofan's strategy for reducing overall CO<sub>2</sub> emissions includes using heat, even in the effluents from our production processes, or replacing systems requiring high amounts of energy with more efficient systems. Specifically, the Viscofan Group has cogeneration plants that allow greater efficiency from an environmental point of view with savings in CO<sub>2</sub> emissions, cost savings and which ensure the continuity of the energy supply. These facilities are located in Cáseda (Spain), with an installed capacity of 48MW and in Weinheim (Germany), with 8.7MW.
- Fostering the development of technologies that help to combat climate change: In the current technological state, the most efficient way to generate energy to produce casings is on the basis of natural gas combustion. Within its decarbonisation plan, Viscofan boosts collaboration with public bodies and companies in the energy sector to develop green hydrogen capacities as a source of energy in the future casing production process. In this regard, work continued with the installation of energy equipment with green hydrogen capacity, and the tests performed at the Caseda plant were successfully completed to progressively replace natural gas with green hydrogen in one of its steam generation boilers. In a pioneering manner in the industrial sector, Viscofan has succeeded in proving that its facilities are prepared for the use of green hydrogen as a fuel.
- Viscofan promotes the use of renewable energy: Within this commitment, in 2021, Viscofan increased the use of renewable electricity at its plants, representing 31% of the total electricity acquired by the Group. The plants with electricity acquired of a renewable nature are as follows:

- Spain: Caseda at 100%. Urdiain at 100% and since March 2021, part of the consumption is covered by solar panels installed at the plant.

- Mexico: San Luis Potosí 100% and in Zacapu 50%.

- Germany: The Weinheim plant began to acquire 100% of its electricity of a renewable nature from April 2021 and the Alfhausen plant also began to acquire 100% since July.

- It is envisaged that the Novi Sad plant in Serbia will begin to use 100% renewable electricity in 2022.

This commitment has enabled Viscofan to save 31,739 tonnes of CO<sub>2</sub> in 2021.

Energy efficiency management at the Viscofan Group is expressed in internal energy audits and its corresponding improvement plans are encompassed within the Sustainability Action Plan. Viscofan has its own energy management system to monitor, follow up and control energy consumption.

## Energy consumption

The internal energy consumption expressed in Giga Wh and the energy intensity, with a 100 baseline year of 2018, is the following:

Energy consumption	2021	2020	2019	2018
Gigawatt-hour (GWh)	2	2	2	2
Base 100 year 2018	2021	2020	2019	2018
Consumption in GWh /Meters produced	90	94	102	100

In 2021, internal energy consumption increased by 3.9% with respect to 2020 in a context of increased production activity. Viscofan's energy consumption in 2021 was broken down into:

### VISCOFAN'S ENERGY CONSUMPTION IN 2021



Fossil fuels

**2,091**  
GWh

**100%**  
natural gas



Electricity acquired

**370**  
GWh

**31%**  
renewable energy



Steam acquired

**5**  
GWh

The consolidation of energy optimisation projects in previous years and the implementation of new projects enables Viscofan to grow in terms of earnings and production, reducing its energy intensity. Of note:

- The new Caseda cellulose and fibrous casing technology with lower energy requirements per metre produced.
- The installation of dry-tech technology collagen casing production capacity, in which the reduced water requirements in the process involves the reduced use of heat to dry the casing.





CO<sub>2</sub> avoided by Energy Optimization

**94,033**

Thanks to the cogeneration installed, it is worth noting that over the last ten years, the Viscofan Group has managed to avoid the emission of nearly one million tonnes of CO<sub>2</sub> into the atmosphere.

## Emissions

The breakdown of direct and indirect CO<sub>2</sub> emissions and their intensity is as follows:

Emisiones de CO <sub>2</sub> en toneladas	2021	2020	2019	2018
Directas	405,299	397,959	386,221	378,128
Indirectas	142,682	165,228	154,580	164,138
<b>TOTAL</b>	<b>547,981</b>	<b>563,188</b>	<b>540,801</b>	<b>542,266</b>

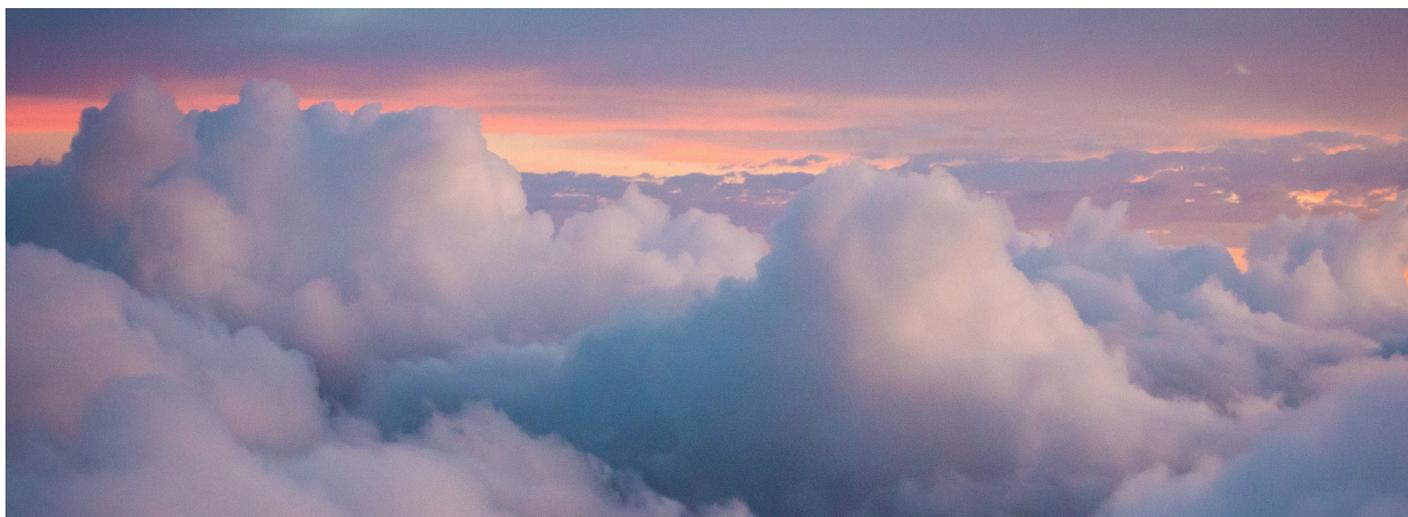
Other emissions in tonnes	2021	2020	2019	2018
NOX	735	713	657	643
SOX	29	29	32	n.d.
<b>Base 100 year 2018</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Intensity of CO <sub>2</sub> emissions / millions of meters extruded	84	94	101	100
Intensity of NOX emissions / millions of meters extruded	95	100	103	100
Intensity of SOX emissions / millions of meters extruded	74	80	100	n.d.

Absolute CO<sub>2</sub> emissions may be affected by the variation in the product family and geographical production mix, and the inclusion of new companies in the consolidation scope.

CO<sub>2</sub> emissions are calculated as follows:

- Scope 1 emissions: Based on the emission factors established in the Greenhouse Gas Protocol.
- Scope 2 emissions: The operation criteria is prioritised, that is, the emission factor of the electricity or steam supplier, based on its energy mix. If this information is not available, the emission factor of the country in which the plant or Greenhouse Gas Protocol is located is used.

In 2021, emissions were reduced by 2.7% with respect to the previous year, due to the increased energy efficiency at the whole Group, to the acquisition of renewable energy in Germany, the change of emission factors used in Uruguay and the Czech Republic, in which the seller has facilitated the real emission of its production mix with respect to the regional one established previously.



## Main projects in 2021

Within the commitment to reduce the intensity of CO<sub>2</sub> emissions and the on-going quest for efficient operations, the following projects were carried out:

In 2021, in Caseda, a green hydrogen capacity boiler was installed, together with a new green hydrogen co-generation engine. This is added to another boiler and to two engines with green hydrogen capacity installed at Caseda.

Within the Group's decarbonisation plan, in September 2021, the use of green hydrogen was successfully tested in one of the Caseda plant's boilers. Each cubic metre of natural gas substituted is equivalent to 2.15 kg of CO<sub>2</sub> avoided in the atmosphere. That is, in the period the Caseda test has lasted, 5 Tn CO<sub>2</sub> were avoided, equal to 2,700 Tn of CO<sub>2</sub> per year.

New production lines were installed at the Caseda plant using new fibrous technology which, among other aspects, is a more efficient form of energy.

Viscofan is involved in talks with public entities in Spain to be able to include cellulose casings as a source of biomass, a category not regulated under current Spanish legislation.

Solar panels were installed at the Urdian plant, which have enabled part of the plant's electricity requirements to be covered. They account for generation of 109,965 kWh.

In Germany, the possibility of using biomethane instead of natural gas has been studied. In this regard, it was agreed from 2022 at the Alfhausen plant to cover 100% of its demand with biomethane, thereby becoming the first plant of the Viscofan Group with zero emissions. Likewise, in 2022, the Weinheim plant is going to cover 1.3% of its demand with this renewable gas.

## Emission savings:

### Electricity production through cogeneration

In 2021, Viscofan avoided the emission of CO<sub>2</sub> into the atmosphere, by using cogeneration compared to that theoretically emitted to produce the steam obtained in cogeneration using conventional boilers, at the plants in Caseda (Spain) and Weinheim (Germany). Below is a detail of the equivalent tonnes of CO<sub>2</sub> avoided:

	2021	2020	2019	2018
CO <sub>2</sub> avoided by Energy Optimization	94,033	90,449	90,531	91,715

Thanks to the cogeneration installed, it is worth noting that over the last ten years, the Viscofan Group has managed to avoid the emission of nearly one million tonnes of CO<sub>2</sub> into the atmosphere.

## 2030 commitment to reduce the intensity of CO<sub>2</sub> emissions

The United Nations Global Compact, of which Viscofan is a signatory member, is committed to SDG 13. Climate action. Viscofan's commitment has materialised with a target by 2030, of a 30% reduction in scope 1 and 2 CO<sub>2</sub> emissions over a million extruded metres with respect to 2018.

The variations in the ratio on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	Commitment 2030	2021	2020	2019	2018
CO <sub>2</sub> emissions range 1 and 2 / Extruded meters	70	84	94	101	100

## Responsible management of the end-to-end water cycle

Water is essential for life and also for the viability of Viscofan's business, since the casing production process and a large part of raw materials used depend on water. We acknowledge that it is a resource whose availability is affected by climate change and by a growing global demand.

Viscofan's production plants require water collection for different phases of the process, such as the washing of casings, refrigeration, steam production and the moistening of said casings.

At Viscofan, during the production of casings, 22% of the water collected evaporates, is incorporated into the product or is consumed, while the remaining 78% is taken to purification plants installed at Viscofan's production plants to be processed before being returned to freshwater surfaces or municipal processing plants.

Viscofan's water management focuses its efforts two-fold. Firstly by seeking production technology with a lower water requirement, mainly in phases of the process that involve the washing of casings. Once the water has been used, Viscofan works to improve the quality of the water that we discharge even further and to understand the risks associated with the availability and use of water in the areas in which we operate.



Reused water

**16,942** m<sup>3</sup>

### Collection, responsible use of water

Water collection by type of source. m3	2021	2020	2019	2018
Surface water	4,269,619	4,107,250	3,849,469	3,755,026
Ground water	2,810,428	2,756,290	2,643,301	2,636,088
Local water supply	3,701,020	3,515,107	2,947,574	3,021,961
Rainwater	0	0	0	0
Waste water	0	0	0	0
<b>TOTAL</b>	<b>10,781,067</b>	<b>10,378,646</b>	<b>9,440,345</b>	<b>9,413,076</b>

Water withdrawal by source. In%	2021	2020	2019	2018
Surface water	39.60%	39.60%	40.80%	39.90%
Ground water	26.10%	26.60%	28.00%	28.00%
Local water supply	34.30%	33.90%	31.20%	32.10%
Rainwater	0.00%	0.00%	0.00%	0.00%
Waste water	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Intensity ratio. Base 100 year 2018	2021	2020	2019	2018
Water withdrawal in m3 / Extruded meters	95	100	101	100

Ratio of intensity to income	2021	2020	2019	2018
Water withdrawal m3 / revenues in millions €	11,123	11,378	11,110	11,975

In 2021, Viscofan increased production activity to satisfy a greater demand in casings, requiring increased water collection with 10.8 million metres<sup>3</sup> as opposed to 10.4 million metres<sup>3</sup> in 2020.

However, the water collection intensity ratio per metre produced dropped by 4.1% in 2021 as opposed to 2020. The consolidation of projects to optimise the use of water and those performed in 2021 have helped to achieve this improvement. Of note:

- The installation of dry-tech technology production lines to produce collagen casings in Caseda and in Serbia which require less water. The success of this technology has meant that the Group will implement it at other collagen casing production factories in 2022.
- The new Caseda cellulose and fibrous technology, which has a reduced water requirement per metre produced.

In 2018, it was endeavoured to make greater use of reused water in China, but it did not have the expected results. However, the reuse project at the Pando plant (Uruguay) commenced in 2020 is being consolidated; likewise, a project is being implemented in Brazil to reuse water from the production process to supply the fire system and water the garden. These projects have increased the percentage of water reuse, projects of great importance and technical complexity.

	2021	2020	2019	2018
Reused water in m3	16,942	15,172	1,069	26,635

All captures are strictly regulated by the public sector, which assign permits and determine the maximum permitted capture volumes to preclude significant effects. Hence, there was no record in 2021 of the organisation's water collection activities significantly affecting any water sources.

However, according to the World Resources Institute list, the plants of Belgium, Mexico, Brazil and China are located in countries of high or extremely high water stress, a risk that the Group has identified. They account for 21% of total water collection and 24% of the Viscofan Group's total water discharge in 2021. In the year, problems of water supply were not declared in these areas.



## Responsible dumping

Protecting the quality of the water that we discharge into the tributaries is one of Viscofan's commitments. Adequate water management also includes correctly purifying its wastewater and minimising the impact of its activities on the environment, thus, we apply the best available technologies in an on-going process such as that of the Group.

Accordingly, Caseda's purification plant is an example of best practices within the Group. This facility allows the biological quality of the Aragón River as it passes by the plant to be improved. In 2021, a third party (Ekolur) performed a study of the water quality, concluding that a good high biological quality continues to be maintained in our downstream discharges.

Viscofan fosters investment in water treatment facilities. In this regard, at the Cáseda plant, linked to the investments in new production capacity, in 2021, the size of the water purification plant was extended.

The Group has water purification plants at its manufacturing facilities, where the treatment of water makes it possible to improve the quality of discharges. Factories that treat 100% of the water are: Cáseda (Spain), Zacapu (Mexico), Koteks (Serbia), Itu (Brazil), Pando (Uruguay) and Suzhou (China).

Wastewater broken down by destination is as follows:

Water discharge in m3	2021	2020	2019	2018
Freshwater surface	4,643,756	4,588,313	4,354,863	4,279,567
Local treatment plant	3,788,866	3,682,863	3,405,950	3,387,789
<b>TOTAL</b>	<b>8,432,622</b>	<b>8,271,176</b>	<b>7,760,813</b>	<b>7,667,357</b>
Water discharge in %	2021	2020	2019	2018
Freshwater surface	55.10%	55.50%	56.10%	55.80%
Local treatment plant	44.90%	44.50%	43.90%	44.20%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## 2030 commitment to reduce the intensity of water collection

The United Nations Global Compact, of which Viscofan is a signatory member, is committed to SDG 6. Clean water and sanitation. Viscofan's commitment has materialised with a target by 2030 of a 10% reduction in water collection over a million extruded metres with respect to 2018.

The variations in the ratio on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	Commitment 2030	2021	2020	2019	2018
Water withdrawal in m3 / Extruded meters	90	95	100	101	100



## Responsible management of the use of raw materials and minimisation of waste. Circular economy

# 84%

of our income originates from natural, biodegradable or recycled material casings and the rest corresponds to plastic casings of a synthetic nature. In the selection of raw materials, we seek to reduce their environmental impact as much as possible.

Population growth influences the availability of the planet's resources, and the efficient use of such resources and the quest for a circular economy are essential. A global challenge requires environmental criteria to be included throughout the whole value chain to minimise the impact of Viscofan's activities.

The artificial casing production process transforms raw materials by mechanical and chemical means, leading to waste generation. Working in conjunction with the whole value chain, Viscofan promotes the sustainable use of resources. Firstly, through the selection, search and approval of raw materials, which are then transformed by mechanical and chemical means, producing millions of metres of casing per year. In this process, Viscofan is constantly searching for more efficient technology, which involves a reduced generation of waste, encouraging its circularisation. Lastly, Viscofan's product innovation helps and encourages the innovation of meat producers in the search for more sustainable products.

### Management of raw materials

84% of our income originates from natural, biodegradable or recycled material casings and the rest corresponds to plastic casings of a synthetic nature. In the selection of raw materials, we seek to reduce their environmental impact as much as possible:

- Cellulose and abaca pulp: To avoid deforestation and its impact on climate change, all our suppliers of abaca pulp and cellulose have PFEC or FSC certification that ensures the sustainable management of trees and forests. In addition, our cellulose and fibrous casings are compostable, and economically viable alternatives are being sought to take advantage of their properties, both in obtaining glucose or in their use as biogas.
- Collagen skin: Bovine and pig skin is used to obtain this material. It is extracted from the layer of the hidden mid dermis through the mechanical elimination of layers of epidermis and meat.
- Plastic: It represents a significant technological challenge in the search for sustainable solutions. In this line, we are working according to the 4R model (reduce, reuse, recycle, repair) in plastics technology with different initiatives, of which the following stood out in 2021:
  - o The commercial launch in 2021 of the eFAN product line, which includes casings prepared with a proportion of renewable raw materials of biological origin and casings with a percentage of raw materials from recycled material
  - o The progress in sustainable ISCC PLUS certification at our plastic plants.

### Efficient management and waste circular

Viscofan is constantly searching for more efficient production technology that will enable, inter alia, a reduction in production waste. Furthermore, as established by the Environmental Policy, the concept of circular economy is included in the decision-making processes on investments and in the planning and execution of activities.

The production of casing is an ongoing process whose characteristics mean that waste will be generated throughout, notably, viscose, collagen mass and discarded casing in the converting process. Likewise, associated with environmental management at the water purification plants and the gas treatment facilities, the Group generates a material amount of waste.

For the management of the waste generated, we use disposal methods that have been determined locally based on local regulations and good practices within the Group, taking into consideration the characteristics of the production process and the raw materials used.

	2021	2020	2019	2018
Waste* in tonnes (tns)	63,410	57,344	49,307	53,423
Waste in tn / Metres produced. Base 100 year 2018	99	97	93	100
<b>Ratio of intensity to income</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total waste in tns / revenue in millions €	65	63	58	68

\* Excluding non-recurring impacts. At the Danville plant, a factory defect in a boiler caused an unplanned production stoppage, which led to a significant increase in plant waste. Likewise, at this plant a technological improvement project was commenced, for which the cleaning of facilities was required, generating waste whose destination was the landfill. As a whole, these non-recurring impacts represent 401 tonnes of waste earmarked for the landfill, which are not included in the total waste figure, since they are not associated with the business' usual production process.

In 2021, the tonnes of waste increased by 10.6% for the following reasons:

- The increase in Viscofan's production activities, with more millions of metres extruded.
- The tests performed for the start-up of the new fibrous capacity at the Caseda plant have led to a specific increase in waste.
- At the San Luis Potosi plant in Mexico, landfill waste increased due to the inclusion and start-up of the plastic casing production capacity transferred from the USA.

The following is a breakdown of waste and by-product management by category:

Waste and by-product management	2021			Waste and by-product management	2020		
	Non-dangerous	Dangerous	TOTAL		Non-dangerous	Dangerous	TOTAL
Reused	11.60%	1.10%	12.70%	Reused	5.80%	0.00%	5.80%
Recycled	9.60%	0.50%	10.10%	Recycled	8.60%	0.40%	9.00%
Composted	20.50%	0.00%	20.50%	Composted	29.90%	0.00%	29.90%
Recovered	2.90%	0.30%	3.20%	Recovered	1.70%	0.00%	1.70%
Incinerated	6.00%	0.30%	6.30%	Incinerated	6.60%	0.40%	7.00%
Landfill	35.40%	1.20%	36.60%	Landfill	34.50%	1.60%	36.10%
Others	1.80%	8.80%	10.60%	Others	2.90%	7.50%	10.40%
<b>TOTAL</b>	<b>87.80%</b>	<b>12.20%</b>	<b>100.00%</b>	<b>TOTAL</b>	<b>90.10%</b>	<b>9.90%</b>	<b>100.00%</b>

Within its commitment of an efficient and circular management of waste, the performance of projects at different subsidiaries is being implemented and analysed. Hence, in 2022, it is envisaged to implement a recycling project at the San Luis Potosi plant in Mexico to reduce landfill waste. Likewise, in the Czech Republic, a study is being performed to seek an improved treatment of waste through the recycling of cellulose in the converting production phase.

Moreover, the Viscofan Group has implemented an environmental management system with a view to preventing spillages and leaks, in which it has established management mechanisms and technical control elements. There were no spillages or leaks at Viscofan Group facilities in 2021 that had to be reported to the competent authorities, understood to be those that cause damage to the external area of the facility and must be reported to the corresponding administration.

### 2030 commitment to reducing landfill waste

The United Nations Global Compact, of which Viscofan is a signatory member, is committed to SDG 12. Responsible consumption and production. Viscofan's commitment has materialised with a target by 2030 of a 30% reduction in tonnes of landfill waste over a million extruded metres with respect to 2018.

The variations in the ratio on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	Commitment 2030	2021	2020	2019	2018
Tons of waste* in landfill / Extruded meters	70	93	90	91	100

\* Excluding non-recurring impacts

Likewise, the reduction in the intensity of landfill waste was tied to the 2019-2022 Long-Term Incentives Plan aimed at executive directors, executives and key personnel, attaining 65% of the objective.

### Environmental fines and penalties

In 2021, the Viscofan Group had not received any environmental penalties.



# 2.7

## Human rights and impact on society



# Human rights and impact on society

In its Sustainability policy, the Viscofan Group has a firm commitment to Human Rights, undertaking to carry out its activities in a responsible manner and to generate positive impacts on the communities in which it operates. In this regard, in 2021, Viscofan implemented different social initiatives through the help of different bodies and institutions in the communities in which it is present.

In line with the United Nations Agenda 2030, Viscofan is following an international roadmap to achieve a more sustainable world in social and environmental terms, since we wish to contribute to enable these objectives to achieve all their transformative power and ensure a better world for future generations.

## MATERIAL ASPECTS HUMAN RIGHTS AND IMPACT ON SOCIETY



Human Rights and impact on society



Local communities

## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS. LINES OF ACTION



- > Donations to NGOs to combat hunger, especially in the context of the crisis generated by COVID-19
- > Development of specific products to combat malnutrition.



- > Donations for the improvement of health facilities and equipment in hospitals, senior centers, pediatric centers and centers for the care of disabled people.
- > Donation of sanitary equipment and individual protection material to fight against COVID-19 in the context of a health emergency.
- > R+D+i looking for solutions based on our knowledge for the development of Advanced Therapies in our Division of Bioengineering and food supplement products.



- > Working towards full, productive and decent employment for people with disabilities.
- > Promote the training and growth of microenterprises and SMEs for the creation of decent jobs.
- > Support to public institutions in projects to promote the local industry.

## Our main lines of action in human rights

The Viscofan Group sets common basic guidelines on human rights as the guiding principles in various areas of the organisation. from employee management to supplier relationship management. These guidelines can be grouped around 3 lines of action: 1) rights in relation to work - promotion of non-discrimination, free association of workers, integration of the disabled, rejection of child exploitation, rejection of forced labour and compliance with the minimum wage in each country, among others -; 2) fight against corruption, and 3) the responsible management of the supply chain.

*The Viscofan Group sets common basic guidelines on human rights as the guiding principles in various areas of the organisation. from employee management to supplier relationship management.*

Some noteworthy measures in the field of labour law:

- **Promotion of the principle of non-discrimination.** The Code of Conduct stipulates that "the employees of the Viscofan Group, within their geographical compass and cultural diversity, will especially abstain from using any behaviour involving discrimination on the grounds of race, sex, nationality, language, religion, ideology or any other individual, social or personal circumstances (disability, economic position, trade union membership, etc.), and they will promote work in decent conditions, preventing any type of exploitation, with special care taken to prevent child labour".
- **Rejection of any form of child labour.** Viscofan does not permit child labour and requests a similar commitment from its suppliers.
- **Prohibition of forced labour.** Viscofan promotes work in decent conditions, as well as the prevention of forced labour and consequently, as a control and monitoring measure, this risk has been specifically included in the risk matrix of the Global Risk Committee in order to detect any violations.
- **Protection of the free association of workers.** 73% of the company's employees are covered by general collective bargaining agreements that regulate their employment activities, therefore improving the minimum conditions set by different labour legislation. Employees located at plants in the countries listed below have availed themselves of the following collective bargaining agreements: Spain, Czech Republic, Germany, Serbia, Belgium, France, Australia, United States, Mexico, Brazil and Uruguay.
- **Compliance training.** To raise the awareness of all company employees regarding the importance of respect and integrity in all employment and professional relations, Viscofan continues with its regulatory compliance training for all company employees in eight languages. Training has been designed in an attractive and multi-format manner that effectively trains employees in ethical standards that must be complied with and, at the same time, empowers all employees to combat any type of conduct that attacks the dignity of people in the employment environment (sexual harassment or harassment at work, etc.) or any corrupt procedures within the company (fraud, bribery, etc.).
- **Site accessibility.** With regard to the accessibility of people with disabilities, Viscofan does not have a global standard that regulates the accessibility of disabled people at its offices and other sites. However, the company complies with all its local regulations and applicable building codes in the countries in which it operates.
- **Salaries above the minimum wage of each country.** The minimum remuneration of employees is considered in accordance with the salary level and legal rules of each country where Viscofan carries out its activities. Given the training needs, the characteristics of the production process, and the internal policies of the Viscofan Group that respect the current legislation in each country, the minimum remuneration of the workforce is above the minimum wage established in the country.

The Anti-Corruption Policy also seeks to minimise the risk of acts of corruption, bribery, extortion and other acts of this nature that may undermine human rights and be an obstacle to sustainable development affecting the most unprotected societies. Furthermore, this fight against corruption envisaged by our policy sets specific criteria with regard to donations and sponsorship, establishing the prohibition on using them "to conceal undue payments" or "to make donations to political parties or entities linked thereto".



### Training in human rights

Use of non-sexist language, corporate social responsibility, gender equality and sexual harassment

**4,933**  
hours

Also, in line with the target of extending responsible management to the supply chain, Viscofan requests all its suppliers to commit to the defence of human rights, in line with United Nations guidelines. Viscofan SA also forms part of Sedex, the largest collaborative platform for the responsible sharing of supply chain data.

## Supervision of compliance – Human rights

The Viscofan Group demonstrates its support and contribution to the dissemination and respect of human rights through three channels:

Since 2015, Viscofan has been a member of the United Nations Global Compact, an initiative of the UN. Viscofan was the first of the companies in its sector to sign it, motivated by its desire to contribute to the well-being of people and promote the economic, environmental and social development of the communities in which it is present.

The company's human rights policy adopts the basic principles of respect for internationally recognised human rights, contained in: the ten principles of the United Nations Global Compact, the European Convention on Human Rights, the United Nations Convention on the Rights of the Child, the guidelines of the OECD for multinational companies and the Social Policy of the ILO, among others.

In its Code of Conduct, Viscofan establishes that all Group employees, within their scope of action, must contribute to respecting and protecting human rights, and avoid any conduct contrary to such rights detected in the area of their activities.

To achieve these human rights objectives, Viscofan has an Ethics and Compliance Committee, which is responsible for opening, on its own account or at the request of a third party, an investigation of any situation that may give rise to a risk for the Group, as a result of a breach of the internal regulations or any other circumstance. To this end, Viscofan also has a whistleblower channel accessible to all employees and stakeholders, in which they can report any sign of conduct that they consider to be a possible risk. This channel is available at Vinsite (internal communication platform for Viscofan Group employees) on the Group's web page, although complaints can also be sent to the Ethics and Regulatory Compliance Committee by e-mail or by post to the Group's headquarters in Navarre. No cases of human rights violations were reported in 2021 and, specifically, nor has any case of forced labour or child exploitation been registered through the complaints channel.

The detailed description on the Viscofan Group's regulatory compliance system is set forth in section 2.3. Corporate Governance of this Management Report.

### Training

Viscofan understands that training in human rights is a fundamental tool for raising employees' awareness in this area. In 2021, 4,933 hours were devoted to human rights training (compared to 4,056 hours the previous year):

Training dedicated to Human Rights	2021			2020		
	Men	Women	Total	Men	Women	Total
Training hours	3,607	1,326	4,933	3,034	1,022	4,056
% of total training hours	9.60%	6.90%	8.70%	4.40%	2.60%	3.80%

## Alliances

We have a long history of collaboration with institutions or research centres in different countries, which ratifies the historical importance of SDG 17 (Partnerships for the Goals) at the company. In particular, Viscofan is part of and promotes various associations and groups seeking to find ways of collaboration in the industry to increase its contribution to society. These institutions include:

- **International Committee For Cellulose Films (CIPCEL)**. Based in Brussels, CIPCEL comprises the leading producers of regenerated cellulose film products.
- **Collagen Casing Trade Association (CCTA)**. Association of the main collagen tripe producers throughout the world that offers a forum to its members to examine the enactment of legislation and actively promote the use of collagen tripe.
- **Spanish Plastics Centre (CEP)**. This is the Spanish association of entities relating to the manufacture and processing of plastics.
- **European Association Plastic Converters (EUPC)**. European association that groups together national plastic converter companies and associations.
- **Gelatin Manufacturers of Germany (GMG)**. An organisation of German gelatin producers.
- **AINIA**. Food technological centre based in Spain that supports the R&D tasks of its partners, especially in the areas of quality, food safety, sustainability, environment, design and industrial production.
- **ANICE**. The Spanish National Association of the Meat Sector is the biggest meat association in Spain to provide advice, represent and defend the sector's interests.
- **National Centre for Technology and Food Safety (CNTA)**, the purpose of which is to provide advanced technological services to improve competitiveness in the food sector through quality and innovation, under the principle of food safety.
- **CEO for Alliance for Diversity**. An alliance that aims to unite companies around a common innovative vision of diversity, equity and inclusion and to accelerate the development of strategies that contribute to: business excellence, competitive talent in Spain and the reduction of inequality and exclusion in the Spanish society.
- **AIMPLAS**. The Plastics Technology Centre offers integral solutions to companies within the plastics sector through the technical implementation of R&D&i projects.
- **NAITEC**. Multidisciplinary Technology Centre for the Industry.

Viscofan also collaborates with different universities and research centres:

- University of Navarre (Spain)
- Public University of Navarre (Spain)
- CIDAUT Foundation for Research and Development in Transport and Energy (Valladolid, Spain)
- MORE Institute Research (Germany)
- Hochschule Manheim Fraunhofer Institute (Germany)
- Tübingen University (Germany)
- Sao Paulo University (Brazil)
- Suzhou University (China)
- Universidad Tecnológica del Uruguay (UTEU)

*Moreover, Viscofan is importantly supported by the different administrations of the countries where it develops R&D activities*

The principal issues on which these collaborations are based are: food safety, analysis and development of new materials, process and food industry engineering, advanced physical and chemical analysis, basic research on materials and alternative uses and other packaging systems.

Moreover, Viscofan is importantly supported by the different administrations of the countries where it develops R&D activities, for example: the Centre for Industrial Technical Development (CDTI) and the Ministry of Economy and Competitiveness (MINECO) in Spain, the Federal Ministry of Education Research in Germany, the National Council of Science and Technology (CONACYT) in Mexico and the Institute of Technological Research (IPT) in Brazil. Likewise, in 2020 two regenerative biomedicine research consortiums were approved – ARDAT and TriAnkle - in which Viscofan BioEngineering participates and manages, respectively, together with other leading bodies and public-private companies. The ARDAT consortium, backed by the Innovative Medicines Initiative (IMI), brings together 34 expert organisations throughout the whole of Europe and the USA, with the shared objective of helping to standardise and accelerate the development of Advanced Therapy Medicinal Products (ATMP) and contributing to ensuring that these transforming treatments reach patients as soon as possible. Also, the research consortium TriAnkle, led by Viscofan, will permit the 3D manufacture of personalised 3D implants based on collagen and gelatine to regenerate injured tendons and cartilage, representing an innovative technique that will enable a greater more rapid recovery of tissue.



### Commitment to our communities

The human rights principles and standards set out in the Agenda 2030 for Sustainable Development encompass a wide range of social, economic and environmental objectives. Our of all of these, Viscofan has identified the Sustainable Development Goals (SDGs) where the company can generate the greatest positive impact, and to do so it has taken into account both the nature of its business activity and the corporate mission and vision.

The following goals have been identified by the company as a priority:

GOALS HAVE BEEN IDENTIFIED BY THE COMPANY AS A PRIORITY



Since the health crisis caused by the COVID-19 pandemic, Viscofan has been contributing, through numerous donations, to improving facilities and health equipment at hospitals, care homes for the elderly, paediatric centres and care homes for disabled people in various countries. Also, Viscofan has helped to check the negative effects of COVID-19, through the donation of different products such as protection measures to fight the pandemic.

Also, donations have been made to various NGOs, supporting local projects and micro-projects to fight against hunger and poverty, whose task in the most affected communities by the economic crisis caused by COVID has been and continues to be essential.

These initiatives were carried out in various countries in which Viscofan has its own presence, thereby contributing to the achievement of these five priority SDGs in which Viscofan may generate a greater positive impact. As a whole, the amount earmarked in 2021 was €288 thousand (€426 thousand in 2020).

Below, are some of the initiatives that most stand out, by country:

**Canadá**

**Helping families in need**

Donation to Sun Youth to support low-income families by providing them with food and other essential services.

Donation for student scholarships (Canadian Council Project).



**USA**

**Aid to children and young people**

Donations to charities that provide resources to children (Monogram Loves Kids Foundation Project).

It helps children and young people at risk of social exclusion (PV Young Lives project).



**México**

**Donation of protection material against Covid**

Donation of hydroalcoholic gel to the Mexican Social Security Institute (IMSS) for distribution in different churches and entities of the municipality of Zacapu in Michoacán.

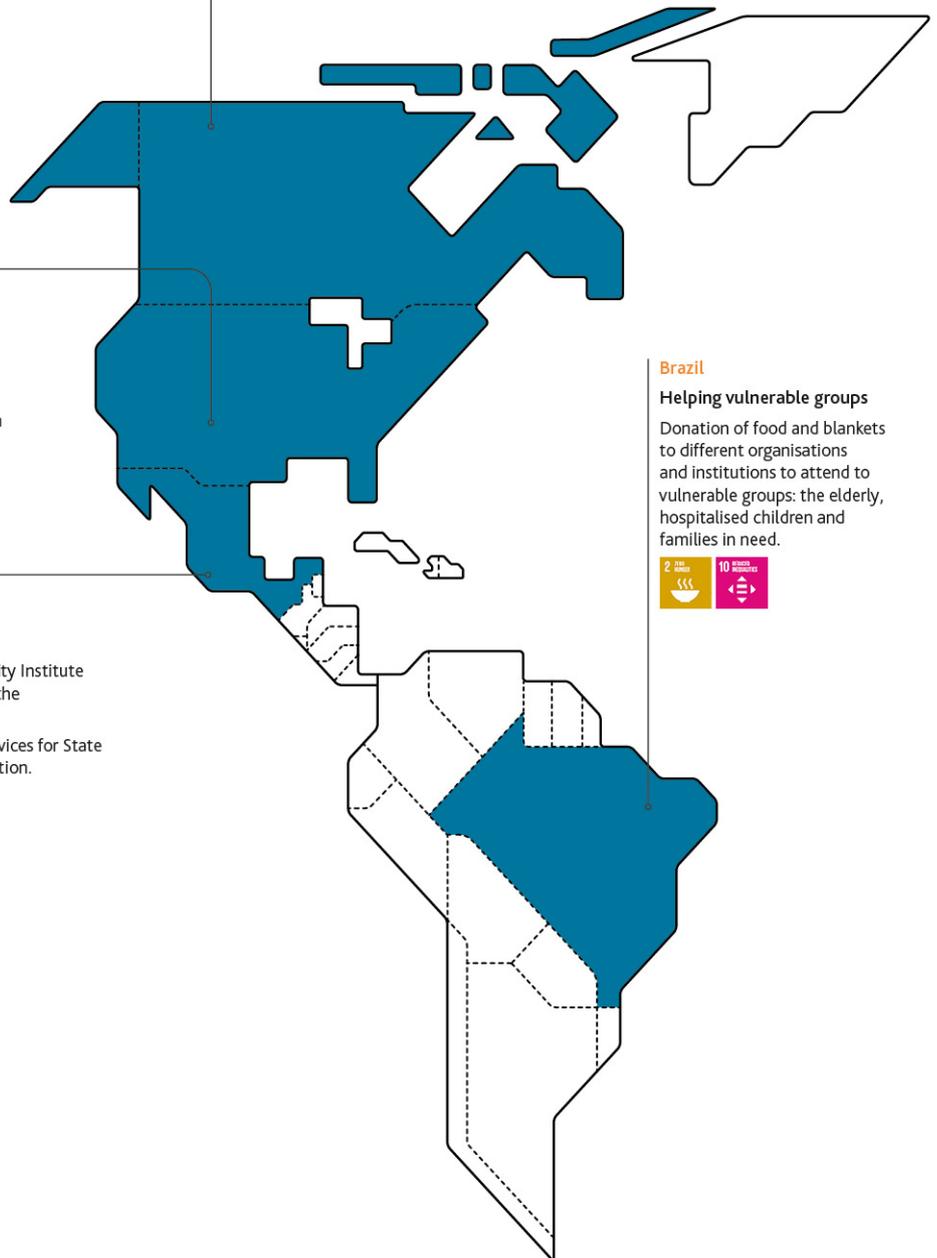
Delivery of masks to the Institute of Security and Social Services for State Workers (ISSSTE) for distribution among the civilian population.



**Brazil**

**Helping vulnerable groups**

Donation of food and blankets to different organisations and institutions to attend to vulnerable groups: the elderly, hospitalised children and families in need.



**Spain**

**Donation to non-profit associations**

Donation to improve the facilities of the Josefina Arregui clinic. Support for and sponsorship of the activities to promote and visualise the ELA (DalecandELA Foundation).



**Aid to NGOs fighting hunger and poverty**

Economic and food donation to Caritas for the fight against hunger and the effects of poverty, in the context of an economic crisis generated by COVID-19.



**"Entrepreneurial impulse" "Aditech Foundation**

Support to startups through sponsorship, mentoring and promotion of scientific development for the promotion of innovative companies in the region.



**Activities for the promotion, conservation and dissemination of culture**

Support for seminars to disseminate the culture and artistic heritage of Navarre, including the sponsorship of the recovery of artistic works.



**Support to foundations for the promotion of local development and international relations**

Support to foundations that have as their objective the local and regional development, the promotion of knowledge and the support of international relations for the creation of employment and dissemination of knowledge between countries.



**Belgium**

**Bee-hives**

Donation to Happy Bees for the installation of hives in companies with the aim of growing the bee population.



**Germany**

**Support for health workers and carers in Weinheim and vulnerable groups**

Support to the initiative of the City of Weinheim in its appeal to make donations so that nursing staff in hospitals, nursing homes, etc. can receive a voucher for 2 people for a day of well-being. Financial support for a family victim of a flood in Rhineland-Palatinate



**Actions for the promotion of sport and outdoor activities**

Apoyo al equipo juvenil del club de fútbol local TSG a través de la compra de ropa deportiva,

Support to the youth team of the local football club TSG through the purchase of sportswear.

Donation of sports equipment to the youth team TTC Weinheim.

Donation for the renovation of the hydrotherapy space of the Weinheim Exotenwald.



**Serbia**

**Public Transportation Company**

Arrangement of a line of urban buses for employees and for other citizens in Novi Sad in a context of a state of emergency throughout the whole country due to the cancellation of public transport in the city of Novi Sad. This line of transport was used on an ongoing basis in 2021, to reduce the risk of catching COVID in scheduled transportation.



**Environmental improvement activities**

Cleaning of the waste dump in the Klisa area in the city of Novi Sad in order to protect the environment and provide healthier living conditions in the area.



**Czech Republic**

**Helping vulnerable groups**

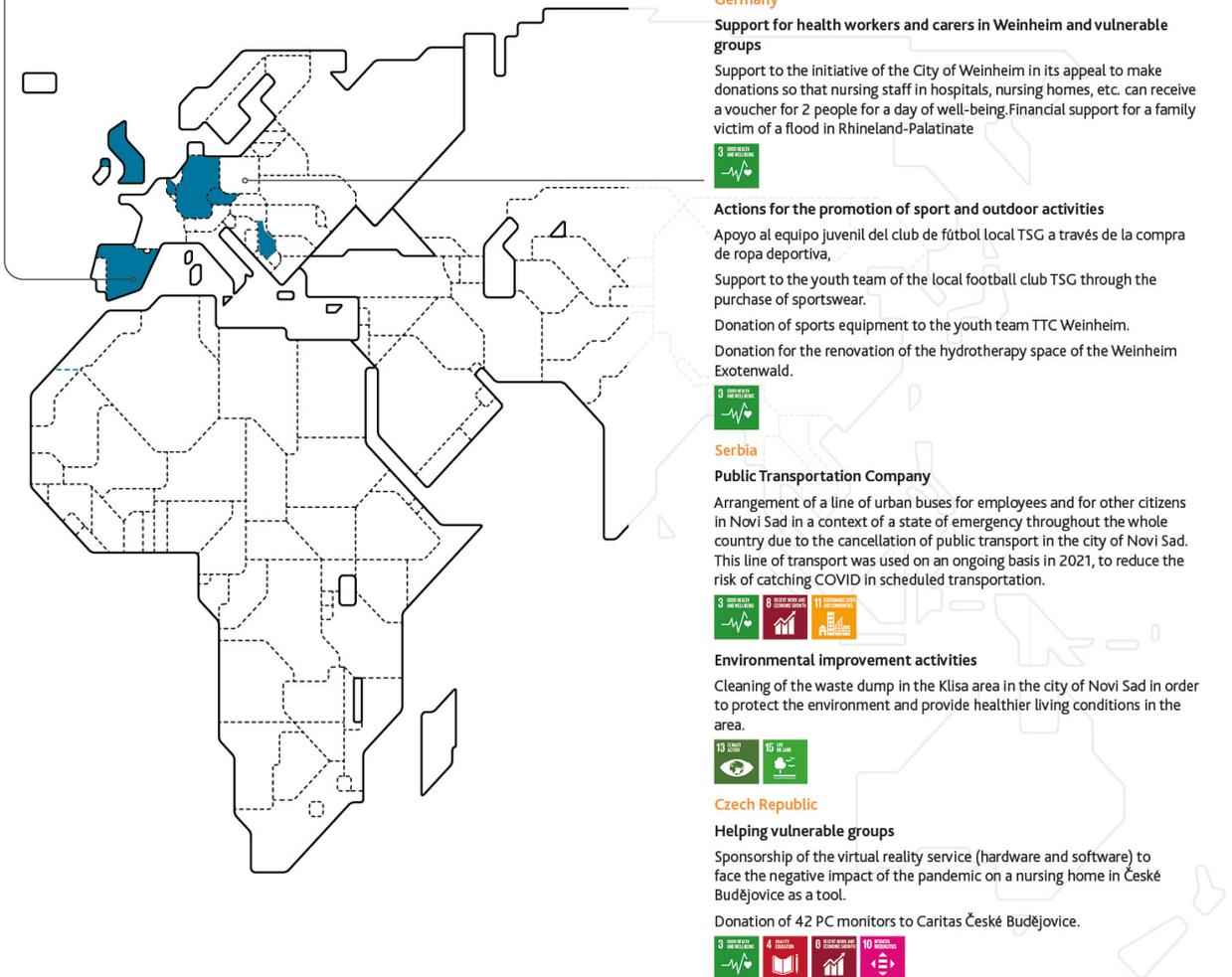
Sponsorship of the virtual reality service (hardware and software) to face the negative impact of the pandemic on a nursing home in České Budějovice as a tool.

Donation of 42 PC monitors to Caritas České Budějovice.



**Supporting local hospital employees during the pandemic**

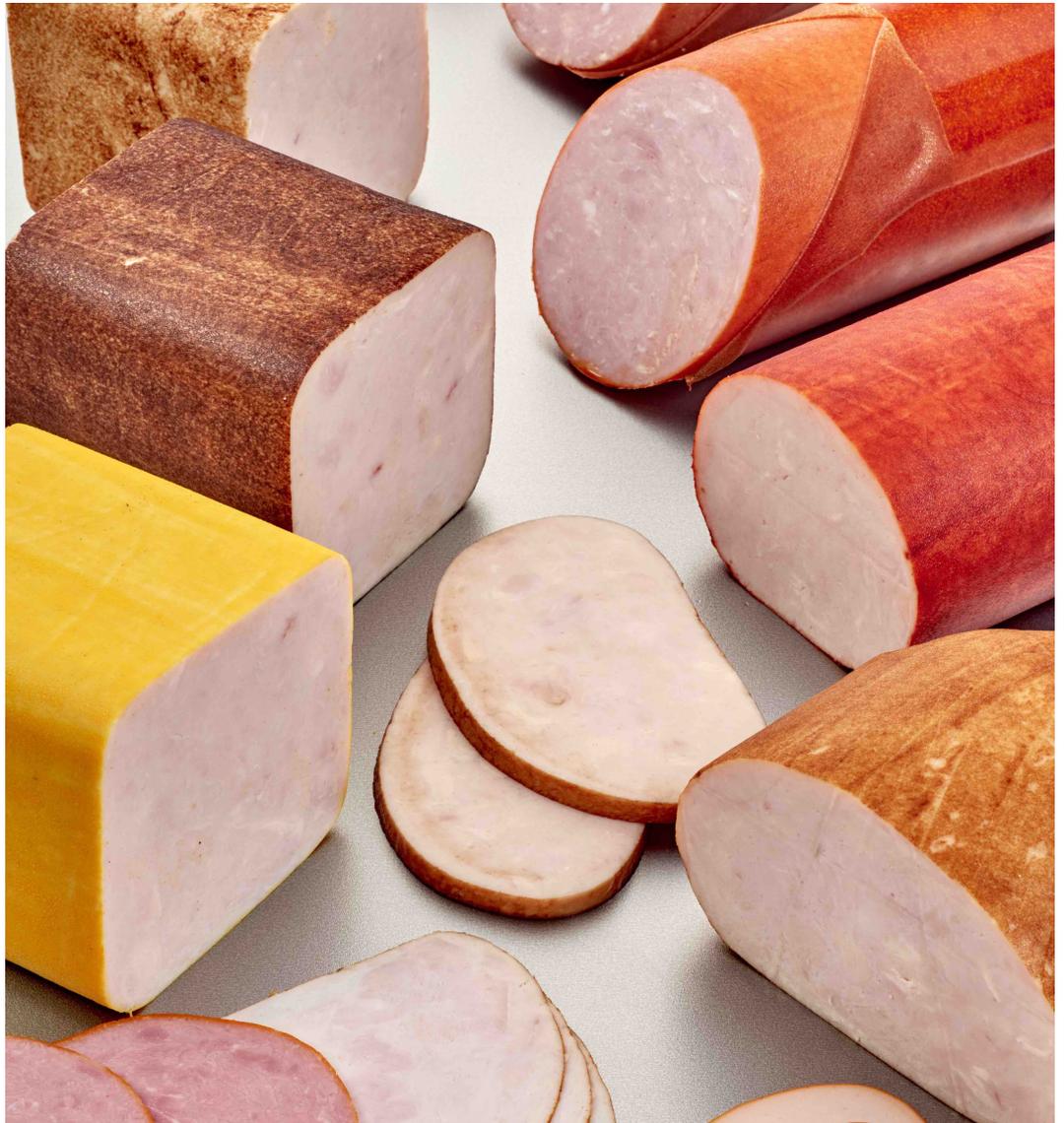
Support to local hospital employees during the pandemic through purchase of food for the medical staff of the pandemic infection department of the České Budějovice Hospital.



### Responsible taxation

As a result of some of these relationships, common projects are arising with which it collaborates and for which financial support has been received through grants and loans from official bodies. Viscofan is aware of the social impact its activity generates: from direct or indirect employment generated by its implementation, to the financial benefit that it obtains from its activities at each of the different companies at which it operates (note 7.1 of Viscofan S.A.'s financial statements) through which it contributes through the corresponding taxes. In 2021, income tax payments amounted to €43.3 million, as a result of the Group's business activities in different countries. There is more information about taxes in note 18 of the consolidated report. There is information about capital grants in note 13 of the consolidated annual accounts.

In this vein, at 31 December, the financial statements included loans with the CDTI and the Ministry of Economy and Competitiveness in Spain, amounting to €13 million (note 16 to the consolidated financial statements).



# 2.8

## Viscofan on the stock market



# Viscofan on the stock market

## Stock markets

2021 was characterised by the recovery of the global economy following the blow suffered in 2020 as a result of the COVID-19 pandemic. This was due especially to the vaccination campaigns deployed by most countries in the world, and also to the measures of monetary and fiscal support implemented by central banks and governments. However, the disruptions to the global supply chains and the appearance of new coronavirus variants led to a cooling off of the growth expectations by the International Monetary Fund (IMF).

Likewise, with this context, the imbalances between supply and demand led general inflation rates to increase rapidly in the last months of the year, to stand at maximums in the last decades, especially in the area of raw materials and energy.

In this regard, the IMF is projecting growth in the global GDP of +5.9% for the whole of 2021, with respect to the fall-off of -3.1% reported in 2020.

The global stock markets have reflected this context of economic growth with these rises. Noteworthy in the United States was the S&P 500 index with an appreciation of +26.9% in 2021, and in Europe, the Euro Stoxx 600 with a rise of +22.2%, the German DAX of +15.8%, being lower than the appreciation of the Spanish Ibex 35 stock exchange with +7.9%.



## Viscofan shares

Viscofan's share capital consisted of 46,500,000 shares of €0.70 par value each, of the same class and fully paid-in.

Viscofan's shares are admitted to trading on the Spanish stock markets, listed on the continuous market, since the company's exit from the stock market in December 1986.

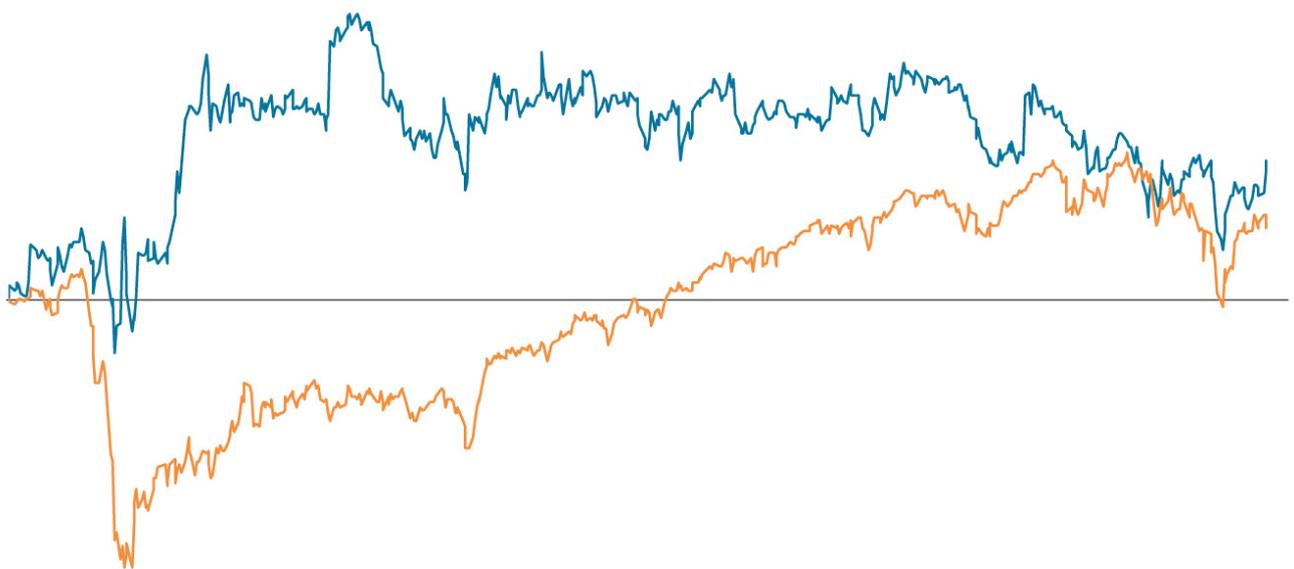
It is listed on the Madrid Stock Exchange General Index (IGBM) and forms part of the Consumer Goods segment, within the Food subsector, the Ibex Mid Cap and the Ibex Top Dividendo index.

### 2021 performance

The soundness of the results reported in the different quarters of 2021 were transferred in various phases of the year to Viscofan's shares, which have succeeded in rising above €60 per share, consolidating such a positive year as 2020, with a rise in shares of 23.2%. However, coinciding with the inflationary pressure at world level in the last months of the year, the value was cut until closing the year at €56.9 per share, a drop of 2.0% with respect to 2020 year-end, but it is expressed by a rise of 0.9% if the dividends paid during the year are included.

The average daily market price in the year was €58.1 per share and Viscofan's market capitalisation stood at €2,646 million at the end of 2021.

VISCOFAN VS STOXX EURO 600. BASE 100 JANUARY 2020



Jan. 2020

Apr.. 2022

Viscofan  
Euro Stoxx 600

Likewise, in the whole of the year, over 19.6 million shares in Viscofan were traded on the Spanish continuous market, with a trading volume of €1,136 million, which is equivalent to a daily average of €4.4 million.

## Creating shareholder value

Throughout the different strategic plans, the Viscofan Group has built a sound and flexible business model. This characteristic entails the creation of cash flows that allow investment projects to be carried out in order to improve value creation, which is shared with shareholders in cash and at the same time maintaining a sound balance sheet structure.

For example, in the period between 2016 and 2021, within the MORE TO BE Strategic Plan, Viscofan invested €476 million looking ahead in its value creation proposal, to lead the main casing markets in our three procedural axes: service, technology and costs. It represents the greatest investment period in Viscofan's history, which has combined with a growing remuneration to shareholders, with a remuneration per share which rose from €1.35 in 2015 to the €1.84 per share proposed in 2021, and which represents a total distribution in the MORE TO BE period of €465 million, including the distribution of dividends, attendance fees at the General Shareholders' Meeting and the repurchase of redeemed shares.

In this respect, the stock market continues to recognise the Viscofan Group's value creation, and is combined with the Group's commitment to shareholder remuneration. Thus, in the last ten years, the average annual return was 7%, reaching 10% if we take into account shareholder remunerations. In fact, any shareholder that, in any of the last ten years, had bought shares at the beginning of the year and had maintained them until 31 December 2021, had received positive returns with the exception of those that acquired them at 31 December 2020, although they would have also seen their capital protected if the dividend distribution is included. Analysing the creation of value over time, this is greater for shareholders who have held shares in Viscofan for a longer period of time. For example:

The investment of a shareholder that invested €1,000 in Viscofan shares at the end of December 2011, and held them at 31 December 2021, was worth €1,992, and in these 10 years this individual also received €519 in dividends, a combined return of 151%.

### IBEX 35 PROFITABILITY COMPARED TO VISCOFAN

Buy year (31/12)		Sell year (31/12)										Annual rate
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
2011	Viscofan	49.4%	44.3%	53.8%	94.1%	63.5%	91.9%	67.9%	64.3%	102.5%	98.5%	7.1%
2011	Ibex 35	-4.7%	15.8%	20.0%	11.4%	9.2%	17.2%	-0.3%	11.5%	-5.8%	1.7%	0.2%
2012	Viscofan		-3.4%	2.9%	30.0%	9.4%	28.5%	12.4%	10.0%	35.6%	32.9%	3.2%
2012	Ibex 35		21.4%	25.9%	16.9%	14.5%	23.0%	4.6%	16.9%	-1.1%	6.7%	0.7%
2013	Viscofan			6.6%	34.6%	13.3%	33.0%	16.4%	13.9%	40.4%	37.6%	4.1%
2013	Ibex 35			3.7%	-3.8%	-5.7%	1.3%	-13.9%	-3.7%	-18.6%	-12.1%	-1.6%
2014	Viscofan				26.3%	6.3%	24.8%	9.2%	6.9%	31.7%	29.1%	3.7%
2014	Ibex 35				-7.2%	-9.0%	-2.3%	-16.9%	-7.1%	-21.5%	-15.2%	-2.3%
2015	Viscofan					-15.8%	-1.1%	-13.5%	-15.3%	4.3%	2.3%	0.4%
2015	Ibex 35					-2.0%	5.2%	-10.5%	0.1%	-15.4%	-8.7%	-1.5%
2016	Viscofan						17.4%	2.7%	0.5%	23.9%	21.5%	4.0%
2016	Ibex 35						7.4%	-8.7%	2.1%	-13.7%	-6.8%	-1.4%
2017	Viscofan							-12.5%	-14.4%	5.5%	3.4%	0.8%
2017	Ibex 35							-15.0%	-4.9%	-19.6%	-13.2%	-3.5%
2018	Viscofan								-2.1%	20.6%	18.2%	5.7%
2018	Ibex 35								11.8%	-5.5%	2.0%	0.7%
2019	Viscofan									23.2%	20.8%	9.9%
2019	Ibex 35									-15.5%	-8.7%	-4.5%
2020	Viscofan										-2.0%	-2.0%
2020	Ibex 35										7.9%	7.9%

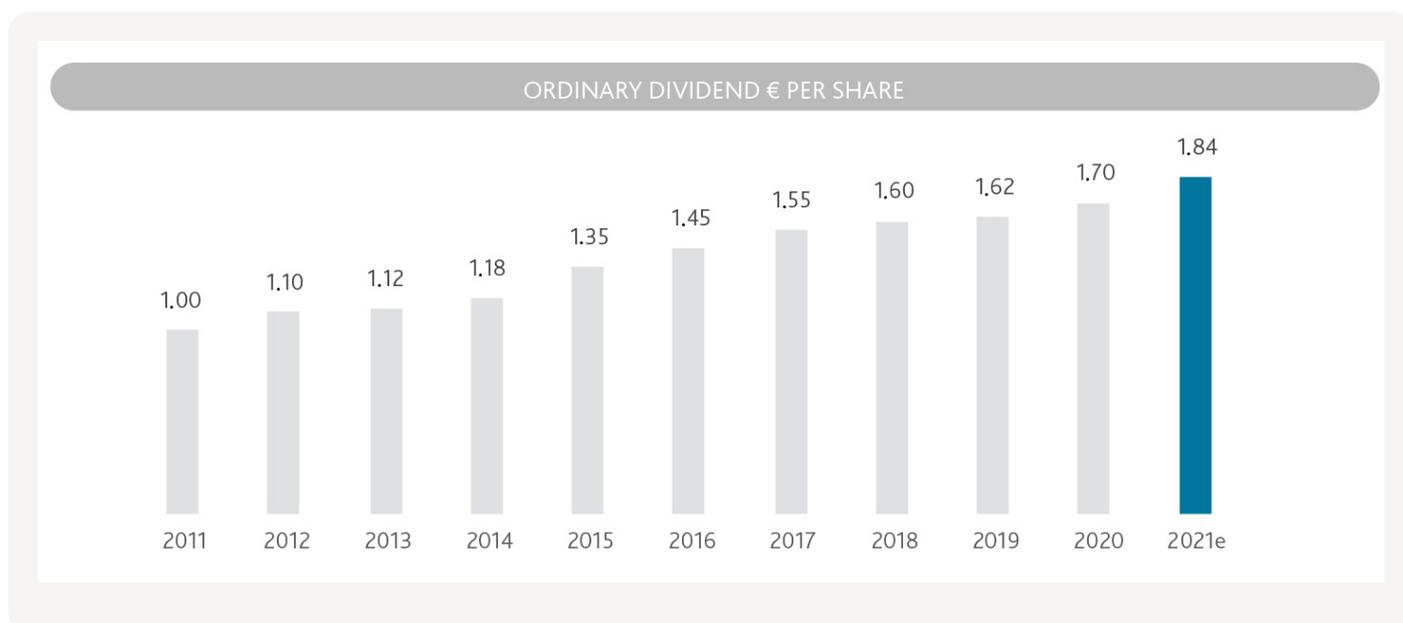
## 2021 dividend

The proposed total shareholder remuneration with a charge to 2021 profit stood at €1.84 per share and exceeds, by 8.2%, the ordinary remuneration per share of €1.70 approved in the previous year. This proposal means distributing 64% of the Group's net earnings in 2021.

This can be broken down as follows:



In terms of profitability, the total dividend proposed for 2021 is 3.2% of the average share price during the year.



## Viscofan, its shareholders and investors

One of Viscofan's objectives, through its Department of Investor and Shareholder Relations, is to create value for the investor community by improving accessibility, the transparency of information and providing shareholders with relevant information of a financial and non-financial nature, on its strategy and on its operations to gain a better understanding of the company.

To ensure this information flow and to grant certainty to shareholders, markets and other stakeholders on the transparency and access to information, Viscofan has a Communication policy with shareholders, institutional investors, advisors on voting and economic-financial, non-financial and corporate information, defined in conformity with the good governance practices and recommendations applicable to listed companies.

### Communication channels

Viscofan provides the investment community with a multitude of communication channels: presentations at seminars and events organised by the financial community, roadshows with institutional investors promoted by the company or by brokers, earnings presentations, the General Shareholders' Meeting, organised visits to Viscofan's head office, telephone calls to a dedicated investor and shareholder helpline, a special e-mail address, notifications and regular public information submitted to the CNMV (Spanish National Securities Market Commission).

Also, the information published on the website [www.viscofan.com](http://www.viscofan.com):

- In the Investor Relations section in which Viscofan makes the latest news, reports and quarterly presentations of results, annual report, share price performance and other information of interest, etc., available to the public.
- The Sustainability section details the information on Viscofan's main commitments to the Sustainable Development Goals, indicators in the area of sustainability and the 2030 commitments to reduce the intensity of emissions, of water collection, of waste sent to landfills, to reduce the accident rate and to promote diversity.
- Viscofan's Corporate Governance section publishes the information relating to the Board of Directors, committees, policies and regulations and other related information of interest.

Likewise, Viscofan maintains fluid communication with the financial markets, so that in 2021, a total of 16 analysis companies, Spanish and international alike, covered Viscofan on a recurring basis.

At the same time, Viscofan encourages direct contact through face-to-face meetings with investors, both shareholders and non-shareholders interested in the company. However, in 2021, mobility restrictions and social distancing as a result of the COVID-19 pandemic led most meetings to be held virtually.

Accordingly, in 2021, Viscofan held a total of 229 face-to-face or video-call meetings with investors - shareholders or otherwise-, in the framework of seminars and events held by the financial community. In 2020, there were 214 meetings of this type.

The communication effort carried out throughout all these years has been recognised by the investment community. In 2020, the newspaper *The Economist* awarded Viscofan its "Value Creation for the Shareholder" prize. In the XIX edition of the Business Transparency Prizes, the Spanish Accounting and Business Administration Association granted Viscofan the "Most significant improvement" award for Ibex 35 companies. Previously in 2019, "Institutional Investor" in its "All European Executive Team" awarded the prize to Viscofan for the 1st Best investor Relations Programme for Sell-Side of the Paper & Packaging sector.

Bidirectional communication is important, since the questions and concerns of the Financial Community are taken into account and transmitted within the company, such as financial, strategy, sustainability and corporate governance matters.



Analysis companies covered  
Viscofan

# 16

Viscofan maintains fluid communication with the financial markets, so that in 2021, a total of 16 analysis companies, Spanish and international alike, covered Viscofan on a recurring basis.

Meetings with investors

# 229

in 2021

In 2021, the most frequently asked questions were related to the impact of inflation on energy and raw material prices, the rise in sales prices announced for 2022, the management of the COVID-19 pandemic, the variations in casing demand, possible impacts of the disruptions in the supply chains, the extension of fibrous capacity in Cáseda, the sustainability strategy and projects at Viscofan; shareholder's remuneration, among others.

#### Stock Market. Key performance indicators

Share price €	MORE TO BE strategy period					
	2021	2020	2019	2018	2017	2016
Year-end price	56.9	58.05	47.1	48.12	55.01	46.85
Year high	61.45	64.35	56.55	66.2	56.33	56.06
Year low	53.25	43.28	40.12	46.2	46.75	41.84
Viscofan in the stock market evolution	Year end 2021	Year end 2020	Year end 2019	Year end 2018	Year end 2017	Year end 2016
% annual change Viscofan	-2.00%	23.20%	-2.10%	-12.50%	17.40%	-15.80%
% annual change IGBM	7.10%	-15.40%	10.20%	-15.00%	7.60%	-2.20%
% annual change IBEX 35	7.90%	-15.50%	11.80%	-15.00%	7.40%	-2.00%
% annual change Euro STOXX 600	22.20%	-4.00%	23.20%	-13.20%	7.70%	-1.20%
% annual change Medium Cap	8.60%	-9.70%	8.40%	-13.70%	4.00%	-6.60%
% annual change Sub sector Food and beverages IGBM	-1.60%	10.60%	1.80%	-8.40%	5.20%	-5.40%
Stock market trading data	2021	2020	2019	2018	2017	2016
Market capitalization at year-end (millions of €)	2,645.90	2,699.30	2,190.20	2,242.60	2,563.70	2,183.40
Traded volume (million of €)	1,135.80	1,561.80	1,230.50	1,669.10	1,995.20	2,707.10
Daily average trading volume (million of €)	4.4	6.1	4.8	6.5	7.8	10.5
Traded shares	19,626,412	28,338,888	25,815,115	29,807,220	38,658,041	54,701,597
Daily average of traded shares	76,666	110,268	101,236	116,891	151,600	212,022
Share ratios	Year end 2021	Year end 2020	Year end 2019	Year end 2018	Year end 2017	Year end 2016
Listed shares	46,500,000	46,500,000	46,500,000	46,603,682	46,603,682	46,603,682
Earnings per share (1)	2.87	2.63	2.27	2.66	2.62	2.68
Remuneration per share (2)	1.84	1.7	1.62	1.6	1.55	1.45

(1) Net earnings per share is calculated by dividing net profit by the average weighted number of ordinary shares in circulation during the year, excluding treasury stock

(2) Includes: dividends, capital reimbursement, refund of issue premium and bonus for attending the General Meeting

# 3.

## 2021 results



# 2021 results

## Business performance

### MORE TO BE 2016-2021 strategy balance

This period has been characterised by an intense operational, investment, commercial and innovation activity carried out by the Viscofan Group to achieve a triple leadership in the company's strategic pillars: service, cost, and technology. As a result of these initiatives, the market share of casings rose from 30% in 2015 to 38% in 2021, reinforcing the market leadership.

This growth represents millions of casings per year, reaching more homes in the world, to more countries from more factories. All this has been possible thanks to the effort of the human team, which has also grown in the last few years. The average workforce rose from 4,233 people in 2015 to 5,083 people in 2021.

Upon the conclusion of the Strategic Plan, Viscofan has a unique geographical positioning in the sector, with its own presence in 20 countries in five continents, in which 19 production plants are situated.

It has also carried out an intense activity of acquisitions. Vector, Supralon, TransformPack, Globus and Nitta Casings have enabled the Group to extend its geographical and product offering. Otherwise, in this period, by establishing sales offices, Viscofan has moved closer to countries with significant future growth potential, such as India and Japan.

In parallel, Viscofan has implemented an ambitious investment plan, allocating over €476 million in the period to reinforce and extend the existing industrial park with investments in capacity in all technologies, improvements in processes, safety, and environmental matters, among others. The most significant project undertaken in the period was the construction of the new plant in Cáteda (Spain), in which a disruptive cellulose and fibrous technology was installed which, aside from being more efficient and productive, - having achieved savings in the production of cellulose of over €10 million -, has laid the bases to double Viscofan's size in fibrous technology.

Regarding to product innovation, in the period, the commercial offering was extended highlighting, among others, the Veggie casings, Natur, Marathon, eFAN, and Vispice are examples of the innovation that is allowing Viscofan to provide a better service and variety to the new market trends.

Furthermore, Viscofan is crossing the borders of the traditional market in the search for and development of new businesses in areas such as biomedics and nutraceuticals, in which it has taken important steps at product, production and marketing level that will have greater importance in the following strategic plan.

In the area of sustainability, the first Sustainability Action Plan has been concluded, which included the deployment of specific initiatives to achieve its decarbonisation and social sustainability objectives. Within the milestones reached are the reduction of CO2 per km produced by 15.8%, the pioneering tests in the use of green hydrogen in our production process and the signing of the first sustainable loans in the casing sector.

*This period has been characterised by an intense operational, investment, commercial and innovation activity carried out by the Viscofan Group to achieve a triple leadership in the company's strategic pillars: service, cost, and technology.*

## Market

Global demand for casing has once again shown solid growth in 2021 in all reporting areas, highlighting the strong performance of Asia - especially in China -, and the market recovery of collagen casings in Europe following the decline in 2020 due to the pandemic.

In turn, the tension in the supply chains has meant a great logistic challenge, which has been reflected by an increased need to assure the service on the part of our customers, and a widespread cost inflation that shows the importance of casings as a key ingredient in the search for improved efficiency in the manufacture of sausages.

In this context, Viscofan has gained market share, backed by its extensive product range and a global positioning, which permits a greater proximity to the main markets.

## Main financial results:

The results for 2021 show the robustness of Viscofan's business model, since it has known how to give a response to the increased demand for casing volumes, in a context marked by inflation - especially of energy costs from the second half of the year-, but which has not prevented the Group from reaching new all-time highs in revenue, EBITDA and net profit.

Revenue amounted to €969.2 million, up 6.3% year-on-year, EBITDA totalled €246.7 million, up 5.2% compared to the previous year, and net profit stood at €133.0 million, 8.6% higher than the previous year.

These results exceeded the expectations<sup>(1)</sup> for revenue, EBITDA and net profit announced in February 2021.

The investments in 2021 amounted to €92.0 million, above the €70 million objective, due to the acceleration of projects in the second half of the year. Capacity expansion plans were brought forward, due to the strength of volumes in 2021 and the need to have sufficient capacity to meet the increased demand expected in 2022. Within the investments made are the new fibrous capacity installed at Cáseda, the extension of collagen capacity in China and at European plants, and the technological upgrade investments implemented in North America.

The generation of cash from the operations results in a more solid balance sheet at the end of December 2021 with net bank debt of €1.8 million, down on the €38.2 million at December 2020.

The Board of Directors has approved the proposal of a final dividend of €0.43 per share, payable in the month of June, and thus, to continue with a rising remuneration to shareholders. The earnings proposal represents a total remuneration charged to profit for 2021 of €1.84 per share, up 8.2% on the total remuneration for 2020.

## Summary of the financial income statement Grupo Viscofan ('000 €)

	Jan-Dec' 21	Jan-Dec' 20	Change	Like- for -like*
Revenue	969,237	912,160	6.3%	8.0%
EBITDA	246,670	234,433	5.2%	8.9%
EBITDA Margin	25.45%	25.70%	-0,3 p.p.	-0,2 p.p.
Operating profit	174,389	162,907	7.0%	
Net profit	132,997	122,513	8.6%	

(1) Guidance 2021: Crecimiento en ingresos entre un 3% y un 4%, en EBITDA entre un 3% y un 5% y en Resultado Neto entre un 4% y un 6%, con una inversión de €70 millones.

### Revenue:

Revenue in 2021 totalled €969.2 million, up 6.3% on 2020, of which +7.2 p.p. relate to like-for-like<sup>[1]</sup> casings sales, thanks to the growth in volumes and the improvement in the sales prices mix, +0.8 p.p. to higher like-for-like co-generation sales, compared to the decrease of -1.7 p.p. due to the fluctuations in exchange rates. In like-for-like terms, revenue in 2021 rose by 8.0% vs. 2020.

Of the total amount of the 2021 revenue, €925.1 million correspond to casing sales (+5.7% vs. 2020) and €44.1 million to revenue from energy sales (+19.6% vs. 2020), where the increase in electricity prices in the Spanish market has been translated into a higher remuneration of our co-generation sales.

The geographical breakdown<sup>[2]</sup> of revenue in 2021 was as follows:

- Europe and Asia (57.1% of the total): Revenue amounted to €553.3 million, up by 9.9% on 2020 and by 9.8% on a like-for-like basis, led by the good performance of China and Southeast Asia and the recovery of collagen volumes in Europe.
- North America (29.6% of the total): Revenue amounted to €287.1 million, an increase of 2.7% with respect to 2020 and of 5.5% in like-for-like terms.
- Latin America (13.3% of the total): Revenue amounted to €128.9 million, down 0.4% with respect to 2020, due to the weakness of the Brazilian real. In comparable terms, revenue in the region rose by 6.2% on the previous year thanks, to a large extent, to the strength of revenue in the first half of the year.

[1] Like-for-like: Like-for-like growth excludes the impact of the variation in exchange rates in 2021.

[2] Revenue by origin of sales.



### Operating expenses

Consumption costs<sup>[1]</sup> in 2021 rose by 3.9% on 2020 to €283.2 million, reflecting the higher inflation of production inputs, particularly the polyamides and other auxiliary raw materials. Hence, the gross margin<sup>[2]</sup> in 2021 improved by +0.7 p.p. to 70.8% (70.1% in 2020).

The average accumulated headcount at December 2021 stood at 5,083 people, 2.3% higher than the previous year. The increased workforce is mainly associated with the increase in production capacity, highlighting the expansion of fibrous in Spain, and the expansion in collagen capacity in China and Europe. Also, Viscofan has reorganised production activity in North America, leading to the transfer of the Kentland (USA) and Toronto (Canada) activities to San Luis Potosí (Mexico) and Montgomery (USA).

Thus, personnel costs in 2021 rose by 3.8% on 2020 to €231.3 million.

Other operating expenses in the year stood at €218.5 million, up 14.8% on 2020, driven by energy supply costs (+26.2% on 2020) and transport expenses (+28.6% vs. 2020).

[1] Consumption costs = Net purchases +/- Change in inventories of finished and unfinished products.

[2] Gross margin = (Revenue - Consumption costs) / Revenue.

### Operating profit

Revenue strength, commercial discipline, operating leverage, and production efficiency obtained in the year situated the EBITDA at an historical high of €246.7 million, up 5.2% on the previous year. In like-for-like terms, EBITDA in 2021 rose by 8.9% on 2020.

The depreciation and amortisation charge in 2021 is €72.3 million, a rise of 1.1% on 2020.

As a result, the Group obtained operating profit of €174.4 million in 2021 (+7.0% on 2020).

### Financial position

In 2021, the net financial result has been positive with +€2.0 million, compared with a negative financial result of -€3.3 million in 2020.

The Group's financial strength leads to a reduction in finance costs with respect to the previous year, although the main component of the financial result corresponds to the exchange differences which, in 2021, have represented exchange gains of +€2.2 million as compared with exchange losses of -€2.3 million reported in 2020.

### Net profit

Cumulative profit before tax at December 2021 amounted to €176.4 million, with a corporate income tax expense of €43.4 million (+16.9% on 2020) placing the cumulative effective tax rate at 24.6% (compared with 23.3% in the same period of the previous year).

The difference between the theoretical tax rate (28%) and the effective tax rate (24.6%) is basically due to the different taxes paid by non-resident subsidiaries in Navarre (Viscofan S.A. tax domicile) which pay tax in all countries in which they operate, applying the corporate (or similar) tax rate in force on profits for the period and tax allowances for investments by various Group subsidiaries.

As a result, the net profit in 2021 reached a new all-time high of €133.0 million, with a growth of 8.6% with respect to 2020.

### *Investment*

In 2021, a total of €92.0 million were invested (€56.9 million in 2020), above the objective of €70 million, due to the acceleration in the last few months of the year of the capacity extension projects to deal with the increase in expected demand and to improve the market service to ensure customer orders. Noteworthy were the investments in new production lines of collagen casing in China and Europe.

Also, in 2021, the new fibrous production lines in Cáteda (Spain) were installed and put into operation. This expansion, which doubles the previous installed capacity at Cáteda, led to an investment of €14 million, including both the machinery, and investments in environment performed in line with the environmental impact reduction objectives established in the Viscofan Group's Sustainability Action Plan. In addition, investments are being made in the technological update in North America.

The breakdown by type of investment in 2021 is as follows:

- 44% of the investment was earmarked for investments in capacity and machinery.
- 18% of the investment was earmarked for process improvements and new technology.
- 18% of the investment was earmarked for improvements in sustainability, including energy equipment and the optimisation of the installations in terms of safety, hygiene, and environment.
- The remaining 20% was spent on ordinary investments.

Thus, at the close of 2021, investment commitments amounted to €43.8 million (€12.9 million at the close of 2020).



### Dividends and Shareholder remuneration

The Board of Directors of the Viscofan Group has agreed to propose to the General Shareholders' Meeting a distribution of profit that includes a final dividend of €0.43 per share, to be paid on 2 June 2022.

This will mean total shareholder remuneration out of 2021 profit of €1.84 per share, equivalent to a distribution of 64% of net profit. This can be broken down as follows:

- An interim dividend of €1.40 per share (paid on 22 December 2021).
- A proposed final dividend of €0.43 per share (to be paid on 2 June 2022).
- A bonus of €0.01 per share for attending the General Shareholders' Meeting.

This proposal increases ordinary remuneration by 8.2% as compared to the €1.70 per share approved in the previous year.

### Equity

The Group's equity at 2021 year-end amounted to €822.8 million, up 11.8% on the end of the previous year, due to the increased net profit and the decrease in the negative translation differences, originating from the consolidation of the subsidiaries whose currencies have appreciated significantly against the euro in 2021 (mainly China, Brazil and Mexico).

#### Treasury shares

During 2021, 10,477 treasury shares were given to Viscofan S.A. employees within the framework of the company's variable remuneration plans. Subsequently and also in 2021, the Company acquired 88,000 treasury shares within the framework of the authorisation granted by the General Shareholders' Meeting of 25 May 2018.

Thus, at 31 December 2021, Viscofan, S.A. had 216,995 treasury shares representing 0.47% of the voting rights amounting to €10,473 thousand.

At 31 December 2020, Viscofan, S.A. held a total of 139,442 treasury shares representing 0.30% of its voting rights amounting to €6,031 thousand.

### Financial liabilities

Net bank debt at the end of December 2021 stood at €1.8 million, a decrease of 95.4% compared to the €38.2 million at December 2020. The sound results in the year have allowed us to finance the payment of dividends, speed up investment projects, and at the same time to strengthen the balance sheet.

The new accounting standard IFRS 16 entered into force on 1 January 2019 and stated that the most of non-cancellable operating leases should be recorded in the balance sheet as a right-of-use asset and a liability for future payments to be made.

So, the breakdown for net financial debt is as follows:

	`Dec 2021	`Dec 2020	Change
<b>Net Bank Debt *</b>	<b>1,754</b>	<b>38,212</b>	<b>-95.4%</b>
Debts related to right-of-use assets	13,892	15,685	-11.4%
Other net financial liabilities**	22,806	28,549	-20.1%
<b>Net Financial Debt</b>	<b>38,452</b>	<b>82,446</b>	<b>-53.4%</b>

\* Net bank debt = Non-current bank borrowings + Current bank borrowings - Cash and cash equivalents.

\*\* Other net financial liabilities consisting mainly of loans with an interest rate subsidised by entities like the CDTI and the Ministry of Economy, as well as debt with netted fixed asset providers for other current financial assets.

The net financial debt is the equivalent of 4.7% of the equity, with a leverage level that is sufficient to be able to attend to all Viscofan's liquidity needs.

### Outlook for 2022

Despite facing an adverse inflationary context in 2022, Viscofan keeps its growth vocation intact. It faces the year in a position of unique leadership in the industry, with the conviction that it has tools to come out stronger.

Viscofan has started 2022 with intense commercial activity, with the negotiation and implementation of sales price rises to customers, justified by the inflation of operating costs. Also, because we maintain our responsibility to reinforce our service to the market in a context of increased demand for casings and the need to assure our customers' volumes.

At the factories, operating and investment activities have commenced with impetus, with the installation and start-up of new capacity in light of expected growth, together with the implementation of efficiency improvement projects, highlighting the technological improvement investments in North America, together with cost savings measures, which will make us more solid in a context of the inflation of operating costs.

These initiatives are encompassed within a new Beyond25 Strategic Plan, in which Viscofan wants to explore new growth opportunities that are arising, and which will arise both in the traditional casing business, and in new food, well-being and health businesses.

As such, Viscofan expects to growth in the main financial figures in 2022, in revenue to grow between 8% and 10%, in EBITDA between 4% and 6% and in Net profit by between 5% and 8% supported by an investment of €100 million. Given the current currency situation, Viscofan has considered the average exchange rate of 1.15 US\$/€, more favourable than that of the previous year.

2022 Revenue outlook

**+8-10%**

2022 EBITDA outlook

**+4-6%**

2022 Net Profit outlook

**+5-8%**

### Changes in the consolidation scope

#### In 2021

- With effect on 1 January 2021, the merger by absorption of Viscofan de Mexico Servicios, S.R.L. de C.V. by Viscofan de Mexico, S.R.L. de C.V. took place, both with registered office in San Luis de Potosí (Mexico).
- In June 2021, Viscofan Japan GK in Tokyo (Japan) was formed wholly owned by Viscofan S.A. on a direct basis.
- On 31 December 2021, Viscofan Collagen Canada Inc (with registered office in Markham – Canada) had been liquidated.

### In 2020

- Viscofan España S.L.U.: Viscofan España S.L.U. which is wholly owned by Viscofan S.A. on a direct basis, was incorporated on 24 November 2020, the date on which it became part of the Group's consolidation scope.
- The General Shareholders' Meeting, held on 23 April 2021, approved the spin-off by virtue of which Viscofan S.A. transfers with effect from 1 January 2021 the industrial and operational assets in favour of the limited liability company known as Viscofan España S.L.U., with registered office in Tajonar (Navarre), which acquires all the rights and obligations inherent in said activity.
- On 1 October 2021, once the legally envisaged procedures had been complied with, the spin-off of Viscofan S.A.'s business activity to Viscofan España S.L.U. was made effective, in the terms envisaged in the Common Spin-off Project approved by the Board of Directors and the General Shareholders' Meeting.
- Effective from 1 January 2020, Nanopack Technology & Packaging, S.L.U. was merged by absorption into Viscofan S.A, without any impact on the consolidated financial statements.

## Covid-19 impact

The propagation of the COVID-19 along 2020 and 2021 has generated an uncertain environment, volatility, and a healthy and economic crisis that has affected to almost every economy in the world. Furthermore, it has had implications in the behaviors and food habits in plenty of countries. In fiscal year 2020, the casing demand had a strong acceleration in the first pandemic months as a consequence of the necessity of supply of essential ingredients of the food industry.

The Viscofan Group is focusing its management of the situation caused by the COVID-19 pandemic on three main areas:

- Guaranteeing the safety and well-being of our workers, with protection protocols that include sanitation measures, social distancing, mandatory use of face masks, cleaning and disinfection work, teleworking and increased communication.
- Ensuring global supply to all our customers by increasing and reinforcing production and logistics activity and building safety inventories.
- Contributing to limiting the spread of COVID-19 and its effects, with donations of protective gear, food, and for the purchase of medical equipment. Also, the deployment of awareness-raising campaigns.

Regarding liquidity, no liquidity stress is anticipated for 2022 because of the expected performance of the Group, which contemplates a positive generation of cash during 2022. For those bank borrowings where compliance with certain ratios is established, there have not been, nor are they expected to be, any breaches of these ratios in 2022.

No significant signs of impairment have been identified from the analysis of the fixed assets, intangible assets, property plant and equipment, receivables, or inventory.

As a result of the market growth and the measures implemented to mitigate and control risk, the COVID-19 pandemic has not resulted in any changes to the strategic direction, operations, financial results, economic situation, and cash flows.

# 4.

## Alternative performance measures



### Alternative Performance Measures

The Viscofan Group has included in this report various Alternative Performance Measures (hereinafter APMs), as established in APM Guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) and adopted by the National Securities Market Commission (the CNMV).

This involves a series of measures designed using the financial information of Viscofan, S.A., and its subsidiary companies, and they are complementary to the financial information drawn up in agreement with International Financial Reporting Standards (IFRS). Under no circumstance should they be assessed separately or considered a substitute.

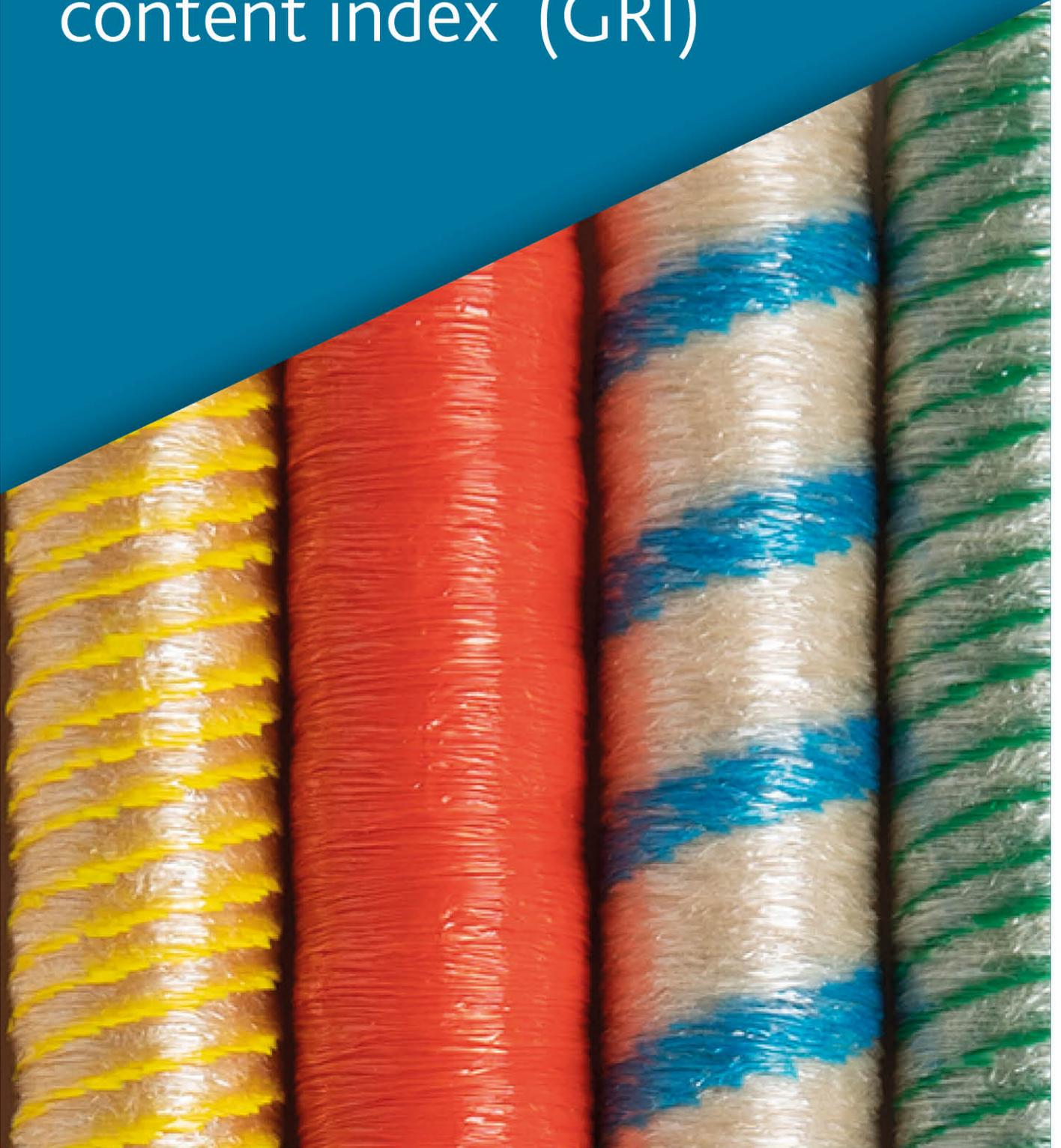
They are measures used internally in decision making processes and which the Board of Directors decides to report externally as it considers they provide additional information that is useful in the analysis and assessment of the Viscofan Group's results and its financial situation.

The APMs included in this report are as follows:

- The EBITDA, or operating profit before depreciation and amortization, is calculated excluding depreciation and amortization costs from the operating profit. The EBITDA is a measure that is commonly reported and widespread among analysts, investors, and other stakeholders in the casing industry. The Viscofan Group uses this measure to monitor the business' development and to establish operational and strategic objectives in Group companies. However, it is not a defined indicator in IFRS and, therefore, it may not be compared with other similar indicators employed by other companies in their reports.
- Cost of consumption: This is calculated as the net amount of supplies plus the change in finished and unfinished products. Management monitors cost of consumption as one of the main cost components for Viscofan. The weight of net revenue for this cost component on revenue or gross margin is also analyzed to study the operating margin's development. However, it is not a defined indicator in IFRS, and cost of consumption must not be considered a substitute for the different items in the profit and loss account that comprise them. Furthermore, it may not be compared with other similar indicators employed by other companies in their reports.
- Net bank debt: This is calculated as non-current borrowings plus current borrowings netted from cash and cash equivalents. Management considers net bank debt to be relevant to shareholders and other stakeholders as it provides an analysis of the Group's solvency. However, net bank debt should not be considered a substitute for gross bank debt in the consolidated balance sheet, nor other liability or asset items that may affect the Group's solvency.
- Like-for-like revenue and EBITDA: This measure excludes the impact of exchange rate variations on the comparable previous period and the non-recurring impacts of the business in order to present a homogeneous comparison of the Viscofan Group's development. However, like-for-like revenue and EBITDA are not defined indicators in IFRS and, therefore, they may not be compared with other similar indicators employed by other companies in their reports, nor may they be considered a substitute for the business development indicators defined in IFRS.

# 5.

## Global Reporting Initiative content index (GRI)



## GENERAL DISCLOSURES

### 1. Profile of the organisation (2016)

102-1	Name of the organisation	Our business model: Competitive advantages
102-2	Activities, brands, products and services	Commercial and supply management: Product range Berroa Industrial Park C/Berroa, 15 – 4ª planta
102-3	Location of the headquarters	31192 Tajonar (Navarre) - Spain
102-4	Location of the operations	Our business model: Competitive advantages
102-5	Property and legal status	Corporate Governance: Governing bodies
102-6	Markets served	Our business model
102-7	Size of the organisation	2020 results
102-8	Information about employees and other workers	Work management
102-9	Supply chain	Commercial and supply management Letter from the Chairman Foundation
102-10	Significant changes in the organisation and its supply chain	2020 results Commercial and supply management: Product safety and food hygiene
102-11	Precautionary principle or approach	Environmental management and climate change: Enfoque de gestión Letter from the Chairman Foundation
102-12	External initiatives	Gobierno Corporativo: Good governance practices
102-13	Affiliation to associations	Human rights and impact on society: Alliances

### 2. Strategy (2016)

102-14	Statement of senior management responsible for decision-making	Letter from the Chairman
102-15	Key impacts, risks and opportunities	Risk management

### 3. Ethics and integrity (2016)

		Our business model: Misión, Visión y Valores
		Corporate Governance: Good governance practices; Regulatory compliance system y Corruption and fraud prevention
102-16	Values, principles, standards and rules of conduct	Human rights and impact on society: Nuestros ejes de actuación y Supervising compliance
102-17	Mechanisms of advice and ethical concerns	Corporate Governance: Regulatory compliance system Human rights and impact on society: Supervising compliance

#### 4. Governance (2016)

102-18	Governance structure	Corporate Governance: Governing bodies and Risk management
102-19	Delegation of authority	Corporate Governance: Governing bodies
		Our business model: Estrategia More To Be
		Gobierno Corporativo: Governing bodies; Corruption and fraud prevention y Risk management
102-20	Executive responsibility regarding financial, environmental and social issues	Gestión medioambiental y cambio climático: Enfoque de gestión
		Human rights and impact on society: Supervising compliance
102-21	Consultation with stakeholders regarding financial, environmental and social issues	Foundation: Materiality
102-22	Composition of the senior governance body and its committees	Corporate Governance: Governing bodies
102-23	Chairman of the senior governance body and its committees	Corporate Governance: Governing bodies
120-24	Appointment and selection of the senior governance body	Corporate Governance: Governing bodies
102-25	Conflicts of interest	Corporate Governance: Corruption and fraud prevention
102-26	Function of the senior governance body in the selection of objectives, values and strategy	Our business model: Estrategia More To Be
		Corporate Governance
102-27	Collective knowledge of the senior governance body	Corporate Governance: Governing bodies
102-28	Performance assessment of the senior governance body	Corporate Governance: Governing bodies
		Foundation: Materiality
102-29	Identification and management of economic, environmental and social impacts	Corporate Governance: Good governance practices, Governing bodies, Regulatory compliance system, Prevención de la Corrupción y el Fraude and Risk management
		Gestión medioambiental y cambio climático: Enfoque de gestión
102-30	Efficacy of the risk management processes	Human rights and impact on society: Supervising compliance
		Corporate Governance: Risk management
102-31	Assessment of financial, environmental and social issues	Corporate Governance: Governing bodies
		Corporate Governance: Good governance practices y Governing bodies.
102-32	Function of the senior governance body in the preparation of sustainability reports	<i>Viscofan's Board of Directors is the top body in charge of the Non-Financial Information Report</i>
		Foundation: Relations with our stakeholders
		Corporate Governance: Regulatory compliance system
102-33	Communication of critical concerns	Human rights and impact on society: Supervising compliance
		Viscofan on the stock market: Viscofan, its shareholders and investors
102-34	Nature and total number of critical concerns	Corporate Governance: Regulatory compliance system
102-35	Remuneration policies	The Board of Directors annual remuneration report is available at <a href="http://www.viscofan.com">www.viscofan.com</a>
102-36	Process for determining the remuneration	Corporate Governance: Governing bodies
102-37	Involvement of stakeholders in the remuneration	The Board of Directors' annual remuneration report is available at <a href="http://www.viscofan.com">www.viscofan.com</a>

### 5. Participation of stakeholders (2016)

102-40	List of stakeholders	Foundation: Relations with our stakeholders
		Work management: Employment and remuneration
102-41	Collective bargaining agreements	Human rights and impact on society: Ejes de actuación
102-42	Identification and selection of stakeholders	Foundation: Relations with our stakeholders
102-43	Approach for the participation of stakeholders	Foundation: Relations with our stakeholders
102-44	Key issues and concerns mentioned	Foundation

### 6. Practices for preparing reports (2016)

	Entities included in the consolidated financial statement	Consolidated financial statement of the Viscofan Group. Note 2
102-45	Definition of the contents of the reports and the coverage of the issue	Foundation
102-46	List of material issues	Foundation: Materiality
102-47	Re-expression of the information	No significant re-expressions in the period
102-48	Changes in the preparation of reports	Foundation
102-49	Period covered by the report	The integrated annual report reflects the financial, social and environmental activity carried out by the Viscofan Group in 2020.
102-50	Date of last report	2019 Annual Integrated Report, Financial Statement and Annual Accounts
102-51	Cycle of the preparation of reports	Annual
102-52	Point of contact for report-related queries	Investor Relations and Communication Department. Info-inv@viscofan.com +34 948198436
102-53	Declaration of preparation of the report in accordance with GRI standards	Foundation
102-54	GRI content index	Table of GRI indicators
102-55	External verification	

## MANAGEMENT APPROACH

### GRI. 103: Management approach (2016)

	Explanation of the material issue and its coverage	Foundation: Materiality
		Foundation
		See sections: Corporate Governance; Commercial and supply management; Employment management; Environmental management and climate change; Human rights and impact on society; Viscofan on the stock market.
103-2	The management approach and its components	The policies of the different areas are detailed in the Regulatory Compliance System, within the Corporate Governance section.
103-3	Evaluation of the management approach	Foundation

## ECONOMIC

### GRI 201: Financial performance (2016)

		Foundation: Generated and distributed value matrix
		Commercial and supply management
		Work management
		Environmental management and climate change
		Human rights and impact on society
201-1	Direct generated and distributed financial value	Viscofan on the stock market
201-3	Obligations of the benefits plan and other retirement plans	Employment and remuneration
201-4	Financial aid received from the government	Human rights and impact on society: Responsible taxation

### GRI 202: Presence in the market (2016)

202-1	Ratio of standard initial category salary by gender compared to the local minimum wage	Human rights and impact on society: Our main lines of action in human rights
202-2	Proportion of senior management hired from the local community	Work management: Human team

### GRI 203: Indirect economic impacts (2016)

		Letter from the Chairman
203-1	Investments in infrastructure and supported services	Employment management: Occupational safety
203-2	Significant indirect economic impacts	Environmental management and climate change
		2021 results

### GRI 204: Purchase practices (2016)

204-1	Proportion of expense with local suppliers.	Commercial and supply management: Selection of suppliers
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**GRI 205: Anti-corruption (2016)**

205-1	Transactions assessed for corruption-related risks	Corporate Governance: Corruption and fraud prevention
		Corporate Governance: Regulatory compliance system; Corruption and fraud prevention
205-2	Communication and training about anti-corruption policies and procedures	Employment management: Professional development
		Human rights and impact on society: Supervising compliance
205-3	Confirmed cases of corruption and measures taken	Corporate Governance: Corruption and fraud prevention

**GRI 206: Unfair competition (2016)**

206-1	Legal actions related to unfair competition, monopolistic practices and against free competition	Corporate Governance: Corruption and fraud prevention
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**GRI 207: Taxation (2019)**

207-1	Tax focus	Corporate Governance
207-2	Tax governance, Risk control and management	Corporate Governance
207-4	Presentation of reports country by country	Human rights and impact on society: Responsible taxation

**ENVIRONMENTAL****GRI 302: Energy (2016)**

302-1	Energy consumption within the organisation	Environmental management and climate change: Responsible energy management
302-3	Energy intensity	Environmental management and climate change: Responsible energy management
302-4	Reduction of energy consumption	Environmental management and climate change: Responsible energy management

**GRI 303: Water and effluents (2018)**

303-1	Interaction with water as a shared resource	Environmental management and climate change: Responsible management of the end-to-end water cycle
303-3	Water extraction	Environmental management and climate change: Responsible management of the end-to-end water cycle
303-4	Water discharges	Environmental management and climate change: Responsible management of the end-to-end water cycle
303-5	Water consumption	Environmental management and climate change: Responsible management of the end-to-end water cycle

**GRI 305: Emissions (2016)**

305-1	Direct emissions of GHG (scope 1)	Environmental management and climate change: Responsible energy management
305-2	Indirect emissions of GHG from generating energy (scope 2)	Environmental management and climate change: Responsible energy management

305-4	Intensity of GHG emissions	Environmental management and climate change: Responsible energy management
305-5	Reduction of GHG emissions	Environmental management and climate change: Responsible energy management
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	Environmental management and climate change: Responsible energy management

#### GRI 306: Waste (2020)

306-1	Waste generation and significant impacts related to waste	Environmental management and climate change: Responsible management of the end-to-end water cycle
306-2	Management of significant impacts related to waste	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
306-3	Waste generated	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
306-4	Waste not destined for disposal	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
306-5	Waste destined for disposal	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy

#### GRI 307: Environmental compliance (2016)

307-1	Non-compliance with environmental legislation and regulations	<u>Environmental management and climate change</u> In Brazil, an environmental administrative file was under way in 2010, for which no decision had been handed down, although at 2021 year-end, it is considered that a favourable resolution is possible.
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#### GRI 308: Environmental evaluation of suppliers (2016)

308-1	New suppliers that have passed screening filters according to environmental criteria	<u>Commercial and supply management: Range of products and Selection of suppliers</u> <u>Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy</u>
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## SOCIAL

#### GRI 401: Employment (2016)

401-1	New employee hiring and staff rotation	Employment management: Employment and remuneration
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#### GRI 402: Worker-company relations (2016)

402-1	Minimum warning periods for operational changes	<u>Human rights and impact on society: Our main lines of action in human rights</u>
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#### GRI 403: Health and safety in the workplace (2018)

403-1	Occupational health and safety management system	Employment management: Occupational safety
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403-2	Hazard identification, risk assessment and incident investigation	Employment management: Occupational safety
403-4	Participation of workers, queries and notifications on health and safety in the workplace	Employment management: Occupational safety
403-5	Worker training on occupational health and safety	Employment management: Occupational safety
403-8	Workers covered by an occupational health and safety management system	Employment management: Occupational safety
403-9	Work-related injuries	Employment management: Occupational safety
403-10	Professional diseases and illnesses	Employment management: Occupational safety

#### GRI 404: Training and teaching (2016)

404-1	Average number of training hours per employee	Employment management: Professional development
404-2	Programmes to improve employee skills and transition assistance programmes	Employment management: Professional development
404-3	Percentage of employees who receive periodic performance and professional development assessments	Employment management: Professional development

#### GRI 405: Diversity and equal opportunities (2016)

404-1	Average number of training hours per employee	Employment management: Professional development
404-2	Programmes to improve employee skills and transition assistance programmes	Employment management: Professional development
404-3	Percentage of employees who receive periodic performance and professional development assessments	Employment management: Professional development

#### GRI 406: Non-Discrimination (2016)

406-1	Cases of discrimination and corrective actions undertaken	Human rights and impact on society: Supervising compliance
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#### GRI 407: Freedom of association and collective bargaining (2016)

407-1	Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	Human rights and impact on society: Our main lines of action in human rights Commercial and supply management: Selection of suppliers
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#### GRI 408: Child labour (2016)

408-1	Operations and suppliers with significant risk of cases of child labour	Human rights and impact on society: Our main lines of action in human rights Commercial and supply management: Selection of suppliers
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#### GRI 409: Forced or compulsory labour (2016)

409-1	Operations and suppliers with significant risk of cases of forced or compulsory labour	Human rights and impact on society: Our main lines of action in human rights Commercial and supply management: Selection of suppliers
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**GRI 412: Assessment of human rights (2016)**

	<u>Employment management: Professional development</u>
<u>412-2 Training of employees in human rights policies or procedures</u>	<u>Human rights and impact on society: Supervising compliance</u>

**GRI 413: Local communities (2016)**

Operations with local community participation, impact assessments and development programmes	Human rights and impact on society: Commitment to our communities
413-1	Environmental management and climate change

**GRI 414: Social assessment of suppliers (2016)**

New suppliers that have passed screening filters according to social criteria	Commercial and supply management: Selection of suppliers
414-1	Human rights and impact on society: Our main lines of action in human rights

**GRI 416: Health and safety of customers (2016)**

Assessment of the health and safety impacts of the categories of products or services	Commercial and supply management: Product safety and food hygiene
416-1	

**GRI 417: Marketing and labelling (2016)**

Requirements for information and labelling of products and services	Commercial and supply management: Customer satisfaction
417-1	

**GRI 418: Customer privacy (2016)**

Complaints based on violations of the customer's privacy and loss of the customer's data	Commercial and supply management: Customer satisfaction
418-1	

# 6.

Content index of Law 11/2018  
on Non-financial and  
diversity reporting



# Contents of Law 11/2018 on Non-financial and diversity reporting

## BUSINESS MODEL

### Description of the group's business model

Brief description of the Group's business model, which will include its business environment, organisation and structure, the markets in which it operates, its objectives and strategies and the main factors and tendencies that may affect its future performance.

- GRI 102-2 Activities, brands, products and services
- GRI 102-4 Localisation of the activities
- GRI 102-6 Markets served
- GRI 102-15 Key impacts, risks and opportunities
- GRI 102-7 Size of the organisation

## INFORMATION ON ENVIRONMENTAL ISSUES

### Policies

Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.

- GRI103-2 The management approach and its components
- GRI 103-3 Evaluation of the management approach

### Key risks

Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.

- GRI 102-15 Key impacts, risks and opportunities
- GRI 102-11 Precautionary principle or approach
- GRI 102-30 Efficacy of the risk management processes

## General

### Current and foreseeable effects of company activities on environment issues and, where appropriate, health and safety,

- GRI 102-15 Key impacts, risks and opportunities
- GRI 102-29 Identifying and managing economic, environmental and social impacts
- GRI 102-31 Review of economic, environmental and social topics

### Environmental assessment or certification procedures

- GRI 102-11 Precautionary principle or approach
- GRI 102-29 Identifying and managing economic, environmental and social impacts
- GRI 102-30 Efficacy of the risk management processes

### Resources aimed at preventing environmental risks

- GRI 102-29 Identifying and managing economic, environmental and social impacts

### Application of precautionary principle

- GRI 102-11 Precautionary principle or approach

### Provisions and guarantees for environmental risks

- GRI 307-1 Non-compliance with environmental laws and regulations (Autonomous Communities)

## Contamination

### Measures to prevent, reduce or repair the carbon emissions that seriously affect the environment, taking into account any form of specific atmospheric pollution from an activity, including noise and light pollution

- GRI 103-2 Management Approach (with a view to GRI 302 and 305)
- GRI 302-4 Reduction of energy consumption
- GRI 305-5 Reduction of GHG emissions
- GRI 305-7 NO<sub>x</sub>, SO<sub>x</sub> and other significant atmospheric emissions

## Circular Economy and prevention and waste management

### Measures of prevention, recycling, reuse and other forms of recovery and elimination of waste. Action to combat food waste

- GRI 103-2 Management Approach
- GRI 303 Water and effluents
- GRI 306-1 Waste generation and significant impacts related to waste
- GRI 306-2 Management of significant impacts related to waste

## Sustainable use of resources

### Water consumption and water supply in accordance with local limitations

- GRI 303-1 Interactions with water as a shared resource
- GRI 303-3 Water withdrawal
- GRI 303-5 Water consumption

### Consumption of raw materials and the measures adopted to improve efficiency of use

- Confidential

### Energy: Direct and indirect consumption; Measures taken to improve energy efficiency. Use of renewable energy

- GRI 103-2 Management approach (Energy)
- GRI 302-1 Energy consumption within the organisation
- GRI 302-3 Energy intensity
- GRI 302-4 Reduction of energy consumption

## Climate Change

### Greenhouse gas emissions

- GRI 305-1 Direct (scope 1) GHG emissions
- GRI 305-2 Energy indirect (Scope 2) GHG emissions
- GRI 305-4 GHG emissions intensity

### The measures adopted to adapt to the consequences of climate change

- GRI 102-15 Key impacts, risks and opportunities
- GRI103-2 The management approach and its components
- GRI 305-5 Reduction of GHG emissions

### Reduction goals established voluntarily at medium and long term to reduce GHG emissions and means implemented for this purpose.

- GRI 103-2 Management Approach (Reduction of GHG emissions)

## Protection of biodiversity

### Measures taken to preserve or restore biodiversity

- Non material

### Impacts caused by activities or operations in protected areas

- Non material

## INFORMATION ON SOCIAL AND STAFF-RELATED ISSUES

### Policies

**Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.**

- GRI103-2 The management approach and its components
- GRI 103-3 Evaluation of the management approach
- GRI 102-35 Remuneration policies

### Key risks

**Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.**

- GRI 102-15 Key impacts, risks and opportunities
- GRI 102-30 Efficacy of the risk management processes

### Employment

#### **Total number and distribution of employees by gender, age, country and professional classification**

- GRI 102-7 Size of the organisation
- GRI 102-8 Information on employees and other workers
- GRI 405-1. b) The percentage of employees by employment category for each of the following diversity categories: gender and age group

#### **Total number and distribution of employment contract types**

- GRI 102-8 Information on employees and other workers

#### **Annual average of permanent, temporary and part-time contracts by gender, age and professional classification**

- GRI 102-8 Information on employees and other workers

#### **Number of dismissals by gender, age and professional classification**

- GRI 401-1.b) Total number and turnover rate of personnel during the reporting period, by age group, gender and region (in relation to dismissals)

#### **Average remuneration and its tendency broken down by gender, age and professional classification or equal value**

- GRI 405-2: Ratio of base salary and remuneration of women to men for each job category

#### **Salary gap**

- GRI 405-2: Ratio of base salary and remuneration of women to men for each job category.

#### **Remuneration of equal or average work posts of the company**

- GRI 405-2 Ratios of standard entry level wage by gender compared to local minimum wage

**The average remuneration of directors and executives, including variable remuneration, attendance fees, indemnity payments, payments to long-term savings insurance schemes and any other benefit broken down by gender**

- GRI 102-35 Remuneration policies
- GRI 102-36 Process for determining remuneration (for the management approach)
- GRI 201-3 Obligations derived from social benefit plans and other retirement plans

**Implementation of employment disconnection measures**

- GRI 103-2 Management Approach (work disconnection)

**Disabled employees**

- GRI 405-1. b) Percentage of employees by employment category for each of the following diversity categories (iii. Vulnerable groups).

## Work organisation

### Organisation of working time

- GRI 102-8. c) The total number of employees by type of employment contract (full-time or part-time) and by gender.
- GRI 103-2 Management Approach (Organisation of work)

### Number of hours of absenteeism

- GRI 403-2 Types of accidents and ratios of occupational accidents, occupational diseases, lost days, and absenteeism, and number of related deaths (section a)

### Measures aimed at facilitating a work-life balance and promoting co-responsible care by both parents.

- GRI 103-2 Management approach

## Health and safety

### Occupational health and safety conditions

- GRI 103-2 Management Approach (Health and Safety)
- GRI 403-1 Occupational health and safety management system
- GRI 403-2 GRI 403-2 Hazard identification, risk assessment, and incident investigation
- GRI 403-5 Worker training on occupational health and safety

### Occupational accidents (frequency and seriousness) broken down by gender

- GRI 403-9 a) Work-related injuries

### Occupational accidents (frequency and seriousness) broken down by gender

- GRI 403-10 a) Work-related ill health

## Social Relations

### Organisation of social dialogue, including the procedures to inform on and consult employees and negotiate with them

- GRI 102-43 Approach for the participation of stakeholders (regarding unions and collective bargaining)
- GRI 402-1 Minimum notice periods regarding operational changes
- GRI 403-4 Participation of workers, consultations and communication on health and safety at work

### Percentage of employees covered by a collective bargaining agreement by country

- GRI 102-41 Collective bargaining agreements

### Balance of collective bargaining agreements, especially in the area of occupational health and safety

- GRI 403-8 Occupational health and safety management system coverage

## Training

### Policies implemented in the training area

- GRI 103-2 Management Approach (Training and Teaching)

### Total number of training hours by professional category

- GRI 404-1 Average training hours per employee per year

## Accessibility

### Universal accessibility of the disabled

- GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)

## Equality

### Measures adopted to promote equal treatment and opportunities between men and women

- GRI 103-2 Management Approach (Diversity and equal opportunities)

### Equality plans

- GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)

### Measures adopted to promote employment

- GRI 103-2 Management approach (Employment)

### Protocols to counter sexual harassment due to gender

- GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)

### Universal integration and accessibility of the disabled

- GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)

### Policy against all type of discrimination and, where appropriate, to manage diversity

- GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)
- GRI 406-1 Incidents of discrimination and corrective actions taken

## INFORMATION ON RESPECT FOR HUMAN RIGHTS

### Policies

Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.

- GRI103-2 The management approach and its components
- GRI 103-3 Evaluation of the management approach
- GRI 412-2 Employee training on human rights policies or procedures

### Key risks

Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.

- GRI 102-15 Key impacts, risks and opportunities
- GRI 102-30 Efficacy of the risk management processes

### Human Rights

#### Application of due diligence procedures to human rights

- GRI 103-2 Management Approach (Assessment of Human Rights)

#### Prevention of the risks of breaching human rights and, where appropriate, measures to reduce, manage and repair possible abuse committed

- GRI 103-2 Management Approach (Assessment of Human Rights)
- GRI 412-1 Operations that have been subject to human rights reviews or impact assessments

#### Complaints regarding human rights breaches

- GRI 102-17 Mechanisms for advice and concerns about ethics
- GRI 103-2 Management Approach (Assessment of Human Rights)
- GRI 102-17 Mechanisms of advice and ethical concerns (complaints received and resolution)
- GRI 419-1 Non-compliance with laws and regulations in the social and economic fields

#### Promotion of and compliance with the provisions of the ILO's fundamental agreements related with respect for freedom of association and the right to collective bargaining, the elimination of employment discrimination and occupation, the elimination of forced and obligatory labour and the effective abolition of child labour

- GRI 103-2 Management Approach (Non-discrimination, Freedom of association and collective bargaining, Child Labour, Forced or

compulsory labour and Human Rights)

## INFORMATION RELATED TO THE FIGHT AGAINST CORRUPTION AND BRIBERY

### Policies

**Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.**

- GRI103-2 The management approach and its components
- GRI 103-3 Evaluation of the management approach
- GRI 205-2 Communication and training about anti-corruption policies and procedures

### Key risks

**Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.**

- GRI 102-15 Key impacts, risks and opportunities
- GRI 102-30 Efficacy of the risk management processes
- GRI 205-1 Transactions assessed in relation to corruption-related risks

### Corruption and bribery

#### Measures adopted to prevent corruption and bribery

- GRI 103-2 Management Approach (with a view to GRI 205 Anti-corruption) - Presenting indicator 205-2 also covers this requirement of law

#### Measures to combat money laundering

- GRI 103-2 Management Approach (Anti-corruption)

#### Contributions to foundations and non-profit organisations

- GRI 103-2 Management Approach (Anti-corruption)
- GRI 201-1 Direct economic value generated and distributed (Investments in the Community)
- GRI 203-2 Significant indirect economic impacts

## COMPANY INFORMATION

### Policies

Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.

- GRI103-2 The management approach and its components
- GRI 103-3 Evaluation of the management approach

### Key risks

Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.

- GRI 102-15 Key impacts, risks and opportunities
- GRI 102-30 Efficacy of the risk management processes

### Commitment of the company to sustainable development

#### Impact of the company's activity on employment and local development

- GRI 203-2 Significant indirect economic impacts
- GRI 204-1 Proportion of spending on local suppliers.
- GRI 413-1 Operations with local community engagement, impact assessments and development programmes

#### Impact of the company's activity on local towns and on territory

- GRI 203-2 Significant indirect economic impacts
- GRI 413-1 Operations with local community engagement, impact assessments and development programmes

#### Relationships with local community players and dialogue systems with them

- GRI 102-43 Approach for the participation of stakeholders (regarding the community)
- GRI 413-1 Operations with local community engagement, impact assessments and development programmes

#### Association or sponsorship actions

- GRI 102-13 Membership of associations
- GRI 201-1 Direct economic value generated and distributed (Investments in the Community)

### Outsourcing and suppliers

#### Inclusion in the purchasing policy of social, gender equality and environmental issues

- GRI 103-3 Management Approach (Environmental and social assessment of suppliers)





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**ISSUER IDENTIFICATION**

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Financial year end:

[ 31/12/2021 ]

TAX ID NO.

[ A-31065501 ]

Registered Name:

[ **VISCOFAN, S.A.** ]

Registered address:

[ CALLE BERROA, 15 4th FLOOR, 31192, TAJONAR, NAVARRE, SPAIN ]

**A. OWNERSHIP STRUCTURE OF THE COMPANY**

A.1. Complete the following table on share capital and attributed voting rights. Include, where appropriate, loyalty shares, as at the close of the financial year:

Indicate whether the company by-laws provide for double votes originating from loyalty shares:

Yes  
 No

Date of last change	Share capital (euros)	Number of indirect	Number of total voting rights
25/01/2019	32,550,000.00	46,500,000	46,500,000

Indicate if there are different classes of shares with different rights associated with them:

Yes  
 No

In accordance with the Relevant Event reported to the CNMV with registration number 274147 and dated 25 January 2019, the Company's Board of Directors resolved to execute a capital reduction for a nominal amount of 72,577.40 euros, through the amortisation of the 103,682 own shares then in the portfolio acquired under the authorisation granted by the General Shareholders' Meeting held on 25 May 2018 under item five of the agenda.

The share capital remaining after the reduction was set at 32,550,000 euros represented by 46,500,000 shares with a par value of 0.70 euros per share.

A.2. Detail the direct and indirect owners of significant holdings at year-end, including directors that have a significant shareholding:

Name or corporate name of the shareholder	% voting rights attributed to the shares		% voting rights via financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
CORPORACIÓN FINANCIERA ALBA S.A.	13.97	0.00	0.00	0.00	13.97
APG ASSET MANAGEMENT N.V.	10.09	0.00	0.00	0.00	10.09
MR SANTIAGO DOMEQ BOHORQUEZ	0.00	5.02	0.00	0.00	5.02
WELLINGTON MANAGEMENT GROUP LLP	0.00	4.99	0.00	0.00	4.99

Name or corporate name of the shareholder	% voting rights attributed to the shares		% voting rights via financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
SETANTA ASSET MANAGEMENT LIMITED	0.00	3.96	0.00	0.00	3.96
MARATHON ASSET MANAGEMENT LIMITED	0.00	3.45	0.00	0.00	3.45

Details of the indirect investment:

Name (person or company) of the indirect holder	Name (person or company) of the direct holder	% voting rights attributed to the shares	% voting rights via financial instruments	% total voting rights
MR SANTIAGO DOMEQ BOHORQUEZ	ANGUSTIAS Y SOL S.L.	5.02	0.00	5.02
WELLINGTON MANAGEMENT GROUP LLP	OTHER COMPANY SHAREHOLDERS	4.99	0.00	4.99
SETANTA ASSET MANAGEMENT LIMITED	OTHER COMPANY SHAREHOLDERS	3.96	0.00	3.96
MARATHON ASSET MANAGEMENT LIMITED	OTHER COMPANY SHAREHOLDERS	3.45	0.00	3.45

Indicate the most significant movements in the shareholding structure during the year:

Most significant movements

- Wellington Management Group LLP increased its shareholding to more than 5% of the share capital on 28 January 2021 to acquire voting rights.
- Marathon Asset Management LLP reduced its shareholding to 0% on 23 August 2021 through the transfer of the business to Marathon Asset Management Limited, who in turn increased its shareholding to more than 3% of the share capital.
- Wellington Management Group LLP reduced its shareholding to less than 5% of the share capital on 6 October 2021 to transfer voting rights.

A.3. Regardless of the percentage, indicate as at the end of the financial year the shareholdings of the members of the board of directors with voting rights attributed to shares of the company or through financial instruments, excluding those directors identified in section A.2.

Name of director (person or company)	% voting rights attributed to the shares		% of voting rights from financial instruments		% total voting rights	% voting rights that <u>may be transferred</u> via financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	0.13	0.00	0.00	0.00	0.13	0.00	0.00
MR JOSÉ ANTONIO CANALES GARCÍA	0.05	0.02	0.00	0.00	0.07	0.00	0.00
MR IGNACIO MARCO- GARDOQUI IBAÑEZ	0.07	0.01	0.00	0.00	0.08	0.00	0.00
MR JOSE MARÍA ALDECOA SAGASTASOLOA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. NESTOR BASTERRA LARROUDÉ	0.46	0.00	0.00	0.00	0.46	0.00	0.00
MS AGATHA ECHEVARRÍA CANALES	0.09	0.00	0.00	0.00	0.09	0.00	0.00
JAIME REAL DE ASUA Y ARTECHE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR JUAN MARCH DE LA LASTRA	0.00	0.03	0.00	0.00	0.03	0.00	0.00
MS LAURA GONZÁLEZ MOLERO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS CARMEN DE PABLO REDONDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total % of voting rights of the held by members of the board of directors:						0,85	

Details of the indirect investment:

Name of director (person or company)	Name or company name of the direct shareholder	% voting rights attributed to the shares	% of voting rights from financial instruments	% total voting rights	% voting rights that <u>may be</u> <u>transferred</u> via financial instruments
N/D					

Indicate the total percentage of voting rights represented on the board of directors:

Total percentage of voting rights represented on the board of directors:	18,99
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Juan March de la Lastra is a nominee director representing Corporación Financiera Alba S.A.

Santiago Domecq Bohórquez is a proprietary director representing Angustias y Sol S.L.

**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, except those shown in the section A.6:

Related name (person or company)	Type of relationship	Short description
N/D		

**A.5.** Where applicable, indicate any commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary trading or exchange activities:

Related name (person or company)	Type of relationship	Short description
N/D		

- A.6.** Describe the relationships, unless they are scarcely relevant to the two parties, between the significant shareholders or those represented on the board, and the directors, or their representatives, in the case of legal entity administrators.

Explain, if applicable, how significant shareholders are represented. Specifically, indicate the directors who have been appointed on behalf of significant shareholders, those whose appointment would have been encouraged by significant shareholders, or those who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such associating relationships. In particular, mention, where appropriate, the existence, identity and position of board members, or representatives of directors of the listed company who are, in turn, members of the administrative body, or their representatives, in companies that hold significant shareholdings of the listed company or in entities of the group of said significant shareholders.

Name of director (person or company) or representative associated	Name or company name of the significant shareholder associated	Name of the Group Company of the significant shareholder	Relationship/position description
MR JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA S.A.	CORPORACIÓN FINANCIERA ALBA S.A.	Corporate. Mr Juan March de Lastra is Vice-chairman of the Board of Directors of Corporación Financiera Alba S.A. and therefore holds the position of nominee director.
MR SANTIAGO DOMECCQ BOHÓRQUEZ	ANGUSTIAS Y SOL S.L.	ANGUSTIAS Y SOL S.L.	Corporate. Santiago Domeccq holds 100% of the Share Capital of Angustias y Sol S.L. and therefore holds the position of nominee director.

- A.7.** Indicate whether the company has been informed of any shareholder agreements that may affect it as set out under articles 530 and 531 of the Corporate Enterprises Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

Yes  
 No

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

Yes  
 No

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

A.8. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 5 of the Securities Exchange Act. If so, identify names:

Yes  
 No

A.9. Fill in the following tables about the Company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
216,995		0.47

(\*) Via:

name or company name of the direct shareholder	Number of direct shares
N/D	

Explain the significant changes that occurred during the year:

Explain the significant changes

In February 2021, 10,477 treasury shares were delivered to Viscofan S.A. ("Viscofan") employees within the framework of the company's variable remuneration plans.

Subsequently, and during 2021, under the current authorisation granted by the General Shareholders' Meeting of 25 May 2018, the Company acquired 88,000 treasury shares for the purposes of complying with the Long Term Incentive Plan for executive directors, senior management and other beneficiary employees of Viscofan group.

Thus, at 31 December 2021, the company had 216,995 treasury shares representing 0.47% of the voting rights at a total price of 10,473 thousand euros.

A.10. Describe the conditions and term of the current mandate from the general shareholders' meeting to the Board of Directors to issue, buy back and transfer treasury shares.

In the General Shareholders Meeting held on 25 May 2018 on second call, the following resolution was adopted by majority:

The proposal 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 Corporate Enterprises Act 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 will be valid for the maximum as established by law, from the date of the resolution and is granted to the Board of Directors subject to existing legal restrictions on the purchase of treasury shares and, more specifically, those restrictions contained in articles 146 and 509 of the Corporate Enterprises Act.

In the event of the Board needing to avail itself of the authorisation granted to it by the General Shareholders' Meeting, the shares in the Company's portfolio would be subject to the regime laid down by article 148 of the aforementioned law.

It is also proposed that the Board of Directors be delegated to carry out the redemption of the shares acquired by virtue of this authorisation, by means of a reduction in the Company's capital, determining their amount and their destination, all in accordance with the provisions established in current legislation.

It is expressly stated that this acquisition of treasury shares is also in accordance with the provisions established in current legislation with the possibility that the purpose of the acquisition, in addition to that indicated in the preceding paragraphs, is that they are to be delivered directly to the Company's employees and/or Directors, or as a consequence of the option rights they hold, and therefore this resolution of the General Meeting states that the authorisation is also granted for this purpose, in accordance with the provisions of article 146.1.a), third paragraph.

**A.11. Estimated floating capital:**

	%
Estimated floating capital	57.21

**A.12.** Indicate whether there is any restriction (statutory, legislative or of any other nature) on the transferability of securities and/or any restriction on voting rights. In particular, report the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as authorisation or prior notice systems that are applicable to the acquisitions or transfers of the company's financial instruments by sectoral regulations.

Yes  
 No

**A.13.** Indicate whether the General Meeting has agreed to adopt measures to neutralise a public takeover bid, pursuant to Act 6/2007.

Yes  
 No

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

**A.14.** Indicate whether the company has issued securities that are not traded on a regulated market in the EU.

Yes  
 No

Where applicable, indicate the different types of shares, and what rights and obligations each share class confers.

**B. GENERAL SHAREHOLDER'S MEETING**

**B.1.** Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the Corporate Enterprises Act ("CEA") in connection with the quorum needed to hold a valid General Shareholders' Meeting.

Yes  
 No

**B.2.** Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

Yes  
 No

**B.3.** Indicate the rules applicable to amendments to the company by-laws. In particular, report the majorities established for amending the Bylaws, and, if applicable, the rules established to safeguard member rights when amending the Bylaws.

There is no specific regulation for amending the bylaws other than that provided for by applicable regulations concerning the requirements established by art. 194 of the Corporate Enterprise Act for a reinforced quorum under special circumstances and by the remaining provisions of section VIII "Amendment of the bylaws" of the aforementioned act.

The requirements for passing resolutions to modify company bylaws set forth in article 20 of the Bylaws and articles 18 and 22 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 the year to which this report refers and the previous two years:

General Shareholders Meeting Date	Attendance information				Total
	% shareholders present	% Attending by proxy	% voting remotely Electronic vote	% voting remotely Other	
12/04/2019	19.67	38.30	0.00	24.50	82.47
Of floating capital	0.60	38.30	0.00	8.88	47.78
24/04/2020	19.19	24.69	0.00	43.69	87.57
Of floating capital	2.31	24.69	0.00	33.62	60.62
23/04/2021	19.30	62.20	0.00	0.60	82.10
Of floating capital	0.38	51.84	0.00	0.60	52.82

**B.5.** Indicate whether there have been any items on the agenda at the general meetings held during the year that, for any reason, have not been approved by the shareholders.

Yes  
 No

**B.6.** Indicate if there is a statutory restriction that establishes a minimum number of shares necessary to attend the general shareholders' meeting, or to vote remotely.

Yes  
 No

Number of shares necessary to attend the General Shareholders' meeting:	100
Number of shares necessary to vote remotely	1

**B.7.** Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution of essential assets to another company or other similar corporate operations must be submitted for the approval of the general shareholders' meeting.

Yes  
 No

**B.8.** Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders on the company's website.

The information is published on Viscofan's website whose address is: [www.viscofan.com](http://www.viscofan.com)

The information relating to Corporate Governance is available on the Corporate Governance tab, which can be found at the top of the website homepage.

The information relating to the General Shareholders Meetings is available on the Investor Relations tab, located at the top of the website homepage. Once inside the tab, the information can be accessed by selecting the General Shareholders' Meeting section. Moreover, as of the date of publication of the notice to hold a new General Shareholders' Meeting, a direct link is enabled on the company's Home Page where the notice of meeting is found and in accordance with the shareholders' right to information, there is also access to legally-required documentation and other documentation for information purposes.

**C. CORPORATE GOVERNANCE STRUCTURE**

**C.1. Board of directors**

C.1.1 Maximum and minimum number of directors established in the bylaws and the number set by the general meeting:

Maximum number of Directors	12
Minimum number of Directors	5
Total number of Directors set by the board	11

C.1.2 Fill in the following table on the Board members:

Name of director (person or company)	Representative	Type of directorship	Position on the board	Date first elected	Date of last election	Election procedure
MR JOSÉ DOMINGO DE AMPUERO Y OSMA		EXECUTIVE	CHAIRMAN	27/02/2009	12/04/2019	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JOSÉ ANTONIO CANALES GARCÍA		EXECUTIVE	DIRECTOR	11/04/2014	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR IGNACIO MARCO-GARDOQUI IBAÑEZ		INDEPENDENT	VICE-CHAIRMAN	01/01/2010	24/04/2020	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JOSE MARÍA ALDECOA SAGASTASOLOA		INDEPENDENT	LEAD INDEPENDENT DIRECTOR	23/05/2012	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
JAIME REAL DE ASUA Y ARTECHE		INDEPENDENT	DIRECTOR	11/04/2014	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MS LAURA GONZÁLEZ MOLERO		INDEPENDENT	DIRECTOR	25/05/2018	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING

Name of director (person or company)	Representative	Type of directorship	Position on the board	Date first elected	Date of last election	Election procedure
MR. NESTOR BASTERRA LARROUDÉ		OTHER EXTERNAL	DIRECTOR	29/07/1997	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MS AGATHA ECHEVARRÍA CANALES		OTHER EXTERNAL	DIRECTOR	24/06/1998	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JUAN MARCH DE LA LASTRA		NOMINEE	DIRECTOR	07/05/2015	12/04/2019	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR SANTIAGO DOMEQ BOHORQUEZ		NOMINEE	DIRECTOR	21/04/2016	24/04/2020	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MS CARMEN DE PABLO REDONDO		INDEPENDENT	DIRECTOR	24/04/2020	24/04/2020	VOTE AT THE GENERAL SHAREHOLDERS' MEETING

Total number of Directors	11
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Indicate any dismissals that have occurred on the Board of Directors as a result of resignation or by agreement at the General Shareholders' Meeting during the reporting period.

Name of director (person or company)	Condition of director at time of severance	Date of last election	Date of leaving	Specialised committees of which he/she was a member	Indicate whether the dismissal occurred before the end of their term
N/D					

C.1.3 Fill in the following tables on the Board members and their different kinds of directorship:

EXECUTIVE BOARD MEMBERS		
Name of director (person or company)	Position within company organisation	Profile
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	EXECUTIVE CHAIRMAN	Industrial Engineer from Bilbao's Higher School of Industrial Engineers and Master of Business Administration from the University of Southern California. Los Angeles. USA. His extensive professional career

EXECUTIVE BOARD MEMBERS		
Name of director (person or company)	Position within company organisation	Profile
		has led him to hold various important positions, such as Vice-Chairman of Naviera Vizcaína, Chairman of S.A. de Alimentación, Vice-Chairman of BBVA Bancomer (México), Chairman of Bodegas y Bebidas, Vice-Chairman of Banco Bilbao Vizcaya Argentaria S.A., Vice-Chairman of Iberdrola, Chairman of Cementos Lemona S.A., Director of Tubacex S.A., Director Corporación Financiera Alba and member of the Board of Directors of the Asociación para el Progreso de la Dirección. He is currently Chairman of Autopista Vasco-Aragonesa S.A. Among other activities, he is a member of the Círculo de Empresarios Vascos, of which he has been president, and a member of the Charity Board of the Santa y Real Casa de Misericordia de Bilbao, of which he has also been president. He is the Executive Chairman of Viscofan S.A.
MR JOSÉ ANTONIO CANALES GARCÍA	CEO	Economics and Business Management degree from Deusto Business University. He completed an advanced course of studies in International Transport & Distribution at the London School of Foreign Trade. He has in-depth knowledge of the casings business, thanks to his experience within the Viscofan Group, which he joined in 1996 as Managing Director of Viscofan do Brazil, where he led the expansion of the Viscofan Group in South America until his appointment in 2006 as CEO of Viscofan, S.A. and the Group of companies of which it is the parent company, a position he currently holds, and from which he has significantly contributed to strengthening Viscofan's leadership and its international expansion. He is a member of the advisory board of ABE capital partners and member of the Board of Trustees representing Viscofan Group in Fundación Cetena (CEMITEC), and until 2019 he was member of the Board of Directors of Maxam Corporation Holding, S.L. He is also a member of the Board of Directors of ACERMAS, Asociación Centro Rafaela María de Acción Social, for the integration of people with mental disabilities.

Total number of Executive Directors	2
% of total directors	18.18

EXTERNAL PROPRIETARY DIRECTORS		
Name of director (person or company)	Name or company name of the significant shareholder he/she represents or who proposed his/her appointment	Profile
MR JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA S.A.	Degree in Administration and Business Management from Universidad Carlos III of Madrid. He has studied J.P Morgan Global Markets

EXTERNAL PROPRIETARY DIRECTORS		
Name of director (person or company)	Name or company name of the significant shareholder he/she represents or who proposed his/her appointment	Profile
		Training Program and the Harvard Business School Owner/President Management Program. He has developed his professional career at J.P. Morgan, London/Madrid. He has been the Managing Director and Chairman of March Gestión de Fondos SGIIC, Madrid. He is currently Executive Chairman of Banca March S.A., Vice-Chairman of Corporación Financiera Alba and Board Member of the Juan March Foundation. Likewise, he was member of the Board of Directors and the Executive Committee of ACS, of the Board of Directors of Acerinox, S.A and of the Strategic Committee of Indra Sistemas, S.A. Nominee Director of Viscofan, S.A, representing Corporación Financiera Alba S.A. and member of its Appointments, Remuneration and Sustainability Committee.
MR SANTIAGO DOMECQ BOHORQUEZ	ANGUSTIAS Y SOL S.L.	He studied at the School of Economic and Business Sciences of the Universidad Pontificia Comillas-ICADE (Madrid) and at the School of Economic and Business Sciences of the University of Cádiz (UCA). Specialisation course in Managing Agrifood Companies (DEA) at the International Institute San Telmo (Seville). In his broad professional experience as an entrepreneur, his appointments include Director of Coca-Cola Iberian Partners, S.L. until 2015, and prior to that, from 1997 Director of Refrescos Envasados del Sur, S.A. (RENDELSUR), a company that joined Coca-Cola Iberian Partners S.L. in 2013. He was also a Director of Algar Aguas de Cádiz, S.A. He is currently a Member of the Provincial Board of Cádiz, a member of the Los Alcornocales Nature Reserve and Member of the Provincial Environment Council. He is the Sole Director of Angustias y Sol, S.L and of its group of subsidiary companies operating in the financial, agriculture and livestock sectors, among others. Nominee Director of Viscofan representing Angustias y Sol S.L., and member of the Audit Committee.
Total number of nominee directors		2
% of total directors		18.18

EXTERNAL INDEPENDENT DIRECTORS	
Name of director (person or company)	Profile
MS LAURA GONZÁLEZ MOLERO	She holds a Degree in Pharmacy, specialising in industry, from the Universidad Complutense de Madrid, an Executive MBA from the IE Business School awarded in 1999 and has taken advanced courses in prestigious international academic institutions such as Insead, IMD and Harvard. She has

EXTERNAL INDEPENDENT DIRECTORS	
Name of director (person or company)	Profile
	<p>held senior executive positions in major international corporations in the Healthcare and Chemical sectors in Europe and America. She was Chairwoman for Latin America at Merck Serono Biopharmaceuticals and Bayer Healthcare, having resided in Brazil and the United States, where she was responsible for more than two thousand five hundred employees and managed business figures in excess of one billion dollars, which has made her an international benchmark in these sectors. Her work as an executive has been rewarded on numerous occasions. She was also an Independent Director of Bankia S.A. until its merger with CaixaBank in March 2021. Between 2010 and 2016, she was an independent Director of Viscofan and a member of its Appointments and Remuneration Committee, where she carried out an important job promoting and consolidating the functions of this Committee, as well as contributing diversity to the Board's decision-making through her participation in the various debates and deliberations where her criteria and opinion have contributed to the development of the Viscofan Group until the end of her mandate as an independent Director in 2016, when her professional commitments prevented her from considering her renewal as a Director.</p> <p>She is currently an independent director of Acerinox S.A., and Ezentis S.A., Chairwoman of the Asociación para el Progreso de la Dirección (ApD), member of the Advisory Council of ISS in Spain, member of Women Corporate Directors and the International Women Forum, and others. She is member of the Board of Directors of Viscofan S.A. and a member of the Audit Committee of which she chairs.</p>
MS CARMEN DE PABLO REDONDO	<p>She has a degree in Business Administration from CUNEF and an MBA from the Tuck Business School in Dartmouth (USA). She has extensive professional experience in corporate finance, M&amp;A, the capital market, corporate development and financial management, and currently holds the position of Head of Financial, Economic and General Services (CFO) for Cepsa and is a member of its Management Committee. Special mention should be made of her experience and knowledge in the industrial sector in the automotive segment and the renewable energy sectors. Before joining Cepsa in 2022, she was the Chief Financial Officer (CFO) at the Gestamp Group and a member of its Management Committee. She began her professional career in auditing at EY and was an associate at McKinsey and she has worked for more than 15 years in investment banking in London and Madrid at JP Morgan, Lehman Brothers and Morgan Stanley, where she was Executive Director for Investment Banking. She has undergone executive training at the UCLA Anderson School of Management and at ESADE. She is member of the Board of Directors of Viscofan and a member of the Audit Committee.</p>
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	<p>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 great recognition in the press world, in which he actively participates as an economic commentator and columnist for the Vocento Group. He has also had wide experience in several industrial companies and plays an active role on numerous Boards of Directors. He currently is member of the board of directors of Minerales y Productos Derivados. He was also a director for Tubacex and Progénika Biopharma until 2018. Previously he sat on the Boards of Directors of Técnicas Reunidas, Banco del Comercio, IBV, Local Credit Bank, Schneider Electric Spain, Teknia Group, Iberdrola Ingeniería y Construcción (Iberinco, S.A.) and was Chairman of Naturgás. He is member of the Board of Directors of Viscofan, S.A, and sits on the Appointments, Remuneration and Sustainability Committee.</p>

EXTERNAL INDEPENDENT DIRECTORS	
Name of director (person or company)	Profile
JAIME REAL DE ASUA Y ARTECHE	<p>Industrial engineer, specialising in industrial organisation from the ETSII (Bilbao). He is currently Non-executive Chairman of the Board of Directors of Elecnor S.A., Chairman of the Executive Committee and member and secretary of the Appointments, Remuneration and Sustainability Committee. He is also Chairman of the Elecnor Services and Projects Committee and Director of Enerfín Sociedad de Energía, S.L., belonging to the Elecnor Group, Vice-chairman of Cantiles XXI, S.L., and member of the board of Tasdey S.A.</p> <p>He is also a member of the BBVA Advisory Board of the Northern Zone and of the Business Circle, and member of the Board of Trustees of the Fundación Adey. He has also been Chairman and Director of Adhorna Prefabricación S.A. until its takeover merger by Elecnor in 2015, and director of Celeo Concesiones e Inversiones, S.L.U., as well as of the Elecnor Group. From 1987 to 2012 he was director of Internacional de Desarrollo Energético, S.A. (IDDE). At the same time, from 1981 until 2011 he was linked to Grupo Cementos Portland Valderrivas, where he held different management positions and was a member of the Board of Directors of various companies of this Group. He is member of the Board of Directors of Viscofan, S.A, and Chairman of the Appointments, Remuneration and Sustainability Committee.</p>
MR JOSE MARÍA ALDECOA SAGASTASOLOA	<p>Technical Engineer in Electronics from the University of Mondragón and Senior Business Management Programme from IESE. Throughout his long professional career, he has held various posts at COPRECI (1971-1982). He was Managing Director of Fagor Electrónica and a 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 Board member of Asociación Europea de Componentes Electrónicos (EECA). From 1992 he continued his professional activities at MONDRAGON CORPORACION as Vice Chairman (1992-2006), managing the Components Division (1992-1999) and the Automotive Division (1999-2006). In 2007 he was appointed Chairman, 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 and Thailand and the integration of the production plants in the Kunshan industrial park, China. He has been a Director of several component and automotive companies (Copreci in the Czech Republic and Mexico), Fagor Ederlan in Brazil and Slovakia, Paranoa-Cicautxo in Brazil, FPK, Chairman of Vitorio Luzuriaga) and the position of board member (1992-2006) and Chairman (2007-2012) at MONDRAGON INVERSIONES. He was an independent director and member of the Executive Committee of Gamesa Corporación Tecnológica, S.A. from 2012 to 2017. He is member of the Board of Directors of Viscofan, S.A, of the Audit Committee and of the Appointments, Remuneration and Sustainability Committee. In 2014 he was appointed as Lead Independent Director.</p>

Total number of Independent Directors	5
% of total directors	45.45

Indicate whether any director considered an independent director is receiving from the company or from its group any amount or benefit under any item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the Board with the reasons why it deems that this director can perform his/her duties as an independent director.

Name of director (person or company)	Description of the relationship	Motivated declaration
N/D		

**OTHER EXTERNAL DIRECTORS**

Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders:

Name of director (person or company)	Reasons	Company, senior manager or shareholder to which Director has ties	Profile
MR. NESTOR BASTERRA LARROUDÉ	For having remained on the Board of Directors for more than 12 years	-----	Law degree and Economics graduate from the University of Deusto. He also holds an MBA from IESE. He has spent his professional career working in banking both internationally and in Spain, as head of the Capital Market and Corporate Banking departments in the Bank of America and Banco Santander. He is currently Vice-Chairman of Iberpapel Gestión S.A. and he a Partner-Board Member of Amistra SGIIC S.A. He is member of the Board of Directors of Viscofan, S.A. and of its Appointments, Remuneration and Sustainability Committee.
MS AGATHA ECHEVARRÍA CANALES	For having remained on the Board of Directors for more than 12 years	-----	Degree in Law and a graduate in Business Studies from the Universidad Pontificia de Comillas (ICADE). She has had broad professional experience in a number of multinationals, such as the auditors, Touche and Ross,

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders:			
Name of director (person or company)	Reasons	Company, senior manager or shareholder to which Director has ties	Profile
			S.A., British Petroleum España, S.A. and in the investment bank Charterhouse Limited where she held the position of Managing Director and Director of its Spanish subsidiary, and founder and director of D+A Documentación y Análisis S.A. She has acted as a business strategy adviser to family firms and is currently Director of Papelera Guipuzcoana de Zicuñaga, S.A. and Banca March S.A., forming part of its Audit Committee and the Global Risk and Technological Change Committee. She is member of the Board of Directors of Viscofan S.A. and member of its Audit Committee.

Total number of other external directors	2
% of total directors	18.18

Indicate any changes that may have occurred during the period in the type of directorship of each director:

Name of director (person or company)	Date of the change	Former category	Current category
N/D			

C.1.4 Fill in the following table with information regarding the number of female directors at year-end over the last 4 years, and the category of their directorships.

	Number of female directors				% of total female directors of each category			
	Year 2021	Year 2020	2019	2018	Year 2021	Year 2020	2019	2018
Female Executives					0.00	0.00	0.00	0.00
Female Nominee Directors					0.00	0.00	0.00	0.00

	Number of female directors				% of total female directors of each category			
	Year 2021	Year 2020	Year 2019	Year 2018	Year 2021	Year 2020	Year 2019	Year 2018
Independent	2	2	1	1	40.00	40.00	25.00	25.00
Other external	1	1	1	1	50.00	50.00	50.00	50.00
Total	3	3	2	2	27.27	27.27	20.00	20.00

C.1.5 Indicate whether the company has diversity policies in relation to the company's board of directors with regard to issues such as age, gender, disability, or professional training and experience. As a minimum, small and medium-sized companies, in accordance with the definition contained in the Accounts Auditing Law, will have to inform of the policy they have established in relation to gender diversity.

- Yes  
 No  
 Partial policies

If you have ticked yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results during the year. The specific measures adopted by the board of directors and the appointments and remuneration committee should also be indicated to achieve a balanced and diverse presence of directors.

In case the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures, and manner in which they have been applied, as well as the results obtained

The Viscofan Group has a specific policy on the Selection of Directors and Diversity of the Board of Directors approved by the Board itself.

In accordance with the principles of good corporate governance and following the amendment of the Code of Good Governance by the Spanish National Securities Market Commission (CNMV) of June 2020, this policy for director selection and diversity which is public, specific and verifiable, was updated in 2020. The objective of the policy is to ensure that proposals for the appointment or re-election of directors are based on a prior analysis of the skills required by the Board of Directors and to encourage the diversity of knowledge, experience, age and gender required on the Board at all times, taking into account the vacancies to be covered and the structure and composition of the Board.

This policy establishes the principle of diversity. Based on this, the selection of directors should be guided by the aim of achieving a diverse and balanced composition of the Board of Directors which would contribute different points of view to the discussions it holds, thus enriching the decision-making process. With this in mind, in the selection of candidates for board members, consideration will be given to candidates whose appointment contributes to increasing the diversity of knowledge, skills, experience, origins, nationalities, age and gender. The selection process should avoid implicit biases that may imply discrimination and, in particular, make it difficult to select female directors. To this end, when the Appointments, Remunerations and Sustainability Committee or the Board itself, as the case may be, seeks a professional profile, the Company's interests shall be taken into consideration first, without prejudice to the fact that, when faced with two similar professional profiles, the one that represents the least represented gender shall be chosen.

The policy also determines that the Company will also promote diversity policies to work towards the Company having a significant number of female senior executives by means of effective equal opportunities, measures to balance personal and family life and by including candidates of the under-represented gender in all internal processes to cover management positions. During the 2020 financial year, the Board of Directors approved a new policy for equal opportunities and diversity.

Article 8 of the Regulations of the Board of Directors was amended in 2021 to incorporate into the director selection procedure the diversity criteria under the terms introduced by the Code of Good Governance in the reform of June 2020.

This article states that the Board of Directors must ensure that the selection procedures for their members favour diversity, respect matters regarding age, gender, disability or professional knowledge and experience and do not have an implicit bias that may imply any discrimination and, in particular, that facilitates the selection of female directors to allow for a balanced presence of men and women.

In this aspect the Regulations includes the need for establishing an objective regarding representation for the least represented gender on the board of directors and the drafting of recommendations to reach this objective, for which the Appointments, Remuneration and Sustainability Committee was made responsible.

The Appointments, Remuneration and Sustainability Committee, on the expiry of the term of the Directors, throughout the 2021 financial year it has worked towards seeking profiles that are better suited to join the Board of Directors of Viscofan S.A., establishing within the process for renewing the Board, which must be submitted before the General Shareholders' Meeting 2022, it has proposed to incorporate a new female director with the aim of increasing the number of women sitting on the Board from 3 to 4, thus increasing the representation from 27% to 36%.

Finally, within the provisions set forth in the selection policy for directors and diversity, and also based on the Sustainability Action Plan approved by the Board of Directors, it has been established the objective to increase the percentage of women in senior management roles from 15.6% in 2018 to 30% in 2030. As part of this commitment, in 2021 and effective as of 1 January 2022, Beatriz Sesma has been appointed as Chief Human Resources Officer and Dragana Roknic has been appointed as General Manager of Viscofan Serbia.

- C.1.6 Explain the measures, if any, agreed by the Appointments Committee to ensure that selection procedures do not suffer from implicit biases that may hinder the selection of female directors, and that the company deliberately seeks and includes potential female candidates that meet the professional profile sought and that makes it possible to have a balanced number of men and women. Also indicate whether these measures include promoting the presence of a significant number of women in the company's senior management:

#### Explanation of measures

As a result of the assessment process undertaken by the Board and the Committees with regard to the 2020 financial year, the objective of achieving a greater presence of women on the Board of Directors was reaffirmed in accordance with the new recommendation in the Code of Good Governance, so in the process for appointing and re-electing the members of the Board of Directors envisaged for 2022, the Appointments, Remuneration and Sustainability Committee, upon the completion of term of the Directors, throughout the 2021 financial year it has worked towards seeking profiles that are better suited to join the Board of Directors of Viscofan S.A., establishing the aim to increase the representation of women on the Board of Directors. Thus, this has been specified within the process for renewing the Board, which must be submitted before the 2022 General Shareholders' Meeting, in which the Committee proposed to incorporate a new female director with the aim of increasing the number of women sitting on the Board from 3 to 4, thus increasing the representation from 27% to 36%.

In 2021, the committee also promoted a new policy with regard to equal opportunities and diversity that, together with the objectives included in the Company's current Sustainability Action Plan, envisaged measures to ensure there were a significant number of women in senior management. As part of this commitment, in 2021 and effective as of 1 January 2022, Beatriz Sesma has been appointed as Chief Human Resources Officer and Dragana Roknic has been appointed as General Manager of Viscofan Serbia.

When, despite any measures that might have been adopted, the number of female directors or in senior management is low or zero, explain the reasons:

#### Explanation of reasons

See previous point.

- C.1.7 Explain the conclusions of the Appointments Committee regarding verification of compliance with the policy aimed at establishing an appropriate composition of the Board of Directors.

The Appointments, Remuneration and Sustainability Committee considers that the director selection and diversity policy has been suitably complied with.

The Committee considers that there is a need to analyse the implementation of the policy on a yearly basis, and also in the longer term, taking account of any projected vacancies, based on the director term of appointment, in order to guarantee at all times the quality of the Board's decisions and its ability to effectively promote corporate interest, which has taken place during the 2021 financial year with the work carried out by the Committee within the renewal process of the Board of Directors which will be submitted before the General Shareholders' Meeting of 2022, with the creation of the skills matrix, the identification of the profiles most suitable for the needs of Company and with the proposed appointments and re-election of directors that satisfy these needs, including the proposed increase in the number of women on the Board.

C.1.8 Explain, where applicable, the reasons why nominee directors have been appointed at the behest of a shareholder whose holding is less than 3% of the capital:

Name or company name of the significant	Reasons
N/D	

Indicate whether formal petitions have been ignored for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose behest proprietary directors were appointed.

Where applicable, explain why these petitions have been ignored:

- Yes  
 No

C.1.9 Indicate, if any, the powers and faculties delegated by the board of directors, including those relating to the possibility of issuing or buying back shares, to board members or board committees:

Name of director (person or company) or committee	Short description
JOSÉ DOMINGO DE AMPUERO Y OSMA	In his role as Chairman of the Board, he has granted powers of representation, powers relating to the purchase or sale, powers relating to personnel, to collections, payments, contracts, auctions and transactions, to checking accounts, credit or savings, to bills of exchange and promissory notes, securities, guarantees, and supplementary powers to the previous.
JOSÉ ANTONIO CANALES GARCÍA	In his role as Chairman of the Board, he has granted powers of representation, powers relating to the purchase or sale, powers relating to personnel, to collections, payments, contracts, auctions and transactions, to checking accounts, credit or savings, to bills of exchange and promissory notes, securities, guarantees, and supplementary powers to the previous.

C.1.10 Identify any members of the Board holding positions as directors, representatives of directors or managers in other companies belonging to the listed company's group:

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN URUGUAY S.A.	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	SUPRALON VERPACKUNGS AG	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	SUPRALON FRANCE SARL	DIRECTOR	NO

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS AUSTRALIA PTY LTD	DIRECTOR	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS NEW ZEALAND LTD	DIRECTOR	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	NATURIN VISCOFAN GMBH	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN UK LIMITED	DIRECTOR	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	ZACAPU POWER S. DE R.L. DE C.V.	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MEXICO S. DE R.L. DE C.V.	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN COLLAGEN USA INC.	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	JUPITER PTY LTD	DIRECTOR	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN (THAILAND) CO. LTD	DIRECTOR	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VECTOR USA INC	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN CENTROAMÉRICA COMERCIAL SOCIEDAD ANÓNIMA	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VECTOR PACKAGING EUROPE NV	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VECTOR EUROPE NV	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN USA INC	DIRECTOR	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN CZ S.R.O.	CHAIRMAN	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	CHAIRMAN	NO
MS AGATHA ECHEVARRÍA CANALES	SUPRALON VERPACKUNGS AG	DIRECTOR	NO

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR. NÉSTOR BASTERRA LARROUDÉ	NATURIN VISCOFAN GMBH	VICE-CHAIRMAN	NO
MR. NÉSTOR BASTERRA LARROUDÉ	VISCOFAN URUGUAY S.A.	VICE-CHAIRMAN	NO
MR. NÉSTOR BASTERRA LARROUDÉ	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
MR. NÉSTOR BASTERRA LARROUDÉ	SUPRALON FRANCE SARL	DIRECTOR	NO
MR. NÉSTOR BASTERRA LARROUDÉ	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	MEMBER OF THE ADVISORY BOARD	NO
MR. NÉSTOR BASTERRA LARROUDÉ	VISCOFAN CZ S.R.O.	VICE-CHAIRMAN	NO
MR. NÉSTOR BASTERRA LARROUDÉ	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	DIRECTOR	NO
MR. NÉSTOR BASTERRA LARROUDÉ	VECTOR USA INC	DIRECTOR	NO
MR. NÉSTOR BASTERRA LARROUDÉ	VECTOR PACKAGING EUROPE NV	DIRECTOR	NO
MR. NÉSTOR BASTERRA LARROUDÉ	VECTOR EUROPE NV	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN COLLAGEN USA INC.	VICE-CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VECTOR PACKAGING EUROPE NV	VICE-CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VECTOR EUROPE NV	VICE-CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VECTOR USA INC	VICE-CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	NATURIN VISCOFAN GMBH	DIRECTOR	YES
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CZ S.R.O.	DIRECTOR	YES
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	MEMBER OF THE ADVISORY BOARD	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN URUGUAY S.A.	DIRECTOR	NO

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN USA INC	CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN UK LIMITED	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN ESPAÑA S.L.U.	CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CANADA INC	CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	ZACAPU POWER S. DE R.L. DE C.V.	VICE-CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CENTROAMÉRICA COMERCIAL SOCIEDAD ANÓNIMA	SECRETARY	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DE MEXICO S. DE R.L. DE C.V.	VICE-CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN (THAILAND) CO. LTD	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	SUPRALON FRANCE SARL	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	SUPRALON PRODUKTIONS UND VERTRIEBS GMBH	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN GLOBUS AUSTRALIA PTY LTD	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN GLOBUS NEW ZEALAND LTD	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	JUPITER PTY LTD	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN JAPAN GK	SHOKUMU-SHIKKOSHA (DUTY EXECUTOR)	NO

C.1.11 Detail the positions of board member, director, general manager, or representative thereof, that the board members or representatives of members of the board of directors of the company hold in other entities, listed or not:

Identification of the director or representative	Company name of the company, listed or not	Position
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	AUTOPISTA VASCO ARAGONESA	CHAIRMAN

Identification of the director or representative	Company name of the company, listed or not	Position
MS AGATHA ECHEVARRÍA CANALES	PAPELERA GUIPUZCOANA DE ZICUÑAGA S.A.	DIRECTOR
MS AGATHA ECHEVARRÍA CANALES	BANCA MARCH S.A.	DIRECTOR
MS AGATHA ECHEVARRÍA CANALES	MERINECHEA S.L.	DIRECTOR
MS LAURA GONZÁLEZ MOLERO	EZENTIS S.A.	DIRECTOR
MS LAURA GONZÁLEZ MOLERO	ACERINOX S.A.	DIRECTOR
MS LAURA GONZÁLEZ MOLERO	BANKIA S.A. (until March 2021 due to its merger with CaixaBank S.A.)	DIRECTOR
JAIME REAL DE ASUA Y ARTECHE	ELECNOR S.A.	CHAIRMAN
JAIME REAL DE ASUA Y ARTECHE	ELECNOR SERVICIOS Y PROYECTOS S.A.	CHAIRMAN
JAIME REAL DE ASUA Y ARTECHE	ENERFIN SOCIEDAD DE ENERGÍA S.L.	CHAIRMAN
JAIME REAL DE ASUA Y ARTECHE	CANTILES XXI S.L.	DIRECTOR
JAIME REAL DE ASUA Y ARTECHE	TASDEY S.A.	DIRECTOR
JAIME REAL DE ASUA Y ARTECHE	RACAZ SEIS S.L.	JOINT DIRECTOR
MR JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA S.A.	1st VICE- CHAIRMAN
MR JUAN MARCH DE LA LASTRA	BANCA MARCH S.A.	CHAIRMAN
MS LAURA GONZÁLEZ MOLERO	APD, Asociación para el Progreso de la Dirección	CHAIRMAN
MR. NÉSTOR BASTERRA LARROUDÉ	IBERPAPPEL GESTIÓN S.A.	VICE-CHAIRMAN
MR. NÉSTOR BASTERRA LARROUDÉ	AMISTRA SGIIC	DIRECTOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	ANGUSTIAS Y SOL S.L.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	MODERNIZACIÓN DE CULTIVOS S.A.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	JAIMEJUAN S.A.U.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	AGRÍCOLA DE JÉDULA S.L.U.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	CULTIVOS VARIOS S.A.U.	SOLE ADMINISTRADOR

Identification of the director or representative	Company name of the company, listed or not	Position
MR SANTIAGO DOMEQ BOHÓRQUEZ	CALDERETONES S.L.U.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	PUERTO DE CORCHITO S.L.U.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	PUERTO DE GÁLIS S.L.U.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	ARRAIJANOSA S.L.U.	SOLE ADMINISTRADOR
MR SANTIAGO DOMEQ BOHÓRQUEZ	INMOBILIARIO LEBRERO S.A.	CHAIRMAN-CHIEF EXECUTIVE OFFICER
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	MINERALES Y PRODUCTOS DERIVADOS S.A.	DIRECTOR
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	GARDOQUI E HIJOS S.L.	DIRECTOR

Of the above list, the remunerated positions are as follows:

JOSÉ DOMINGO DE AMPUERO Y OSMA: AUTOPISTA VASCO ARAGONESA  
 AGATHA ECHEVARRÍA CANALES: PAPELERA GUIPUZCOANA DE ZICUÑAGA S.A.  
 AGATHA ECHEVARRÍA CANALES: BANCA MARCH S.A.  
 LAURA GONZÁLEZ MOLERO: EZENTIS S.A.  
 LAURA GONZÁLEZ MOLERO: ACERINOX S.A.  
 LAURA GONZÁLEZ MOLERO: BANKIA S.A. (until March 2021 due to its merger with CaixaBank S.A.)  
 JAIME REAL DE ASÚA Y ARTECHE: ELECNOR S.A.  
 JAIME REAL DE ASÚA Y ARTECHE: ELECNOR SERVICIOS Y PROYECTOS S.A.  
 JAIME REAL DE ASÚA Y ARTECHE: ENERFIN SOCIEDAD DE ENERGÍA S.L.  
 JAIME REAL DE ASÚA Y ARTECHE: CANTILES XXI S.L.  
 JAIME REAL DE ASÚA Y ARTECHE: TASDEY S.A.  
 JUAN MARCH DE LA LASTRA: CORPORACIÓN FINANCIERA ALBA S.A. JUAN MARCH DE LA LASTRA: BANCA MARCH S.A.  
 NÉSTOR BASTERRA LARROUDÉ: IBERPAPEL GESTIÓN S.A.  
 SANTIAGO DOMEQ BOHÓRQUEZ: ANGUSTIAS Y SOL S.L.  
 IGNACIO MARCO-GARDOQUI IBAÑEZ: MINERALES Y PRODUCTOS DERIVADOS S.A. IGNACIO MARCO-GARDOQUI IBAÑEZ: GARDOQUI E HIJOS S.L.

Indicate, where relevant, other remunerated activities of the board members or representatives of the board members, whatever their nature, other than those indicated in the above table.

Identification of the director or representative	Other remunerated activities
MR JOSÉ ANTONIO CANALES GARCÍA	MEMBER OF THE ADVISORY BOARD OF ABE CAPITAL PARTNERS
MS CARMEN DE PABLO REDONDO	HEAD OF FINANCIAL, ECONOMIC AND GENERAL SERVICES (CFO) FOR CEPESA AND MEMBER OF ITS MANAGEMENT COMMITTEE
MS LAURA GONZÁLEZ MOLERO	ISS ESPAÑA - MEMBER OF THE ADVISORY BOARD
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	GRUPO VOCENTO - ARTICULISTA

C.1.12 Indicate and, if applicable, explain whether the Company has established rules regarding the maximum number of boards of directors of which its directors may be members, identifying, if applicable, where this is regulated:

Yes  
 No

Explanation of the rules and identification of the document where it is regulated

According to that established in article 23 of the Board of Directors Regulations the directors of the Company may not form part of more than three Board of Directors of listed companies, in addition to that of Viscofan, S.A.

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the board of directors:

Remuneration accrued during the year in favour of the Board of Directors (thousands of euros)	5,986
Cumulative amount of funds of current directors in long-term savings schemes with consolidated economic rights (thousands of euros)	
Cumulative amount of funds of current directors in long-term savings schemes with unconsolidated economic rights (thousands of euros)	
Cumulative amount of funds of former directors in long-term savings schemes (thousands of euros)	

C.1.14 Identify members of senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position(s)
MR. GABRIEL LARREA	CHIEF COMMERCIAL OFFICER OF THE VISCOFAN GROUP
MR. CÉSAR ARRAIZA	CHIEF STRATEGY, ORGANISATION AND SYSTEMS OFFICER OF THE VISCOFAN GROUP
MR. ARMANDO ARES	CHIEF INVESTOR RELATIONS AND COMMUNICATIONS OFFICER OF THE VISCOFAN GROUP
MR. JOSÉ IGNACIO RECALDE	CHIEF DIVERSIFICATION AND TECHNOLOGY OFFICER OF THE VISCOFAN GROUP
MR. ANDRES DÍAZ	CHIEF OPERATIONS OFFICER OF THE VISCOFAN GROUP
MR. JUAN JOSÉ ROTA	CHIEF HUMAN RESOURCES OFFICER OF THE VISCOFAN GROUP
MR. RICARDO ROYO	EUROPE AREA GENERAL MANAGER OF THE VISCOFAN GROUP
MR. MILOSLAV KAMIS	GENERAL MANAGER CZECH REPUBLIC
MR. ÓSCAR PONZ	CHIEF PLASTICS DIVISION OFFICER OF THE VISCOFAN GROUP
MR. LUIS BERTOLI	MANAGING DIRECTOR BRAZIL
MR. JOSE ANTONIO CORTAJARENA	CHIEF LEGAL OFFICER OF THE VISCOFAN GROUP AND SECRETARY OF THE BOARD OF DIRECTORS
MR. WILFRIED SCHOBEL	MANAGING DIRECTOR GERMANY
MR. JESÚS CALAVIA	MANAGING DIRECTOR SPAIN
MR. GUILLERMO EGUIDAZU	MANAGING DIRECTOR UNITED STATES

Name (person or company)	Position(s)
MR. ALEJANDRO BERGAZ	HEAD OF INTERNAL AUDIT
MR. ANGEL MAESTRO	MANAGING DIRECTOR URUGUAY
MS. MARÍA DEL CARMEN PEÑA	CHIEF FINANCIAL OFFICER VISCOFAN GROUP
MR. IÑIGO MARTINEZ IRIARTE	MANAGING DIRECTOR SERBIA
MR. JUAN NEGRI	MANAGING DIRECTOR PACIFIC ASIA
MR. EDUARDO AGUIÑAGA	MANAGING DIRECTOR MEXICO
MS. BELÉN ALDAZ	HEAD OF HUMAN RESOURCES FOR SPAIN
MR. JOSÉ ÁNGEL ARRARÁS	CHIEF R&D AND QUALITY OFFICER OF THE VISCOFAN GROUP

Number of women in senior management	2
Percentage over total members of senior management	9.09
Total senior management remuneration (thousands of euros)	13,297

C.1.15 Indicate whether there has been any change in the Board regulations during the year:

Yes  
 No

Description of amendments
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The Board Directors of Viscofan S.A. at its meeting held on 24 June 2021 agreed to amend the following sections of the Rules and Regulations of the Board of Directors:

- Preamble and Chapter I. - Corrections mainly to unify style rules (article 1 and 3).

- Chapter II - The following are amended:

Article 4 to expressly mention the approval of the strategy as an essential function of the Board of Directors in accordance with the provisions set forth in the Spanish Capital Companies Act (CCA hereafter).

Article 5, in addition to improving the style rules, the list of areas falling within the remit of the Board now includes the evaluation of the Board, Committees and Chief Executive (in line with what is established in the Rules and Regulations themselves in other sections), and adapting, by reference to the CCA, the regulation of the approval of related transactions.

- Chapter III. In addition to changing the name of the chapter, in accordance with its content (adding "and functioning" to the expressions "Composition of the Board"), the following are amended:

Article 6, improvements to style rules.

Article 7, in addition to style rules and rewording, the express inclusion of the possibility to hold sessions remotely, in the manner and with the guarantees established in the CCA.

Article 8, to incorporate into the director selection procedure the diversity criteria under the terms introduced by the Code of Good Governance for Listed Companies (CGG hereafter), as well as some other improvements to the style rules.

- Chapter IV. In the title, the word "bodies" and is replaced by the word "positions", which is more appropriate to its content, and articles 10, 11, 12, 13 are amended with improvements to the style rules and wording, as well as those relating to the order of priority in the event of their being more than one Vice-chairman and to include the constituted Committees within the scope of the evaluation process, to be consistent with the provisions laid out in the other sections.

- Chapter V, concerning the Committees, the following are amended:

Article 14, without changing the content provided for by Law and in the Bylaws, the different Committees that can function are ordered in a more appropriate manner and this first precept of this chapter relating to the Committees establishes the essential rules of their functioning, previously contained in article 17, under the terms set out in the CCA and detailed as a recommendation by the CGG.

Article 15, concerning the Audit Committee includes the terms envisaged in the regulatory update of the CCA and the provisions, as a recommendation, in the CGG after the June 2020 update, which clearly details the duty of supervision by the Committee as well as the non-financial information and risks.

Article 16, on the Appointments and Remunerations Committee introduces a clear drafting in line with the existence of a single Committee.

Article 17 on the Sustainability Committee, in line with the drafting of the CGG clearly indicates that this Committee must be differentiated or attribute the powers and functions relating to the supervision of ESG matters (except those conserved by the Audit Committee, such as that relating to the supervision of the whistleblowing channel) to one of the obligatory Committees, in which case, the expression "Sustainability" must be contained, as currently occurs with the current Appointments, Remunerations and Sustainability Committee.  
Article 18, concerning style rules.

- Chapter VI. Article 21 is amended to improve style rules.

- Chapter VII. Within the duties of the directors, the following are amended:

Article 23, on the duty of diligence to include, in line with the new wording of the CCA, in an express and more clear manner, in the discharge of their duties, the subordination of their private interest compared to that of the company.

Articles 26 and 28, to remit to the mandatory rule all relating to the new developments regarding the regulations concerning conflicts of interest and to the consideration of people linked to the director.

- Chapter VIII. Within the regulation concerning the removal of directors, article 30 is amended to incorporate new recommendations introduced in the CGG, both about the duty of information as well as the potential adoption of measures by the Board subject to a report by the Appointments and Remuneration Committee, in the event of certain situations affecting them occurring.

- Chapter IX. Regarding to remuneration, the wording of article 32 has been improved, but without any substantial changes given that the main new developments introduced both by the CCA and by the CGG have been incorporated, where deemed appropriate, in the Directors' Remuneration Policy approved by the General Shareholders' Meeting in 2021.

- Chapter X.- Concerning the relationships of the Board outside the company, the following articles have been updated:

Article 35, foreseeing the mention to the call to the General Shareholders' Meeting remotely, obviously subject to being permitted by the regulations, as has happened in the General Meetings of the 2020 and 2021 financial years, or included in the company Bylaws and in the Rules and Regulations of the General Shareholders' Meeting, the update of which will be undertaken during the General Meeting of 2022.

Article 37, to adjust the legal communication through the CNMV to the new categories of insider information and other relevant information introduced by the regulations on market abuse in the Securities Market Law and its implementing rules.

- Chapter XI. Regarding its entry into force, it is indicated that both the Regulations and their amendments will enter into force on the date of their approval by the Board of Directors.

C.1.16 Indicate procedures for selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

C.1.17 Explain to what degree the self-assessment has led to significant changes in its internal organisation and the procedures applicable to its activities:

#### Description of amendments

As a result of the annual assessment, the Board of Directors agreed, within its Action Plan, that in the process of renewing the Board of Directors, which must be submitted to the 2022 General Shareholders' Meeting, the objective is pursued of increasing the percentage of women and independent directors on the Board of Directors, which must be submitted to the approval of the shareholders at the aforementioned Meeting.

Likewise, in 2021, the devotion of the Board of Directors to the Group's strategy intensified, together with the performance of offsite sessions devoted thereto.

Describe the assessment process and the areas assessed by the board of directors, assisted, where applicable, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to assessment.

Description of the assessment process and assessed areas

Pursuant to Article 18 of Board of Director Regulations, each year the Board of Directors will evaluate:

- a) the quality and efficiency of the Board's operations, based on a report drawn up by the Appointments Committee
- b) the diversity of board membership and responsibilities
- c) the performance of their duties by the Chairman of the Board and the company's Chief Executive Officer, based on a report drawn up by the Appointments Committee. If the Chair is an executive director, the Lead Director shall conduct the regular assessment of the Chair of the Board of Directors.
- d) the performance and contribution of individual directors, with particular attention to the Chairpersons of the committees.
- e) the functioning and composition of the Board's committees, based on a report drawn up by each Committee.

Based on the results of this evaluation, the Board should propose an action plan to correct any shortcomings detected.

In 2020, the evaluation process was carried out internally by the Appointments, Remuneration and Sustainability Committee, and headed by the Lead Director with regard to the evaluation of the Executive Chairman. Its conclusions, including those of the Audit Committee concerning its own self-evaluation, were presented to the Board of Directors at the meeting in January 2021 and as a result of this at its meeting in February 2021 the Board approved an action plan that was essentially detailed in the previous point in section C.1.17.

In 2021, performance was assessed internally on a substantial basis, just like last year, on the basis of a questionnaire whose purpose was to provide a specific view for each director with regard to both strong and weak points, as well as any other suggestions they may have with a view to improving the efficiency of the Board and of the Committees. The evaluation of the Executive Chairman was led by the Lead Director.

The questionnaire is divided into the following sections:

1. Size and composition of the Board
2. Functioning and efficiency of the Board
3. Fulfilment of mandate
4. Assessment of the Executive Chairman
5. Evaluation of the Secretary
6. Operation of committees
7. Fulfilment of the 2021 Action Plan

The result of the questionnaire was analysed by the Appointments, Remuneration and Sustainability Committee of which the Lead Independent Director is a member, by the Audit Committee with regard to its own assessment, and the conclusions were presented to the Board of Directors when they met in January 2022, where the process was concluded, and a plan of action approved to include the appropriate improvements.

In the evaluation of the 2022 financial year, it is once again foreseen to engage the assistance of an external consultant.

C.1.18 For the years in which the assessment has been assisted by an external consultant, explain the business relationships that the consultant or any company of its group maintains with the company or any company of its group.

Not applicable

C.1.19 Indicate the circumstances under which Directors are obliged to resign.

In accordance with Art. 26 of the Rules and Regulations of the Board, relating to the duty to prevent conflicts of interest, the directors shall adopt the measures required to avoid situations of conflict with the company interest and with their duties towards the company and its group of companies, and they shall be obliged to inform the Board, prior to occurrence or as soon as they are aware of the existence thereof, with the obligation to immediately resign should the said conflict persist or should their presence on the board be contrary to the company's interests.

Furthermore, pursuant to Art. 30 of the Rules and Regulations of the Board of Directors, Directors should place their positions at the disposal of the Board of Directors and if the Board considers it appropriate, they will tender their resignation under the following circumstances:

- 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) Nominee directors will tender their resignations when the shareholder they represent sells a substantial part of its stake.

C.1.20 Are reinforced qualified majorities required, other than the legal majorities, for some type of resolution?

- Yes  
 No

If applicable, describe the differences.

C.1.21 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman of the Board of Directors.

- Yes  
 No

C.1.22 Indicate whether the bylaws or the Board Regulations establish an age limit for directors:

- Yes  
 No

C.1.23 Indicate whether the bylaws or the Board Regulations establish a limited term of office or other stricter requirements in addition to those legally provided for independent directors, other than that established by law:

- Yes  
 No

C.1.24 Indicate whether the bylaws or the Board of Directors Regulations establish specific rules for proxy voting in the Board of Directors in favour of other directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it has established any limit regarding the categories that may be delegated beyond the limits stipulated by legislation. If so, briefly give details on such standards.

The Rules and Regulations of the Board of Directors on its Article 7 – Functioning of the Board, establishes the following:

"The Directors must personally attend the sessions that are held, either in person or remotely in accordance with the provisions laid out in the Law and in these Regulations. However, the directors may grant a proxy to another director. Non-executive directors may only grant a proxy to another non-executive director.

The Board of Directors shall be quorate when its meetings are attended in person or by proxy by the most of its members."

Furthermore, article 14 of the Regulations establishes the following with regard to Board Committees:

"The directors must attend any meetings that are held in person, either in person or remotely. However, the directors may grant a proxy to another director. Non-executive directors may only grant a proxy to another non-executive"

C.1.25 Indicate the number of meetings the Board of Directors has held during the year. Where applicable, indicate how many times the Board has met without the Chairman in attendance. In calculating this number, proxies given with specific instructions will be counted as attendance.

Number of Board Meetings	11
Number of Board Meetings not attended by the Chairman	0

Indicate the number of meetings held by the lead director with the other directors that have not been attended or without representation by any executive directors:

Number Meetings	4
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Indicate the number of meetings of the Board's different committees have held during the year:

Number of Audit Committee Meetings	10
Number of meetings of the APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE	8

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and provide information about member attendance:

Number of meetings attended by at least 80% of the directors in person	11
% of meetings attended in person of the total votes during the year	100.00
Number of meetings attended by all the directors in person, or by proxy with specific instructions	11
% of votes issued, attended by all the directors in person and proxies with specific instructions, out of all votes during the year	100.00

C.1.27 Indicate whether the individual and consolidated financial statements presented for Board authorisation for issue are certified beforehand:

Yes  
 No

Where applicable, identify the person(s) who has (have) certified the Company's individual and consolidated financial statements to be filed by the Board:

Name	Position
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	CHAIRMAN
MR JOSÉ ANTONIO CANALES GARCÍA	CEO
MS MARÍA DEL CARMEN PEÑA	CHIEF FINANCIAL OFFICER VISCOFAN GROUP

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the annual accounts that the Board of Directors present to the general shareholders' meeting are drawn up in accordance with accounting regulations.

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, whose functions include, as provided in article 15 of the Board Regulations:

"D) In relation to the external auditor:

b) Ensure that the financial statements finally prepared by the Board are presented to the General Shareholders' Meeting without limitations or qualifications in the auditor's report and in the event that the auditor has included any qualifications in its audit report, issue its opinion on the content and scope of such audits or qualifications, which will be explained by the Chairman of the Committee during the General Shareholders' Meeting.

(d) 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."

In addition, Article 6 of the Regulations of the Audit Committee, Functions relating to auditing, states the following:

"g) Supervise the content of the audit reports before issuance and, where appropriate, of the limited review reports of intermediate accounts ensuring that said content and the opinion on the annual accounts are drafted clearly, precisely and without limitations or exceptions by the auditor, explaining them to the shareholders (if any). In this regard, together with the auditor, the Committee must oversee the significant findings derived from its work and, where appropriate, propose to the Board of Directors the measures it deems appropriate to address the shortfalls found by the auditor."

For practical purposes, the Audit Committee will ensure compliance with the necessary mechanisms established to perform an ongoing 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 collaborate 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.

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.1.29 Is the company Secretary a director?

Yes  
 No

Complete if the Secretary is not also a Director:

Name or corporate name of Secretary	Representative
MR. JOSE ANTONIO CORTAJARENA	

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

- INDEPENDENCE OF THE EXTERNAL AUDITORS

Article 15 of the Board of Directors Regulations, confers upon the Audit Committee the following duties relating to the external auditor:

D) In relation to the external auditor:

(e) Safeguarding the independence of the auditor, paying particular attention to any circumstances or issues that could jeopardise such independence, including that their remuneration does not compromise their quality or independence, and any others relating to the process of auditing the accounts:

(i) For this purpose, it shall be ensured that the Company publicly discloses to the National Securities Market Commission (CNMV), as a relevant event, any replacement of the auditor and includes a statement regarding any possible disagreement with the outgoing auditor and the details thereof. If the auditor resigns, then it 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.

(iii) It shall establish a suitable relationship with the auditor to receive information on matters that may jeopardise the auditor's independence, so that it may be examined by the Committee, and any other matters related to the process of performing the audit, and, where necessary, authorise services that are not forbidden by the provisions of the current regulations.

(iv) Ensure that the external auditor has a yearly meeting with the Board of Directors in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

v) Annually receiving from the auditors their statement of independence in relation to the related party or parties, in addition to a statement relating to additional services provided and the fees received by the external auditor or by the persons and entities related thereto, in accordance with the audit provisions set out in the regulations.

(vi) Each year, it shall issue, prior to the report on the auditing of the accounts, a report expressing its opinion on the independence of the auditor, containing the valuation of any additional services provided, considered on an individual basis and as a whole, in relation to the status of independence or to the rules governing the audit.

#### - INDEPENDENCE OF FINANCIAL ANALYSTS, INVESTMENT BANKS AND RATING AGENCIES

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:

g) Determining the policy on information to shareholders, markets, and public opinion.

With regard to analysts and investment banks, the mechanisms envisaged under Article 37 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. This article regulates the following:

#### Article 37 - 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 by-laws, 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 will also provide the insider information as well as any relevant information that affects the Company through the CNMV and under the terms provided for by Law.

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

The communication policy with shareholders, institutional investors, proxy advisors and the economic-financial and non-financial and corporate information establishes that Viscofan's Board of Directors is responsible for managing and overseeing the information supplied to shareholders and markets and relations with shareholders, institutional investors and voting advisors, as well as that relating to the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate in order to contribute to maximising the dissemination and quality of the information available to the market, investors and other stakeholders by adopting the appropriate measures to protect the exercise of their rights within the framework of the defence of corporate interests, all in accordance with the following principles:

a) Dissemination of information in a transparent, clear, truthful, homogeneous, and simultaneous manner, which enables assessment of Viscofan's management and economic-financial and non-financial results.

b) Equal treatment in the recognition and exercise of the rights of all shareholders in identical conditions and ensuring the application of the legal regime with regard to conflicts of interest.

c) Promoting ongoing and permanent information for shareholders, institutional investors, proxy advisors and other users of economic-financial, non-financial and market information in general, not only on the occasion of the Annual General Meeting, for which the Company will provide effective channels to facilitate the exchange of communication with regard to the management of the Company, in accordance with the law and the Company's internal regulations.

d) Development of information tools and communication channels that maximise the advantages of new technologies in relations with shareholders.

e) Compliance with the provisions of the applicable regulations and the principles of cooperation and transparency with the competent authorities, regulatory bodies and administrations, avoiding manipulation and observing standards of integrity and honour.

C.1.31 Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes  
 No

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

Yes  
 No

C.1.32 Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage that the previous amount represents over the total fees charged for auditing work to the company and/or its group:

Yes  
 No

C.1.33 Indicate whether the audit report on the annual financial statements for the previous year contained any qualifications. If so, indicate the reasons given to the shareholders at the General Shareholders' Meeting by the chairman of the audit committee to explain the content and scope of these qualifications.

Yes  
 No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the individual and/or consolidated financial statements for the company. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	5	5
	Individual	Consolidated
Number of years audited by current audit firm / number of years the company or its group have been audited (%)	16.13	17.86

C.1.35 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the governing bodies with sufficient time:

Yes  
 No

Description of procedure

This aspect is regulated by Article 19 of the Board of Directors Regulations. Right to Information

"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, unless there are urgent reasons for calling a meeting or under exceptional circumstances.

The call to meeting shall indicate the items on the agenda upon which the directors must arrive at a decision or resolution or, in urgent cases, the prior consent of the majority of those present shall be required.

The directors may gather additional information when considered advisable.

The request shall be channelled through the Secretary of the Board."

C.1.36 Indicate, and where appropriate detail, if the company has established rules that oblige directors to report and, if applicable, to resign where situations arise that may affect them, whether or not they are related to their actions in the company itself and that may harm the credit or reputation of the company:

Yes  
 No

If so, describe such rules:

It has been reported in point C.1.19 above

C.1.37 Indicate, unless special circumstances apply that have been entered into the minutes, whether the Board has been informed or in any way discovered circumstances affecting a director, whether or not they are related to their actions in the company itself and that may harm the credit or reputation of the company:

Yes  
 No

C.1.38 Detail significant agreements reached by the Company that come into force, are amended or concluded in the event of a change in the control of the company stemming from a public takeover bid, and its effects.

No significant agreements have been made with these characteristics.

C.1.39 Individually identify in the case of directors and in aggregate terms for the other cases, and indicate in detail any agreements between the company and its directors, managers or employees that have guarantee or ring-fencing severance clauses for when such persons resign or are wrongfully dismissed or if the contractual relationship comes to an end due to a public takeover bid or other kinds of transactions.

Number of beneficiaries	2
Beneficiary type	Description of the agreement
MR JOSÉ DOMINGO DE AMPUERO Y OSMA - CHAIRMAN.	MR JOSÉ DOMINGO DE AMPUERO Y OSMA: Indemnity of two years' fixed salary for cases provided for in the remuneration policy, with two years of non-competition
MR JOSÉ ANTONIO CANALES GARCÍA - CEO	MR JOSE ANTONIO CANALES GARCÍA: Indemnity of two years' fixed salary for cases provided for in the remuneration policy, with two years of non-competition.

Indicate whether, apart from the events provided for by the regulations, these contracts should be disclosed to and/or approved by the company or group governance bodies: If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or communication:

	Board of directors	General shareholders' meeting
Body that authorises the provisions	√	√
	Yes	No
Is the General Meeting informed of the clauses?	√	

## C.2. Board of Directors Committees

C.2.1 Detail all the Board Committees, their members and the proportion of executive, nominee, independent and other external directors sitting on them:

AUDIT COMMITTEE		
Name	Position	Category
MS LAURA GONZÁLEZ MOLERO	CHAIRMAN	Independent
MS CARMEN DE PABLO REDONDO	DIRECTOR	Independent
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	DIRECTOR	Independent
MR JOSE MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	Independent
MS AGATHA ECHEVARRÍA CANALES	DIRECTOR	Other external
MR SANTIAGO DOMEcq BOHÓRQUEZ	DIRECTOR	Nominee

% Executive Directors	0,00
% Nominee Directors	16.67
% Independent Directors	66.67
% of other external directors	16.67

Explain the committee's duties including, if applicable, those in addition to the duties provided by law, and describe the procedure and organizational and operational rules and summarize the main actions taken during the year. Indicate the most important actions taken during the financial year for each of the duties, and how these duties (attributed by law, the bylaws or other corporate resolutions) were put into practice.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

Identify the Directors who has been appointed on the basis of knowledge and experience of accounting or auditing, or both and state the date on which they were appointed as Chairman.

Names of directors with experience	LAURA GONZÁLEZ MOLERO / CARMEN DE PABLO
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	REDONDO / IGNACIO MARCO-GARDOQUI IBAÑEZ / JOSÉ MARÍA ALDECOA SAGASTASOLOA / AGATHA ECHEVARRÍA CANALES / SANTIAGO DOMEcq BOHÓRQUEZ
Date that the chairman was appointed to post	24/04/2020

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE		
Name	Position	Category
JAIME REAL DE ASUA Y ARTECHE	CHAIRMAN	Independent
MR JOSE MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	Independent
MR. NÉSTOR BASTERRA LARROUDÉ	DIRECTOR	OTHER EXTERNAL
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	DIRECTOR	Independent
MR JUAN MARCH DE LA LASTRA	DIRECTOR	Nominee

% Executive Directors	0,00
% Nominee Directors	20,00
% Independent Directors	60,00
% of other external directors	20,00

Explain the committee's duties including, if applicable, those in addition to the duties provided by law, and describe the procedure and organizational and operational rules and summarize the main actions taken during the year. Indicate the most important actions taken during the financial year for each of the duties, and how these duties (attributed by law, the bylaws or other corporate resolutions) were put into practice.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

C.2.2 Fill in the following table with information on the number of female directors sitting on Board Committees at the end of the last four years:

	Number of female directors							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	3	50,00	3	50,00	2	40,00	2	40,00
APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE	0	0,00	0	0,00	0	0,00	0	0,00

C.2.3 Indicate, where applicable, the existence of regulations for the Board Committees, where they can be consulted and any amendments made to them during the year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

The Audit Committee and the Appointments, Remuneration and Sustainability Committee are regulated under article 33 of the Company By-Laws, registered in the Commercial Register and published on the company's website ([www.viscofan.com](http://www.viscofan.com)).

The Audit Committee is governed by Article 15 of the Board of Directors Regulations and the Appointments, Remuneration and Sustainability Committee by Articles 16 and 17 of the same regulation, as posted on the company's website, duly filed with the Spanish CNMV and registered in the Commercial Register.

Both Committees, within the framework of the annual process for assessing their performance, prepared and presented a report to the Board of Directors detailing the activity undertaken by each committee during the 2021 financial year in compliance with their duties, and which is explained in greater detail in the above section C.2.1. A summary of the annual activity report for both Committees is presented to the General Shareholders' Meeting by their respective Chairpersons.

The Audit Committee also elaborates an annual report on auditor independence and a report on related transactions, both of which were made available to the shareholders.

The Audit Committee and the Appointments, Remuneration and Sustainability Committee are governed by their own regulations that are published on the corporate website, in the Corporate Governance section, Regulations and Policies subsection.

Under the corporate governance's ongoing review process, the Board of Directors of Viscofan S.A. at a meeting held on 24 June 2021 approved an update to the Regulations of the Board of Directors in order to adapt them to the reform effected by Law 5/2021 of 12 April amending the restated text of the Corporate Enterprises Act, with regard to encouraging the long-term engagement of shareholders of listed companies; as well as the amendment in June 2020 of the Code of Good Governance of listed companies, notwithstanding the inclusion of any technical improvements where this was deemed appropriate.

Within this update, articles 14 to 18 of chapter V concerning the Committees have been amended. See Point C.2.1 above detailing the rules of operation of the Committees.

**D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS**

**D.1.** Explain, where appropriate, the procedure and competent bodies for approving operations with related and intragroup parties, indicating the internal criteria and general rules of the entity that govern the obligations concerning the abstention of affected directors or shareholders and detailing the internal procedures for regular information and control established by the company concerning those related transactions whose approval have been delegated by the board of directors.

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:

"f) The approval of the related transactions under the terms provided for by law, except when their approval falls within the remit of the General Shareholders' Meeting.

The Board shall approve related-party transactions following a favourable report from the Audit Committee, and without prejudice to the cases for delegation provided for by law. The directors who are directly or indirectly affected, due to the performing the operation with a person related to them, must abstain from participating in the deliberation and voting of the agreement in question."

In parallel, the Regulations of the Audit Committee established the following on article 11.a):

"In relation to related transactions, ensure that rigorous and transparent processes are established to ensure that the transactions comply with the corporate interest, strictly complying with the applicable legality and the corporate governance regulations of the Company. To this end, it will inform the General Shareholders' Meeting or the Board of Directors prior to the latter adopting any of the corresponding resolutions and will supervise the internal procedure established by the Company for those whose approval has already been delegated."

Also, in accordance with article 529.b Section 2. Non-delegable powers of the Board of Directors under the Corporate Enterprises Act: "Under urgent circumstances for which due justification is provided, the decisions corresponding to the previous matters may be adopted by the delegated bodies or persons, which must be ratified by the Board of Directors held after the adoption of the decision."

**D.2.** Individually detail any transactions that are considered significant due to their amount or nature performed between the company or its subsidiaries and shareholders holding more than 10% more of the voting rights or represented on the board of directors of the company, indicating the competent body for their approval and whether any affected shareholder or director abstained. In the case that the competent body was the General Meeting, indicate whether the proposed resolution was approved by the Board without the vote against by the majority of the independent directors:

	Name or company name of the shareholder or of any of its subsidiaries	% Stake	Name or company name of the company or subsidiary	Amount (in thousands of Euros)	Approving body	Identification of the significant shareholder or director that abstained	The proposal before the General Meeting, where appropriate, was approved by the board without a vote against by the majority of the independent directors
N/D							

	Name or company name of the shareholder or of any of its subsidiaries	Nature of relationship	Type of operation and other information necessary for its evaluation
	N/D		

Pursuant to article 231 of the Corporate Enterprises Act, none of the companies forming part of the Viscofan Group have performed transactions with related parties. However, in 2021, the Group had dealings with Banca March, S.A., a financial institution linked to Corporación Financiera Alba, S.A., which held 13.97% of the Company's shares at 31 December 2021 (13.03% at 31 December 2020). Specifically, the financial debt includes a loan of 10 million euros; the same amount as in 2020. Likewise, the Group has taken out exchange rate insurance with Banca March, S.A., with an asset valuation, at 31 December 2021, of 147 thousand euros (in 2020, a liability amounting to 35 thousand euros). No additional services have been received by companies related to this shareholder in 2021 or 2020. All transactions take place in normal market conditions.

**D.3.** Individually detail any transactions that are considered significant due to their amount or nature performed by the company or its subsidiaries with the directors or senior managers of the company, including those transactions carried out with entities that the director or senior manager controls or jointly controls, and also indicating the competent body for their approval and whether any affected shareholder or director abstained. In the case that the competent body was the General Meeting, indicate whether the proposed resolution was approved by the Board without the vote against by the majority of the independent directors:

	Name or corporate name of directors or senior managers or there entities controlled or under joint control	Name or corporate name of the subsidiary	Relationship	Amount (in thousands of Euros)	Approving body	Identification of the significant shareholder or director that abstained	The proposal before the General Meeting, where appropriate, was approved by the board without a vote against by the majority of the independent directors
	N/D						

	Name or corporate name of directors or senior managers or there entities controlled or under joint control	Nature of the transaction and other information necessary for its evaluation
	N/D	

D.4. Individual report on the significant intragroup transactions that are considered significant due to their amount or nature carried out by the company with its parent company or other entities belonging to the parent's group, including subsidiaries of the listed company, except when no other related party of the listed company has interests in these subsidiaries or these are wholly owned, either directly or indirectly by the listed company.

In any event, provide information on any intragroup transaction with companies established in countries or territories considered tax havens:

Corporate name of the group company	Brief description of the transaction and other information necessary for its evaluation	Amount (in thousands of Euros)
N/D		

D.5. Individually detail the transactions that are considered significant due to their amount or nature performed by the company or its subsidiaries with other related parties which are done so in accordance with the International Accounting Standards adopted by the EU, which have not been reported in previous headings.

Corporate name of the related party	Brief description of the transaction and other information necessary for its evaluation	Amount (in thousands of Euros)
N/D		

D.6. Detail the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders or other related parties.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

D.7. Indicate whether the company is controlled by another entity in accordance with Article 42 of the Commercial Code, listed or not, and whether it has a direct business relationship with this company or any of its subsidiaries (other than the listed company) or undertakes any activity relating to any of them.

Yes  
 No

## **E. RISK CONTROL SYSTEMS**

### **E.1. Explain the scope of the company's financial and non-financial Risk Control and Management System, including those of a tax-related nature.**

The Viscofan Group risk management system is governed by the Risk Control and Management Policy, whose purpose is to establish the basic principles and general action framework to identify, measure, prevent and mitigate risks of all types that may affect the creation of value that is sustainable and shared but its stakeholders.

This policy establishes that the Viscofan Group's integral risk control and management system will be applied to all its companies, it will be mandatory for all administrators, directors and employees and will be followed in accordance with the basic principles of integration into management, adaptation to changes, transparency, ongoing improvement and the application of best international practices for good governance. It should include at least the following activities:

- a. Identifying the main risks taking into account their impact on the creation of sustainable and shared value for the Viscofan Group's stakeholders within the Strategic Plan in force at any given time and assessing their probability of occurrence and impact in order to prioritise them accordingly.
- b. Determining risk appetite by establishing tolerances and suitably monitoring their development with key risk indicators.
- c. Implementing a control system integrated into the internal rules and regulations of the Viscofan Group, including the identification and assessment of the controls and contingency plans necessary to mitigate the impact in case the risks materialise.
- d. Assessing the effectiveness of the control system and its application, as well as its compliance by all Viscofan Group employees.
- e. Establishing action plans in the event that the occurrence of one of the main risks negatively affects the creation of long-term sustainable value, taking residual risk to an acceptable risk level. As a direct consequence of this reduction in the level of risk, it will be necessary and appropriate to reassess and prioritise these risks, forming a continuous process of risk management.
- f. Auditing of the system by the Internal Audit Division.

Within the framework of the integral risk control and management system, the Viscofan Group has drawn up risk maps which represent the key risks, based on their impact and probability. This will serve as a management tool which enables informed decision making, defined in Risk Records which identify the key risk indicators together with their corresponding tolerances, the associated controls and management measures and, where appropriate, the action plans to be implemented. These records enable the Company to assess and monitor its risks and determine the most appropriate response to them, and they are periodically reviewed and updated.

The Global Risk Committee met three times in 2021 to update the risk map and the methodology as well as to assess and monitor the main risks.

The organisation's risk map was defined in accordance with the code of conduct, internal regulations and the current Strategic Plan, which includes different types of risks (market, business, operational, credit, social, environmental, climate change, technological, legal and regulatory), and is presented adopting the COSO methodology, grouping the existing risks in four categories in accordance with type of objective they affect: strategic, operational, information and compliance.

### **E.2. Identify the corporate bodies responsible for drawing up and enforcing the financial and non-financial Risk Control and Management System, including tax-related risks.**

#### **BOARD OF DIRECTORS**

In accordance with Art. 5 of the Company Board of Directors Regulations, relating to "Exclusive Powers", the financial and non-financial risk control and management policy, including tax risks, and the regular monitoring of internal information and control systems constitute one of the issues that may only be heard and addressed by the Board of Directors in full session.

#### **AUDIT COMMITTEE**

It is a specific responsibility of the Audit Committee to oversee the suitability of the control policies and procedures implemented and to review the internal control systems and risk management, financial and non-financial, and the adaptation of the control policies and procedures implemented so the main risks can be identified, managed and suitably disseminated. The Audit Committee will establish monitoring mechanisms, including appearances by executives in relation to risk management and periodic reporting to the Board on the situation and implementation of the integral risk control and management system.

#### **INTERNAL AUDIT**

Their purpose is to promote the application of Risk Management in all activities and supervise to ensure that significant risks are suitably identified, assessed, managed and controlled. They have a broad presence on specific risk Committees.

**ETHICS AND REGULATORY COMPLIANCE COMMITTEE**

It is the body responsible for supervising the risks specific to the Group with regard to criminal liability or any other non-compliance, and for assessing, implementing and monitoring the Compliance System. It is responsible for regularly reporting on the implementation and monitoring of the Group's compliance system and reporting on it to the Audit Committee, as well as for proposing its review and/or updating. In particular, with regard to the whistleblower channel, it is the body responsible for opening, on its own account or at the request of a third party, the investigation of any situation that may involve a breach of rules and regulations in the Viscofan Group.

**GLOBAL RISK COMMITTEE**

The Global Risk Committee is a collegial body whose purpose is to identify and assess the main risks threatening the Viscofan Group, making a deeper analysis of their organisation and recommendations for the actions required to manage the risks within the established margins.

**CREDIT RISK COMMITTEE**

It is established as a supervisory and control body for those risks related to customer payment management. The objective of this Committee is to delve into the prevention, monitoring and solution of the risks mentioned, via the creation and implementation of the instruments considered most appropriate at the time.

**INVESTMENTS COMMITTEE**

Its main purpose 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.

**CYBERSECURITY COMMITTEE**

It is in charge of defining the strategic objectives of the Group's Cybersecurity, ensuring the secure management of information and assuring the state of protection, as well as periodically monitoring compliance with regulations, risk projects and situations and incidents.

**SUSTAINABILITY COMMITTEE**

This is the body responsible for coordinating and supervising the Sustainability Action Plan, the initiatives, work plans and long-term objectives for the same. The committee reports to the Appointments, Remuneration and Sustainability Committee, the Board of Directors' internal body responsible for the supervision, development and improvement of the Company's sustainability policies.

**SENIOR MANAGEMENT**

It is responsible for identifying and assessing the risks faced by the Group in the course of its activity and taking appropriate measures to prevent these risks from occurring or, if they do occur, 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.

**E.3.** Indicate the main financial and non-financial risks, including tax risks, and to the extent that those derived from corruption (the latter being within the scope of Royal Decree Law 18/2017) that could affect the attainment of business objectives, are significant.

The management and control activities enable the risks to be anticipated and detected and the threats to be examined and measured that may prevent the Viscofan Group from attaining its objectives, as well as the creation of value that is sustainable and shared with the stakeholders. During the 2021 financial year, the comprehensive risk management and control system assessed these risks and identified those that were most critical (by expected impact and probability of occurring), as well as considering new risks and evaluating their development.

The main sources of risks that may affect the Viscofan Group's activities in the coming financial years are the following:

- The competitive environment within the sector, both with regard to competitors and the appearance of substitute products.
- Cybersecurity due to exposure as a result of leadership in the sector and greater mobility and connectivity.
- Variations in the rate of exchange, especially the Euro against the USD.
- The fiscal environment, that affects commercial and financial transactions and is subject to tax regulations and norms in different countries.
- The cohesion of the Group arising from the internationalisation and dispersion of the production centres.
- The budgetary planning and control process.
- Environmental risks and those resulting from climate change.
- Customer satisfaction linked to product quality, customer service and services provided.
- Meeting expectations with regard to the group's stakeholders and Viscofan's reputation.
- Material damages resulting from impairment or a sudden loss of value due to extraordinary circumstances.
- Technological change and its impact on innovation and internal technologies.
- The integrity of financial and non-financial information.
- Work-related accidents that could affect people's physical integrity.
- The pandemic and its repercussions on the value chain and the business environment.
- The lack of raw materials and the general increase in prices.
- The increase in energy prices, both gas and electricity.

All these risks are included in the Viscofan Group's risk control and management system, and this includes the methodology required for the identification and ongoing inclusion of new risks.

**E.4. Identify if the company has risk tolerance levels, including tax risk.**

The Viscofan Group's risk control and management system includes establishing the levels of tolerance to the risk, including tax risks, both at an individual and a joint level for each risk. Their management falls within the framework of the risk control and management policy, the specific policies approved by the Board of Directors and the resulting risk management procedures. The latter include the Fiscal Policy that enables the Board of Directors to establish fiscal strategy with a view to guaranteeing the application of action principles that will enable fiscal risk to be minimised.

In the 2020 financial year low tolerance levels for risk continued to be established resulting in proactive management of the main risk indicators.

Risks are prioritised in terms of their impact and probability based on quantitative and qualitative criteria, and this makes it possible to create a risk map for the Viscofan Group based on the establishment of risk appetite. Furthermore, the main risk indicators are identified for each risk and these are instruments for establishing tolerance to risk by setting threshold or reference values.

During the 2021 financial year the Viscofan Group monitored the values of the risk indicators and the defined thresholds, so where these thresholds were exceeded the required management measures were taken to redirect the risks to the defined tolerance level. This management applies to the materialised risks and the response plans described in sections E.5 and E.6 below.

This methodology began to be extended to some of the Group's main companies in 2020 and this is expected to be significantly completed in 2022, with the aim of complementing Group management and supervision with that undertaken in each subsidiary as part of an ongoing bidirectional improvement process and to extend risk management by integrating it into local management systems.

**E.5. State what financial and non-financial risks, including tax-related risks, have occurred during the financial year.**

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded

**E.6. Explain the response and supervision plans for the main risks of the company, including tax risks, and the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise.**

The different committees met monthly and quarterly and their results were supervised by the Audit Committee, which during its meetings was informed by the Internal Audit Division and reports of the Global Risk Committee are reviewed at least every quarter and reported to the Board of Directors.

Viscofan Group's integral risk control and management system described in sections E.1 (scope) and E.2 (responsible bodies) was applied in response to and to supervise the main risks that materialised in the 2021 financial year. These risks and the plan to respond to and supervise them is detailed in section E.5 above.

With regard to the remaining risks, the main plans and actions taken during the 2021 financial year were as follows:

- Projects continued to be promoted to improve the levels of service, quality and productivity that would result in greater protection of the market share and even take advantage of the shortage of animal intestines that could be replaced by Viscofan products and the price strategy was adapted to the market situation and developments with regard to raw materials.
- A sustainability strategy and plan were deployed, together with the corresponding policies approved by the Board of Directors and a committee was set up to manage sustainability risks.
- The required insurance policies were taken out in all the Viscofan Group's areas of risk (personal, assets, third-party and environmental liability, etc.).
- The development of a Master Plan for Information Systems and the implementation and planning of actions in matters of cybersecurity.
- Innovation and diversification as a source of competitive advantage and growth.
- The development of people and cohesion plans to maintain and promote the Viscofan Group's culture and values adapted to the specific circumstances prevalent in each of the countries in which it operates.

## **F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)**

Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity.

### **F.1. The entity's control environment.**

Give information, describing the key features of at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

The Board of Directors of the Viscofan Group has the exclusive power to review the risk control and management policy, as well as the periodic monitoring of the internal information and control systems. The Corporate Finance area is responsible for the implementation and supervision of the ICFR. In addition, all other Group Departments are to cooperate in the dissemination of the ICFR within their area of responsibility. As such, each Department shall be responsible for applying the controls corresponding to their area and for coordinating with the other departments in applying the ICFR.

In accordance with Article 15.C. of the Regulations of the Board of Directors, the Audit Committee is responsible for supervising the effectiveness of the company's internal control, internal audit, and risk management systems. This point mentions that the Committee's powers include supervising the process of preparing and presenting the mandatory financial information on the Company and the Group.

F.1.2 Whether, especially in the process of drawing up the financial information, the following elements exist:

- Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity.

In the first instance, the Board of Directors, as established in its own Regulations, is responsible for approving the definition of the corporate structure. In addition, at the proposal of the chief executive, the Board decides on the appointment and removal of senior executives.

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 is via the corporate Human Resources Management platform and the corporate intranet, with the current organisation charts of each company and any major changes being managed and published on the latter.

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 ICFR at local level, responsible for disseminating it to the rest of the departments involved, checking that each one of them carries out the controls allocated and regularly reporting on the operation of the system.

- Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

The body responsible for approving the Code of Conduct is the Board of Directors, subject to a report by the Audit Committee and that the recommendation of the Ethics 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 in force at the Viscofan Group was approved by the Board of Directors at its meeting dated 29 February 2012, although the Audit Committee, upon the proposal of the Ethics and Compliance Committee at its meeting in December 2021, has favourably reported a new Code of Conduct, which was ultimately approved by the Board of Directors at its meeting of January 2022.

Viscofan publishes and makes available the content of the Code of Conduct on its website, [www.viscofan.com](http://www.viscofan.com).

Likewise, at the proposal of the Ethics and Compliance Committee and following a report from the Audit Committee, the Board of Directors approves the Group's Compliance Plan, which contains action plans in different areas: improved internal regulations, annual update of the procedural compliance risk map, training plans, internal control improvement plans. In relation to the training plans, the company works on a cross-cutting basis with the Department of Human Resources which, aside from guaranteeing the publication of the Code of Conduct, participates in the implementation of annual Compliance Training Plans.

Additionally, each of the Group companies has a Local Compliance Head, who is the person appointed by the Ethics and Compliance Committee to monitor the Group's Compliance System and responsible for ensuring that all local employees, technicians, and managers receive ongoing training.

This Ethics and Compliance system, including the Internal Control Policy for Financial and Non-Financial Information (updated during the 2020 financial year), was widely disseminated and is available to employees on the Group Intranet.

In addition to the Code of Conduct, Viscofan has an Internal Code of Conduct for the Securities Markets (ICC), which was updated in 2019 the application of which ensures, among other aspects, compliance with the legislation on market abuse. Thus, under the responsibility of the Secretary to the Board of Directors, all people affected by the Internal Code of Conduct (which applies to the members of the Board of Directors, senior management and personnel who on a recurring basis may have access to information classified as insider information), recurrently receive notifications concerning the presentation of results with the prohibition of trading with Company shares, Monitoring the register of transactions and finally, when the information may be considered as inside information, the opening of the corresponding transaction and list of insiders. The Compliance Training Plan includes training activities relating to the ICC.

Lastly, the Viscofan Compliance System has a reporting process in place by virtue of which the Ethics and Compliance Committee report to the Audit Committee at least twice a year regarding the implementation of the Compliance Plan for the year, which includes the correct functioning of the Whistleblowing Channel and the management of claims received through this channel. The Committee then reports to the Board of Directors regarding the functioning of the System and the Improvement plans to increase its efficiency.

- Whistle-blowing channel, to allow financial and accounting irregularities to be communicated to the Audit Committee, as well as possible non-compliance with the code of conduct and irregular activities in the organization, reporting where applicable if this is confidential in nature and if permitted, perform anonymous communications regarding the rights of the accuser and the accused.

Article 15 of the Board of Directors 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."

For this purpose, a whistle-blowing channel has been implemented and is regularly operational as a virtual space for all those who propose issues associated with compliance with the Code of Conduct and, generally, with all of the Viscofan Group's ethical and compliance systems, especially when there are signs of non-compliance.

This whistle-blowing channel makes it possible to establish a suitable channel to facilitate reporting to the Audit Committee of any financial and accounting irregularities, while guaranteeing the confidentiality of communications. Active since the 2020 financial year, the whistle-blowing channel was opened to third parties with the possibility of processing anonymous complaints, under terms and with the guarantees legally established.

The Audit Committee has delegated the creation and management of this Whistle-blowing Channel to the Ethics and Compliance Committee. In particular, article 10 of the Audit Committee Regulations, Functions related to the Ethics and Compliance Committee, is as follows:

"Oversee the effectiveness and operation of the Ethics and Compliance Committee and for this purpose, receive regular information on compliance with the Internal Code of Conduct and the Code of Conduct, and in particular, on the mechanism (complaint channel) that allows employees and other people associated with the Company to confidentially, and anonymously if necessary, report possible irregularities of potential significance..."

- Periodic training and updating courses for employees involved in preparing and revising the financial information, and in ICFR assessment, covering 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 ICFR.

The employees of the Internal Audit department follow the guidelines laid down the Spanish Institute of Internal Auditors of which Viscofan is a member, and undertake any training required to comply with their functions and best practices.

## **F.2. Financial reporting risk assessment.**

Provide information on, at least, the following:

F.2.1 The key features of the risk identification process, including error and fraud risks, with respect to:

- 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 ICFR is performing and identify risk areas for which additional controls should be incorporated into the system.

This year, there has been a joint effort (Internal Audit and Corporate Finance departments and corporate functional areas) to improve and rationalise the controls of the Treasury, Production, HR and IT areas. Furthermore, new controls have been activated in the Consolidation area.

Every month, the Corporate Finance Department monitors compliance in the execution of controls of each subsidiary and reports these execution statistics to the Audit Committee on a quarterly basis. The Internal Audit Division also informs the Audit Committee on a quarterly basis of the main incidents identified in the period, together with a risk assessment based on qualitative criteria and the monitoring carried out on the corrective actions established in previous periods.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), whether the information is updated and with what frequency.

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:

- a) Validity: All transactions generated in the period are valid.
- b) Integrity: All transactions have been recorded correctly.
- c) Registry: All transactions have been accurately entered into the accounts.
- d) Cut-off: All transactions recorded represent economic events that occurred during the period in question; transactions are recorded in the corresponding period.
- e) Assessment: Assets and liabilities are correctly valued (they appropriately reflect the existing circumstances of the business and its financial conditions).

f) 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 list of risks for each process (affecting the preparation of financial information), following an analysis of the information compiled.

- The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

In accordance with the Board of Directors Regulations, the Board shall be exclusively responsible for defining the structure of the corporate group. In turn, the Audit Committee shall oversee the appropriate scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures and 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.

The Audit Committee is informed about structural and corporative modification operations that are planned for its analysis and report to the Board of Directors regarding its economic conditions and accounting impact.

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.

In addition, it is the exclusive knowledge of the Board of Directors 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 15 of these same Regulations, the Audit Committee is responsible for informing the Board, prior to it making the corresponding decisions in this area.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax-related, reputational, environmental, etc.) insofar as they impact the financial statements.

The process of identification of risks of error or fraud in financial information takes into account the effects of other types of risks insofar as they affect the financial statements, risks that are assessed and managed as described in Section E of this report.

- Which of the entity's governance bodies supervises the process:

Article 15 of the Viscofan Board of Directors Regulations assigns the Audit Committee the role of monitoring the risk management carried out by the Group.

"Reviewing the internal control and risk management systems, including tax risks, so that the main risks may be correctly identified, managed and suitably reported."

In addition, as described in section E of this report, all departments of the organisation, including the Internal Audit Department, collaborate with the Audit Committee through the Global Risk Committee, continuously identifying and assessing the risks faced by the organisation.

### **F.3. Control activities.**

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

F.3.1 Procedures for review and authorisation of the financial information and the description of the ICFR, to be published on the securities markets, indicating who is responsible for it, and the documentation describing the activity flows and controls (including those concerning risk of fraud) for the different types of transactions that may materially impact the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgments, estimates, valuations and projections.

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.
- Reporting 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 Reporting, the Corporate Finance Division is responsible for the design, start-up and dissemination of the ICFR, 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 assessing the ICFR.

To do so, 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.

On the other hand, based on the balance sheet and profit and loss accounts, the most significant accounts are identified, analysing, by means of the controls implemented or establishing new controls if considered necessary, the coverage percentage, in order to guarantee the reliability of the information published. In this way, adding the two approximations by process and by items in the income statement and profit and loss account, the aim is to guarantee that the controls in place cover the most significant risk areas.

To facilitate the internal control a tool has been developed on Viscofan's intranet to implement the ICFR 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.

In the course of 2021, further progress was made in the improvement and standardisation of evidence provided by the different companies within the Group and the streamlining of the controls in certain functional areas (controls in the Treasury, Production and HR areas) jointly undertaken by the Internal Audit and Corporate Finance departments, and with the collaboration of those responsible at a corporate level. Furthermore, controls have been activated in the Financial Consolidation area.

Existing controls were analysed, and this resulted in changing from local to corporate supervision or converting local into corporate control and reaching an agreement on what was the most suitable evidence to be used for implementation.

The document "The Internal Risk Management and Control Systems" implemented in Viscofan, explains the set of measures and controls that allow assurance to be given on financial closings, as well as narratives and flow charts related to the local procedure for closing accounts, with the corporate ICFR review process and the operations of the various existing committees.

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

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 accounting 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 Department. This review takes place before the information is sent to the Board of Directors for final approval.

The Audit Committee also supervises the Company's regular financial information, fulfilling the roles assigned to it in the Board of Directors Regulations.

"Overseeing the process devised by the senior management to assess and significant estimates, and the impact thereof on the financial statements. Review, analyse and discuss 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."

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

The Committee 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 Internal control procedures and policies for information systems (among others, access security, change control, their operation, operational continuity and segregation of functions) that support the relevant processes in the entity with respect to the drawing up and publication of the 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, available on the Group intranet, which regulate the use of computer systems and networks and their control and management:

- Authorisation policy on computer access and profiles
- Password policy
- Computer systems and networks management policy
- IT Security Policy
- Confidentiality policy

These policies 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 the Password Policy.
- Management of access to any computer system or network shall comply with the provisions of the IT Profile Access Authorisation Policy. 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.
- 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.
- All personnel, and from this moment all employees, without prejudice to the commitment established in their contract or not, having access to confidential information in the Viscofan Group must sign a confidentiality agreement that explicitly and unequivocally details the obligation of restrictive use of the confidential information and the obligation to keep it secret, restricting its access and disclosure.

The main infrastructure of the Group is located in a main Data Processing Centre (CPD). In a second CPD the secondary infrastructure is housed to ensure the continuity of the service in case of disaster.

The Viscofan Group has a Disaster Recovery Plan, coming within the framework of processes and procedures, and which will serve to guide and support the teams during an incident. This will enable the teams to respond in a way which is as most efficient and controlled as possible, minimising the impact on users, in order to return to operational service as soon as possible.

**F.3.3 Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the evaluation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.**

The Viscofan Group assigns to independent expert third parties the actuarial calculations on labour liabilities and the calculation of the Corporate Tax of one of the Group companies, as well as the performing of PPA (Purchase Price Allocation) processes in the purchases of new businesses and the valuations of the share-based plans.

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

In line with the evolution of technology, housing and maintenance services are contracted for the Group's main data centres, as well as plans that ensure business continuity in the event of computer incidents. Outsourced services are periodically monitored by checking the critical management indicators. A validation service has been implemented for cloud services offered by software companies for the access and use of their applications.

**F.4. Information and communication.**

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

**F.4.1 A specific function in charge of defining and keeping the accounting policies updated (accounting policy department or area) and dealing with queries or conflicts stemming from their interpretation, ensuring smooth communication with those in charge of operations in the organization, and an up-to-date manual of accounting policies, communicated to the units through which the entity 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 Reporting.

The accounting 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.

The manuals are reviewed by the person responsible for Consolidation, at least annually, generally during the months of November and/or December. The scope is updated and new legal regulations applicable to the Group are incorporated. The documents are issued in Spanish and English. The latest update to the Group's accounting policy manual was made in November 2021, and was applied to the financial statements for the 2021 financial year.

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

**F.4.2 Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on ICFR.**

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 controlling team ensures that at year-end, the accounting balances of the consolidation system coincide with the accounting balances of the financial modules of each subsidiary to ensure that the origin and destination information is the same.

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 of the company and subsidiaries, the first draft of which is prepared directly in this system.

In 2021, work was carried out on the local unified accounting plan to implement it in the Group companies.

#### **F.5. Supervising the system's operation.**

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

F.5.1 The ICFR supervision activities carried out by the Audit Committee and whether the entity has an internal audit function which competence include providing support to the Audit Committee in its task of supervising the internal control system, including the ICFR. Likewise, the scope of the ICFR evaluation carried out in the year and the procedure by which the person in charge of executing the evaluation communicates its results will be reported, if the entity has an action plan that details the possible corrective measures, and if has considered its impact on financial information.

As noted in Article 8 of the Regulations of the Audit Committee, one of the main functions is to supervise the process of preparation, presentation and integrity of the economic and financial information relating to the Company and its consolidated Group, reviewing the correct design of the ICFR, compliance with regulatory requirements and the correct application of generally accepted accounting principles.

Reporting directly to the Audit Committee is the Viscofan Group's Internal Audit Department, whose scope of work includes determining whether the Viscofan Group's risk management, control and corporate governance processes, designed and operated by Management, are suitable and perform in a manner that ensures that significant financial, management and operational information is accurate, reliable and available in a timely manner.

During the financial year of 2021, the Internal Audit work plan specifically focussed on:

- The implementation of automatic controls (continual audit) comprises the automation of detective controls (alerts) in the SAP management system environment for different Group processes.

- Participation in the Investment Committee, overseeing its activity. In 2021, the Investment Committee held four meetings, coinciding with the quarterly financial closures.

Investments are strictly monitored at all subsidiaries. A report is issued every month and emailed to the Committee members, making it possible to ensure that any possible deviations are quickly detected, and the appropriate actions can be taken.

- Participation in the Credit Risk Committee, overseeing its activity, particularly with regard to credit risk coverage levels and the principal accounts receivable. The Credit Risk Committee met during the year on five occasions.

The key objective of the Credit Risk Committee is to report on the taking out of credit insurance, compliance with established procedures and the added risk involved in selling to some countries. Furthermore, a detailed analysis is made of the total exposure of customers, particularly those with the largest amounts of matured debt.

Monitoring conducted by the Committee has made it possible to keep the amount of the debt covered compared to last year. The default rate was maintained at a level considered satisfactory by the organisation.

- Participation in the Global Risk Committee described above, undertaking the reassessment and the redefinition of some risks in the already existing Risk Map (defined in 2016 based on the MORE TO BE strategic plan), redefining all the KRIs associated with each of these risks, as well as monitoring the values of these KRIs. In 2021, at the recommendation of the Global Risk Committee work has progressed on assessing the risks in greater detail, by individual Group company. The Committee has met three times throughout this year.

- The quarterly assessment of the ICFR, reviewing the controls made and the quality of the evidence provided, establishing appropriate corrective measures. Specifically, every quarterly closure is accompanied by a review of the most important controls, submitting the findings report to the Audit Committee prior to the approval of the financial information to be published.

- The review of different processes in various national and international subsidiaries in compliance with the annual Audit Plan approved for 2021.

- The monitoring of the implementation of the recommendations arising from the reviews of the different processes audited in the past. For this purpose there is a tool to monitor Internal Audit's recommendations, with the creation of reports for Senior Management.

- The Internal Audit team conducts ongoing independent review of the effectiveness of the different controls implemented on the ICFR platform, both through the quarterly reviews made of the ICFR controls and actions approved in the annual audit plan that enable analysis to be made of the controls implemented to mitigate the risks being audited. Subsequently, these conclusions are discussed with the Corporate Finance Department as the head of the System, agreeing on action plans to correct any possible incidents. Subsequently, these conclusions are presented to the Audit Committee for its consideration prior to the approval of the financial information to be published.

The activity of the Internal Audit Department is considered to be satisfactory, mainly thanks to the high implementation rate for the improvements and recommendations made in order to correct the incidents detected.

F.5.2 Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information on whether there is an action plan to try to correct or mitigate the weaknesses observed.

The Audit Committee has Regulations in accordance with the law and with internal corporate governance regulations. The Regulations implement and supplement the rules of the Bylaws and the Regulations of the Board of Directors applicable to the Committee.

Art. 6 of these Regulations describes the different functions of the Committee regarding the external auditors, and among others the following functions are indicated:

- Supervise the results of each audit and the management team's responses to its recommendations.
- Supervise the content of the audit reports before issuance and, where appropriate, of the limited review reports of intermediate accounts ensuring that said content and the opinion on the annual accounts are drafted clearly, precisely and without limitations or exceptions by the auditor, explaining them to the shareholders (if any). In this regard, together with the auditor, the Committee must oversee the significant findings derived from its work and, where appropriate, propose to the Board of Directors the measures it deems appropriate to address the shortfalls found by the auditor.
- Assess whether the relationships and collaboration of senior management and the financial department with the auditor has been suitable for the performance of the audit functions.

Art. 7 of these Regulations describes the different functions of the Committee regarding the internal auditors, and among others the following functions are indicated:

- Receive regular information on the activities carried out by the Internal Audit Department of Viscofan and the companies of its Group, and specifically on the execution of the annual work plan, the incidents found and the annual report containing a summary of the activities.
- Ensure that senior managers take into account the conclusions and recommendations of the reports of the Internal Audit Department.

#### **F.6. Other significant 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 the ICFR information disclosed to the markets has been submitted by the external auditor, in which case the entity must attach the corresponding report as an annexe. Otherwise, explain the reasons why it was not.

The ICFR information was subjected to review by our external auditors, PwC in accordance with the Professional Action Guidelines and the Audit Report model concerning ICFR-related information on listed companies as laid down in Circular No. 5/2013 of 12 June by the National Securities Market Commission (CNMV), subsequently amended by Circular No. 7 2015 of the CNMV on 22 December 2015 and Circular No. 2/2018 of the CNMV on 12 June 2018.

**G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

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Indicate the extent to which the company follows the recommendations of the Good Governance Code of listed companies.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies  Explain

2. That, when the listed company is controlled in accordance with Article 42 of the Commercial Code by another entity, listed or not, and has a direct business relationship with this company or any of its subsidiaries (other than the listed company) or undertakes any activity relating to any of them, they should publicly provide precise information on:

- a) The respective areas of activity and any business relationships between the listed company or its subsidiaries on one hand, and the parent company or its subsidiaries on the other hand.
- b) The mechanisms envisaged to resolve any possible conflicts of interest that may arise.

Complies  Partially complies  Explain  Not applicable

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a) Changes taking place since the previous General Shareholders' Meeting.
- b) The specific reasons for the company not following a given Code Good Governance recommendation and any alternative procedures followed in its stead.

Complies  Partially complies  Explain

4. The company should define and promote a policy relating to communication and contacts with shareholders and institutional investors within the framework of their involvement with the company, as well as with proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant spokespersons or those responsible for its implementation.

And that, notwithstanding the legal obligations for the dissemination of privileged information and other types of regulated information, the Company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (the media, social networks and other channels), which contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies [ X ]      Partially complies [ ]      Explain [ ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies [ X ]      Partially complies [ ]      Explain [ ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
- c) Audit committee report on third-party transactions.

Complies [ X ]      Partially complies [ ]      Explain [ ]

7. The company should broadcast its general meetings live on the corporate website.

And that the company has mechanisms that enable the delegation and exercise of voting by means of telematics and, in the case of large cap companies and as far as is commensurate, attendance and active participation in the General Shareholders' Meeting.

Complies [ X ]      Partially complies [ ]      Explain [ ]

8. That the audit committee ensures that the annual accounts presented by the board of directors to the general shareholders' meeting are prepared in accordance with accounting regulations. In the event that the account auditor has included any qualifications in its audit report, the chairman of the audit committee will clearly explain the opinion of the audit committee before the General Shareholders' Meeting with regard its content and scope, and will, at the same time as the announcement of the call for the general meeting, provide shareholders a summary of said opinion together with all the other proposals and reports of the board.

Complies  Partially complies  Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies  Partially complies  Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies  Partially complies  Explain  Not applicable

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies  Partially complies  Explain  Not applicable

12. The board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies [ X ]      Partially complies [ ]      Explain [ ]

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies [ X ]      Explain [ ]

14. That the Board of Directors should approve a policy aimed at establishing a suitable composition of the Board of Directors and which:

- a) is specific and verifiable.
- b) ensures that the appointment or re-election proposals are based on a prior analysis of the skills required by the Board of Directors; and
- c) encourages a diversity of knowledge, experience, age and gender. With regard to this, measures that promote gender diversity are those promoting the presence of a significant number of women in the company's senior management.

That the results of the prior analysis of the skills required by the board should be included in the appointment committee's justifying report that is published when the general shareholders' meeting is convened and in which the appointment and re-election of each director will be ratified.

The appointments committee should run an annual check on compliance with this policy and include its findings in the annual corporate governance report.

Complies [ X ]      Partially complies [ ]      Explain [ ]

15. Nominee and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

And that the number of female directors should represent at least 40% of the members of the Board of Directors by the end of 2022 and thereafter, and before this should never be less than 30%.

Complies [ ]

Partially complies [ X ]

Explain [ ]

Proprietary and independent directors represent a broad majority of the Board, amounting to 7 out of a total of 11 directors (64%) and the number of executive directors is the minimum required, bearing in mind the complexity of Viscofan Group, with a total of 2 out of 11 directors (18%).

In recent years Viscofan has increased the number of female directors from 1 to 3, currently representing 27.27% of the total number of directors, very near the established percentage. Furthermore, the Policy for Director Selection and Diversity of the Board of Directors is based on the principle of diversity that establishes that when the Appointments, Remuneration and Sustainability Committee or the Board itself, as appropriate, seek a professional profile, first they will take into consideration the corporate interests, and in the event of there being two similar professional profiles, it will select the one that will increase the least represented gender.

After the assessment process undertaken by the Board and the Committees with regard to the 2021 financial year, the objective of achieving a greater presence of women on the Board of Directors was reaffirmed in accordance with the new recommendation in the Good Governance Code. In this regard, the Appointments, Remuneration and Sustainability Committee, in view of the completion of the mandate of directors, has worked during the 2021 financial year to search for more suitable profiles to be included on Viscofan, S.A.'s Board of Directors, setting as an objective the goal of increasing female representation on the Board of Directors.

16. The percentage of nominee directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [ X ]

Explain [ ]

17. Independent directors should be at least half of all directors.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of the total number of directors.

Complies [ X ]

Explain [ ]

18. Companies should disclose the following information on their directors on their websites and keep it regularly updated:
- a) Background and professional experience.
  - b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
  - c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
  - d) Dates of their first appointment as a director and subsequent re-elections.
  - e) Shares held in the company, and any options on the same. Complies [ X ]  
] Partially complies [ ] Explain [ ]
19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a place on the board from shareholders whose equity stake is equal to or greater than that of others applying successfully to be appointed a proprietary director.
- Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]
20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the latter's number should be reduced accordingly.
- Complies [ X ] Partially complies [ ] Explain [ ] Not applicable [ ]

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a director, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies  Explain

22. That companies should establish rules obliging directors to disclose any circumstance and, where appropriate, resign when circumstances arise that affect them, whether or not they are related to their actions within the company itself, that might harm the organisation's name or reputation and, in especially, to inform the board of any criminal charges in which they may be investigated, and their involvement in any subsequent legal proceedings.

And that, if the Board has been informed or become aware in any other way of the existence of any of the situations mentioned in the previous paragraph, the case should be examined as soon as possible, according to the specific circumstances and with a prior report to the Appointment and Remuneration Committee, to determine whether or not any measures should be taken, such as opening an internal investigation, asking the director to resign or proposing their dismissal. And that a report regarding this is included in the annual corporate governance report, unless there are special circumstances to justify this, in which case they should be confirmed in the minutes. Notwithstanding the information that the company needs to provide, where applicable, at the time when the measures are taken.

Complies  Partially complies  Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes relevant or reiterated decisions about which a director has expressed serious reservations then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation should also apply to the secretary of the board of directors, whether a director or otherwise.

Complies  Partially complies  Explain  Not applicable

24. When a director steps down before the end of their term of office, whether by resigning or with the agreement of the general meeting, they must explain the reasons for their departure or, in the case of non-executive directors, their opinion on the reasons for the dismissal by the general meeting, in a letter to be sent to all other members of the Company's Board of Directors.

And that, notwithstanding including all this in the annual corporate governance report, insofar as it concerns the investors, the company should publish the dismissal as soon as possible making sufficient references to the reasons or circumstances given by the director.

Complies       Partially complies       Explain       Not applicable

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Complies       Partially complies       Explain

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies       Partially complies       Explain

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies       Partially complies       Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Complies       Partially complies       Explain       Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies       Partially complies       Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies  Explain  Not applicable

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, of the majority of directors present, which shall be duly shown in the minutes.

Complies  Partially complies  Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies  Partially complies  Explain

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies  Partially complies  Explain

34. When a lead independent director has been appointed, the Bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies  Partially complies  Explain  Not applicable

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Code of Good Governance of relevance to the company.

Complies  Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weaknesses detected in:
- The quality and efficiency of the board's operation.
  - The performance and membership of its committees.
  - The diversity of board membership and competences.
  - The performance of the chairman of the board of directors and the company's chief executive.
  - The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies  Partially complies  Explain

37. That where an executive committee exists, it should include at least two non-executive directors, at least one of whom should be independent; and the secretary should be that of the board of directors.

Complies  Partially complies  Explain  Not applicable

38. The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies  Partially complies  Explain  Not applicable

39. That the members of the Audit Committee as a whole and, particularly, the Chairman thereof, should be appointed taking into account their background knowledge and experience in accounting, auditing and the management of financial and non-financial risks.

Complies  Partially complies  Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies []      Partially complies []      Explain []

41. That the head of the unit responsible for internal auditing should submit their annual work plan to the Audit Committee to be approved by them or by the board, report directly to them with regard to its execution, including and possible incidents or restrictions to the scope of its actions, the results and monitoring of its recommendations and at the end of each financial year to submit an activity report.

Complies []      Partially complies []      Explain []      Not applicable []

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:
  - a) Supervise and assess the preparation process for and the integrity of the financial and non-financial information, the financial risk control and management systems relating to the company and, where applicable, to the Group (including operational, technological, legal, social, environmental, policy, reputational and relating to corruption) to review compliance with regulatory requirements, a suitable delimitation of the consolidation perimeter and the correct application of accounting criteria.
  - b) Monitor the independence of the unit responsible for the internal audit function; propose the selection, appointment, and removal of the head of the internal audit service; propose the service's budget; approve or propose approval to the board for its priorities and the annual work for internal auditing, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
  - c) Establish and supervise a mechanism that allows employees and other people related to the company, such as directors, shareholders, suppliers, contractors and subcontractors, to report any irregularities of a significant nature, including financial and accounting, or of any other nature, relating to the company that may arise within the company or its group. This mechanism should guarantee confidentiality and, in any case, envisage the possibility of the notifications being made anonymously, always respecting the rights of both the accuser and the accused.
  - d) Generally safeguard that the established policies and systems with regard to internal control are applied effectively in practice.
2. With respect to the external auditor:
  - a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
  - b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
  - c) Ensure that the company notifies any change of auditor through the Spanish Securities Market Commission (CNMV) and accompanies the notification with a declaration on the possible existence of disagreements with the outgoing auditor and with the contents of the audit, if any.
  - d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
  - e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies [ X ]

Partially complies [ ]

Explain [ ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies [ X ]      Partially complies [ ]      Explain [ ]

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

45. That risk control and management policy should identify or conform at least the following:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, including those related to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) A risk control and management model based on different levels and that should include a committee specialising in risks when sector norms envisage this or if the company feels it is appropriate.
- c) The risk level the company feels is acceptable.
- d) The measures in place to mitigate the impact of identified risk events should they occur.
- e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Complies [ X ]      Partially complies [ ]      Explain [ ]

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies [ X ]      Partially complies [ ]      Explain [ ]

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies  Partially complies  Explain

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies  Explain  Not applicable

49. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Directors.

When there are vacancies on the board, any Director may approach the Nomination Committee to propose candidates that it might consider suitable.

Complies  Partially complies  Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies  Partially complies  Explain

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies  Partially complies  Explain

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:
- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
  - b) They should be chaired by independent directors.
  - c) That the board of directors should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference and discuss their proposals and reports; and provide report-backs on their activities and work at the first plenary meeting of the board of Directors following each committee meeting.
  - d) They may engage external advice, when they feel it necessary for the discharge of their functions.
  - e) Meeting proceedings should be recorded in minutes and a copy made available to all directors.

Complies  Partially complies  Explain  Not applicable

53. The task of supervising compliance with the policies and rules of the company concerning environmental, social and corporate governance, as well as the internal code of conduct, is assigned to a single board committee or split between several, which could be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or any other dedicated committee established by the board of directors under its powers of self-organisation. Any such committee will be formed solely by non-executive directors, the majority of whom will be independent and they should be assigned the minimum functions as detailed in the following recommendation.

Complies  Partially complies  Explain

54. The minimum functions referred to in the above recommendation are the following:

- a) Supervision of compliance with the company's corporate governance rules and internal codes of conduct, whilst ensuring that corporate culture is in line with its purpose and values.
- b) Supervision of the application of the general policy regarding the notification of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisers and other stakeholders. There will also be monitoring of how the entity communicates with and relates to small and medium-sized shareholders.
- c) Regular assessment and review of the Company's corporate governance system and its policy regarding environmental and social issues, with the purpose of confirming compliance with its mission to promote social interest and where appropriate, taking into account the legitimate interests of remaining stakeholders.
- d) Supervision that the company's practices regarding environmental and social issues are in accordance with the established strategy and policies.
- e) Monitor and assess the company's interaction with its stakeholder groups.

Complies [ X ]

Partially complies [ ]

Explain [ ]

55. That sustainability policies regarding environmental and social issues identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, customers, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illicit behaviour
- b) The methods and systems for monitoring compliance with the policies, associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including that relating to ethics and business conduct.
- d) Channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies [ X ]

Partially complies [ ]

Explain [ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies [ X ]

Explain [ ]

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above will not be applicable to shares that the director has to sell to satisfy costs related to their acquisition.

Complies  Partially complies  Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

Specifically, variable components of remuneration should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that take into account the risk assumed to obtain a given result.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies  Partially complies  Explain  Not applicable

59. That the payment of variable remuneration components should be subject to sufficient verification that performance criteria have effectively been met, or any other criteria previously established. In their annual report on remunerations to directors, entities will include the criteria with regard to the time required and the methods used for this verification in accordance with the nature and characteristics of each variable component.

That the entities should also assess the creation of a reduction clause ("malus") based on deferring for a suitable period of time the payment of part of the variable components that may involve total or partial loss where prior to payment an event may occur that makes payment inadvisable.

Complies  Partially complies  Explain  Not applicable

The components for variable remuneration are subject to the preparation of annual accounts, the control system, and supervision by the Appointments, Remuneration and Sustainability Committee in the clawback clause. However, the establishment of a reduction clause ("malus") has not been included.

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

62. That following the award of shares, financial options and instruments corresponding to the remuneration systems, executive directors may not transfer ownership or exercise them until at least three years have passed.

An exception is made where at the time of transfer or exercise the director maintains net economic exposure to a variation in the price of the shares for a market value equivalent to amount corresponding to at least double the annual fixed remuneration from the ownership of shares, options or other financial instruments.

The above shall not be applicable to shares that the director needs to transfer to satisfy costs relating to their acquisition or, following prior favourable assessment by the Appointments and Remuneration Committee, to address any extraordinary circumstances that may require this.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

64. That payment for the termination or expiry of the contract should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he/she has met the predetermined performance criteria or conditions for receiving it.

For the purposes of this recommendation, payments for the termination or expiry of a contract should include those payment whose accrual or obligation to pay arises as a result or at the time of the expiry of the contractual relationship that linked the director with the company, including amounts not previously consolidated in the savings systems in the long term and the amounts paid corresponding to post-contractual non-competition pacts.

Complies [ X ]

Partially complies [ ]

Explain [ ]

Not applicable [ ]

## **H. OTHER INFORMATION OF INTEREST**

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1. If there is any other aspect relevant to the corporate government in the company or in the group entities that has not been reflected in the rest of the sections of this report, but is necessary to include to provide more comprehensive and well-grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.
2. This section may also include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the mandatory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily signed up to other international, industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing. If applicable, the code in question and the date of accession will be identified. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

Below you will find the content of the issues that could not be addressed in the corresponding paragraphs because they exceeded the maximum size allowed by the CNMV format:

POINT C.1.16 Indicate procedures for selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

The procedures for selection, appointment, re-election, assessment and removal of directors are regulated in:

- Articles of Association
- The Board of Directors Regulations
- The Policy for Director Selection and Diversity on the Board of Directors.
- Regulations of the Appointments, Remuneration And Sustainability Committee

In accordance with their respective responsibilities, the General Shareholder´s Meeting, the Board of Directors and the Appointments, Remunerations and Sustainability Committee have a role to play in the different procedures.

### **1. PROCEDURES FOR SELECTION, APPOINTMENT AND RE-ELECTION**

The appointment of directors corresponds to the General Shareholders meeting in accordance with the regulations applicable with regard to the proportional representation system, as detailed in article 25 of the Articles of Association.

Furthermore, article 8 of the Board of Directors Regulations establishes that the appointment of Directors will be undertaken at the General Shareholders Meeting or by the Board of Directors itself where this is legally envisaged. This article grants the Board of Directors the duty to ensure that the selection procedures for their members favour diversity, respect matters regarding age, gender, disability or professional knowledge and experience and do not have an implicit bias that may imply any discrimination and, in particular, that facilitates the selection of female directors to allow for a balanced presence of men and women.

The Policy on the Selection of Directors and Diversity on the Board of Directors also establishes that any director may propose candidates for director provided that they meet the requirements laid down in this policy. Likewise, the Company can count on the collaboration of external advisors in searching for and validating candidates for board membership.

The proposals relating to the appointment or re-election of directors, within the limits established in the articles of association, shall be made by the Appointment, Remuneration and Sustainability Committee in the case of independent directors and by the Board itself, subject to a report by the Committee, in the case of the other directors. Any proposals must be accompanied, in any case, by an explanatory report from the Board, assessing the competence, experience and merits of the candidate proposed, and shall include the presence on the Board of a reasonable number of independent directors and shall tend to maintain a majority of directors who are external to management.

The preparation of proposals for the appointment or re-election of Board members shall be based on an analysis of the Company's needs, which should be carried out by the Board of Directors with the advice and reporting of the Appointments, Remunerations and Sustainability Committee. In proposals for the re-election of directors, the Appointments, Remunerations and Sustainability Committee will assess the quality of work and dedication to the post during the term of office.

This report by the Appointments, Remunerations and Sustainability Committee on the Company's requirements will be published when the General Shareholders Meeting is called to vote on the ratification, appointment or re-election of each director, either as an independent document or as part of the proposal or report concerning the corresponding candidate.

Candidates for the position of director of the Company should have independent criteria, recognised professional prestige, good character, solvency, competence and experience. In addition, efforts will be made to ensure that, in the selection of candidates, an appropriate balance is achieved in the Board as a whole, which will enrich decision-making and bring a pluralistic viewpoint to the discussion of matters within its competence. Specifically, the following principles should be taken into account when formulating proposals or reports for director candidates:

- a) Principle of honesty and expertise
- b) Principle of sufficient dedication
- c) Principle of diversity
- d) Principle of specialisation

Candidates should also comply with the requirements established in the Company's Articles of Association, in the Regulations of the Board of Directors and in the provisions on good governance, for the suitable performance of a Director's duties and, especially those relating to due diligence and loyalty, always avoiding situations of conflict of interest or incompatibility.

Article 26 of the Articles of Association also establishes that to be appointed as a director it is not necessary to be a shareholder.

The Appointments, Remuneration and Sustainability Committee plays an essential role in the selection procedures for the appointment and re-election of directors. In this regard, article 16 of the Board of Directors Regulations assigns the following functions to this Committee:

- a) Evaluating the skills, knowledge and experience required by the Board and, as a result, defining the functions and abilities required from candidates who are to cover each vacant position and evaluating the amount of time and dedication required for the effective performance of their duties.
- b) Setting a representation target for the least represented sex on the Board of Directors and preparing guidelines on how to achieve this target.
- c) Providing the Board of Directors with proposals for appointing independent directors, for appointment by co-optation or submission for voting at the General Shareholders' Meeting. Submitting proposals for the re-election or removal of these directors.
- d) Providing 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.
- f) Examining and organising the succession procedure for the Chairman of the Board of Directors and the Chief Executive Officer and where applicable, to submit proposals to the Board of Directors to ensure that such succession is addressed in an orderly and planned manner.

Article 6 of the Regulations for the Appointments, Remuneration and Sustainability Committee also establishes responsibilities with regard to the composition of the Board of Directors and its committees, the selection, removal and dismissal of directors and the designation of internal responsibilities for the Board of Directors.

#### DURATION OF THE TERM OF OFFICE:

According to article 26 of the Articles of Association, the term of office for Directors is four 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 8 of the Board of Directors Regulations establishes that Directors shall hold their posts for the term envisaged in the Articles of Association, and may be re-elected one or more times.

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.

Under no circumstances shall the provisions of the foregoing paragraphs limit the power of the Company's General Shareholders' Meeting or, where applicable, the Board of Directors to re-elect or appoint a specific candidate as a director and, where applicable, it shall only affect his/her possible classification as an independent director.

#### DISMISSAL OF DIRECTORS

The procedure for the dismissal of directors is governed by the following articles of the Board of Directors Regulations:

Article 30 - Dismissal of directors.

Directors shall serve at the pleasure of the Board of Directors and if the Board considers it appropriate, they shall tender their resignations 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.

Directors must inform the Board should situations arise that affect them, related or not with their actions for the Company and, especially, to inform the board of any criminal charges in which they may be investigated, and their involvement in any subsequent legal proceedings.

When the Board has been informed or become aware in any other way of the existence of any of the situations mentioned in the previous paragraph, the case should be examined as soon as possible, according to the specific circumstances and with a prior report to the Appointments and Remuneration Committee, to determine whether or not any measures should be taken, such as opening an internal investigation, or asking the director to resign or proposing their dismissal. The foregoing will be detailed in a reasoned manner in the Annual Corporate Governance Report, unless there are special circumstances to justify this, in which case they should be confirmed in the minutes.

When a director steps down before the end of their term of office, whether by resigning or on some other grounds, they must explain the reasons for their departure or, in the case of non-executive directors, their opinion on the reasons for the dismissal by the general meeting, in a letter to be sent to all other members of the Board, without prejudice to an account being provided in the Annual Corporate Governance Report to the extent that it is relevant for investors.

Article 31. Directors' duties after dismissal

After leaving 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.2.1. COMPOSITION AND FUNCTIONS OF THE AUDIT COMMITTEE AND ITS MOST IMPORTANT ACTIONS IN THE YEAR

The Audit Committee is regulated under article 15 of the Board of Directors Regulations, under article 33, paragraph 2 of the Articles of Association, and a specific Regulation for the purpose of promoting the independence of the Committee and establishing the principles for action and operating regime.

With regards its composition, effective as of 1 January 2022, Ignacio Marco-Gardoqui Ibáñez has presented his resignation and will stand down as a member of the Audit Committee as a consequence that on said date he would no longer hold the status of an independent director.

On 24 June 2021, the Board of Directors of Viscofan S.A. agreed to amend the Rules and Regulations of the Board of Directors in order to adapt them to (i) the reform of Law 5/2021 of 12 April amending the restated text of the Corporate Enterprises Act (LSC), with regard to promoting the long-term engagement of the shareholders of the listed companies, (ii) to the amendments of the Code of Good Governance (CGG) reviewed in June 2020 and (iii) and to include any improved drafting technique. In this regard, in the particular case of the functions of the Audit Committee, governed by Article 15, the terms envisaged in the regulatory update of the LSC and the provisions, as a recommendation, in the CGG after the June 2020 update have been included, which clearly details the duty of supervision by the Committee as well as the non-financial information and risks. The Audit Committee Regulations have also been modified to adapt them to the reform of Law 5/2001 mentioned above.

Below is an explanation about article 15 of the Board Regulations, regulating, in the broadest sense, its composition, the appointment and dismissal of its members and their principal duties, calling meetings, and formulating and adopting resolutions.

Article 15 - Audit Committee

There shall be an Audit Committee within the Board of Directors, which shall be composed of a minimum of three and a maximum of six members.

The Audit Committee shall be composed solely of non-executive directors appointed by the Board of Directors, the majority of whom must be independent directors, and its members shall be appointed by the Board of Directors, subject to the legal requirements and a report from the Appointments and Remuneration Committee, with due consideration given to the knowledge, skills and experience in accounting, auditing or both, internal control and risk management, both financial and non-financial, of its directors and, above all, its Chairman, and overall, the members of the Committee shall have relevant technical expertise in relation to the sector to which the audited entity belongs.

The members of the Committee shall automatically cease to sit on the Committee when they cease to sit as directors of the Company or at the discretion of the Board of Directors.

Audit Committee members shall appoint a Chairman, selected from the independent directors that form the Committee, who shall be replaced every four years; the Chairman may be re-elected one year after they cease 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 Audit Committee shall be quorate with the attendance in person or by proxy of the majority of its members.

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 shall have the power 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 the aforementioned persons will be bound to cooperate and provide access to any information they may have.

The Audit Committee shall report to the Board on the business it addresses and on all resolutions adopted at the Board meetings convened for such purpose, and shall provide to all directors with the minutes of its meetings.

Notwithstanding other functions set out in the governing legislation, company by-laws or assigned to it by the Board of Directors, the Audit Committee's mission will include the following:

A) Reporting to the General Shareholders' Meeting regarding matters that fall within its remit and, in particular, regarding the result of the audit, explaining how this has helped to ensure the integrity of the financial and non-financial information and the function that the Committee has performed in that process.

B) Proposing the appointment of the auditor to the Board of Directors, which shall then pass the matter on to the General Shareholders' Meeting in addition to the conditions of recruitment.

C) With respect to internal control and reporting systems

(a) Monitoring the efficiency of the Company's internal control, internal auditing and control systems and the financial and non-financial risk management.

(b) Overseeing and assessing the process of preparing and presenting the compulsory financial and non-financial information relating to the Company and its group, ensuring that the system of internal control of financial reporting (ICFR) is correctly designed and that all legal requirements have been met, and defining an appropriate consolidation perimeter, taking into account, among other aspects, possible complex corporate structures, instrumental or special purpose entities, the correct application of accounting standards and presenting recommendations or proposals to the Board of Directors, designed to safeguard their integrity.

(c) 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.

(d) Review, analyse and discuss the financial statements and other relevant financial and non-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 and criteria used for the preceding year have been duly followed.

(e) Reviewing the internal control and financial and non-financial risk management systems, including tax risks, so that the main risks may be correctly identified, managed and suitably reported.

(f) Discussing with the auditor any significant shortcomings in the internal control system, detected during the audit, without undermining their independence. For such purposes, where appropriate, they may submit recommendations or proposals to the administrative body and respective period for their follow-up.

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

(i) proposing the selection, appointment, re-election and cessation of the Internal Audit Manager;

(ii) Approving the annual internal audit work plan, ensuring that their activity focuses primarily on the main risks the Company is exposed to; and receiving periodic information on the results of the work performed, including any incidents that may arise. Likewise, receiving 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 the internal audit area;

(v) Receiving periodic information on its activities, and;

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

D) With respect to the external auditor:

- (a) Referring to the Board of Directors the proposals for selecting, appointing, re-electing and replacing the auditor, being responsible for the selection process, pursuant to the provisions of the current regulations and the terms of their recruitment, regularly gathering information from them about the audit plan and its implementation, and preserving their independence in the exercise of their duties.
- (b) Ensure that the financial statements finally prepared by the Board are presented to the General Shareholders' Meeting without limitations or qualifications in the auditor's report and in the event that the auditor has included any qualifications in its audit report, issue its opinion on the content and scope of such audits or qualifications, which will be explained by the Chairman of the Committee during the General Shareholders' Meeting.
- (c) Overseeing compliance with the audit agreement and perform an annual final assessment of the actions of the external auditor, collecting information on the audit plan and its implementation and ensuring that the opinion on the annual accounts and the main contents of the audit report are drawn up clearly and accurately.
- (d) 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.
- (e) Safeguarding the independence of the auditor, paying particular attention to any circumstances or issues that could jeopardise such independence, including that their remuneration does not compromise their quality or independence, and any others relating to the process of auditing the accounts:
- (i) For this purpose, it shall be ensured that the Company publicly discloses to the National Securities Market Commission (CNMV), as a relevant event, any replacement of the auditor and includes a statement regarding any possible disagreement with the outgoing auditor and the details thereof. If the auditor resigns, then it 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.
- (iii) It shall establish a suitable relationship with the auditor to receive information on matters that may jeopardise the auditor's independence, so that it may be examined by the Committee, and any other matters related to the process of performing the audit, and, where necessary, authorise services that are not forbidden by the provisions of the current regulations.
- (iv) Ensure that the external auditor has a yearly meeting with the Board of Directors in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- (v) Annually receiving from the auditors their statement of independence in relation to the related party or parties, in addition to a statement relating to additional services provided and the fees received by the external auditor or by the persons and entities related thereto, in accordance with the audit provisions set out in the regulations.
- (vi) It shall annually issue, prior to the report on the auditing of the accounts, a report expressing its opinion on the independence of the auditor, containing the valuation of any additional services provided, considered on an individual basis and as a whole, in relation to the status of independence or to the rules governing the audit.
- (f) Favour that the Company's auditor assuming responsibility for the audits of the companies that form the group of which it is the parent.

E) Reporting to the Board, prior to the latter making any respective decisions provided for in current regulations, in the Bylaws and in these Regulations, particularly with regards to:

- (a) The periodic financial and non-financial information that the Company must publicly disclose, 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) Any structural and corporate modification procedures that are planned by the Company and, specifically, their economic conditions and accounting impact and, where applicable, the proposed exchange ratio.
- (d) Related-party transactions.

F) Address and, where appropriate, respond to any initiatives, suggestions or complaints raised by shareholders in relation to the Committee's remit.

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) Monitoring the effectiveness and operation of the compliance system.

The duties of the Audit Committee shall be:

- I) Evaluating all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks as well as those associated with corruption.
- J) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

#### SUMMARY OF THE MAIN ACTIVITIES OF THE AUDIT COMMITTEE IN 2021:

The Audit Committee met on 10 occasions during the financial year and, whenever considered appropriate, the presence of senior management members was required. In the performance of its activity, the Audit Committee has fulfilled all duties assigned to it.

**ACCOUNT AUDITING:** With regard to its relationship with the external auditor (PricewaterhouseCoopers S.L.), the Audit Committee:

- Ensured that the annual accounts were presented without reservation or provisos.
- Maintained its independence in the performance of its duties.
- Monitored the recommendations made by the external auditor arising from its review of the ICFR.
- Accepted the proposal for its appointment as account auditor for the financial year ended 31 December 2022.
- It has been informed of the result of the work performed during the preliminary phase, which involved reviewing pre-closure, and closure, to identify and plan the tasks that, given their uniqueness or impact on accounting, require special attention from the external auditor, such as:

During the 2021 financial year the Audit Committee met three times with the external auditor.

**INTERNAL AUDIT:** The Committee analysed and approved the work plan for 2021 drawn up by internal audit. It has regularly monitored its implementation and has been directly informed of any incidents in its development.

**FINANCIAL AND NON-FINANCIAL INFORMATION:** Prior to their presentation to the Board and communication to the Spanish National Securities Market Commission (CNMV) and securities markets, the Audit Committee reviewed and analysed the financial statements of Viscofan S.A. and its Group, contained in the annual, half-yearly and quarterly reports.

Corporate developments for the Group were also supervised, and the company found to be in full growth but with an ongoing search for simplification and efficiency.

the Committee has supervised the correct application of the accounting principles and practices and the evaluation criteria followed in the process of preparing and presenting the mandatory financial information.

The Committee has monitored reporting process of the non-financial information the content of which forms part of the Management Report.

**INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS:** The Audit Committee has reviewed the internal control systems set up by the Group, the results of the internal audit activity and the systems for risk management. In particular, it has supervised:

- The quarterly reports on the internal control of financial information.
- The Group's risk map.
- The control activities carried of the Investment Committee and the Credit Risk Committee.
- The monitoring of the tax principles and best practices contained in the Group's Tax Policy.
- The risks of the Cybersecurity Master Plan 2018–2020 and the preparation of the new Cybersecurity Master Plan for 2022-2024.
- The possible risks and impacts arising from COVID-19 and the measures implemented throughout the whole of the Viscofan Group.

**ETHICS AND COMPLIANCE COMMITTEE:** The Committee has supervised the activity performed by the Ethics and Compliance Committee, which involves the management, monitoring and, where applicable, proposed updating of the Group's Compliance System and, particularly, the supervision of communications received via the Whistleblowing Channel.

This year, the Committee's 2020-2021 Plan came to an end with a positive evaluation. Likewise, and based on a favourable report by the Committee, the Board of Directors has approved the Compliance Plan 2022-2023, which focuses on the continued improvement of the Compliance System in the areas of organisation, regulatory framework, controls and monitoring, as well as a new Code of Conduct for the Group and Code of Conduct for Suppliers.

**TRAINING SESSIONS:** The training plan was divided into three sessions. One on "Accounting estimates", another on "Non-financial information" and lastly, one on "New developments and legislation with regard to equality".

**RELATED-PARTY TRANSACTIONS:** It has reported to the Board of Directors, prior to the adoption of the corresponding decisions, on the transactions that the Company carries out with Directors, significant shareholders or shareholders represented on the Board and has verified that these transactions were carried out at arm's length. A report has been prepared on related-party transactions for its publication on the Company's website ([www.viscofan.com](http://www.viscofan.com)).

Lastly, it informed the Board of Directors of all of its activities, also delivering all the minutes of its sessions to the directors, as well as the information related to the risk map and tax matters.

### C.2.1. FUNCTIONS OF THE APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE AND ITS MOST IMPORTANT ACTIONS DURING THE FINANCIAL YEAR

The Appointments, Remuneration and Sustainability Committee is regulated under article 33, section 2, of the Articles of Association, under article 16 and 17 of the Board of Directors Regulations, that identically regulate the composition, form of selection and dismissal of its members and its main functions, and it has its own Regulation for the purpose of favouring the independence of the Committee and establishing the principles for action and the operating regime.

On 24 June 2021, the Board of Directors of Viscofan S.A. agreed to amend the Regulations of the Board of Directors, in order to adapt them to (i) the reform of Law 5/2021, of 12 April, which amends the consolidated Corporate Enterprises Act (LSC), in terms of promoting the long-term engagement of shareholders of listed companies; (ii) to the amendments of the Code of Good Governance (CGG) reviewed in June 2020 and (iii) to include any improved drafting technique. In the particular case of this Committee, the following amendments were made:

- Article 16, on the Appointments and Remunerations Committee introduces a clear drafting in line with the existence of a single Committee.
- Article 17, on the Sustainability Committee, in line with the wording of the CGG, clearly indicates that the Committee may be differentiated or attribute powers and functions relating to the supervision of ESG matters (except for those retained by the Audit Committee, such as that relating to the supervision of the whistleblowing channel) to one of the mandatory Committees, in which case it must contain the expression "Sustainability", as is the case with the current Appointments, Remuneration and Sustainability Committee.

We attach below the content referring to the Board of Directors Regulations as a broader and more complete draft of the duties, procedures, organisation and operational rules of the Appointments and Remuneration Committee.

Article 16 - Appointments and Remuneration Committee, establishes the following:

The Appointments and Remuneration Committee will be formed by a minimum of three and a maximum of six members and will be exclusively comprised of non-executive Directors appointed by the Board of Directors. At least two must be independent directors.

The members thereof shall be appointed ensuring that they have the right balance of knowledge, skills and experience for the functions they are called on to discharge and they shall automatically step down when they cease to serve as Company directors or at the discretion of the Board of Directors.

The Chairman will be selected from the independent Directors that sat on the committee.

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

The Appointments and Remuneration Committee will have the following functions:

- a) Evaluating the skills, knowledge and experience required by the Board and, as a result, defining the functions and abilities required from candidates who are to cover each vacant position and evaluating the amount of time and dedication required for the effective performance of their duties.
- b) Setting a representation target for the least represented sex on the Board of Directors and preparing guidelines on how to achieve this target.
- c) Providing the Board of Directors with proposals for appointing independent directors, for appointment by co-optation or submission for voting at the General Shareholders' Meeting. Submitting proposals for the re-election or removal of these directors.
- d) Providing 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.
- e) Provide information about proposals for appointing and dismissing of senior management and principal conditions of their contracts.
- f) Examining and organising the succession procedure for the Chairman of the Board of Directors and the Chief Executive Officer and where applicable, to submit proposals to the Board of Directors to ensure that such succession is addressed in an orderly and planned manner. The Appointments and Remuneration Committee shall consult with the Chairman of the Board of Directors and the Chief Executive Officer of the Company, especially on matters relating to executive directors. Any director may request that the Appointments and Remuneration Committee consider any potential candidates who they believe to be suitable to cover vacancies on the Board.
- g) Propose to the Board of Directors the remunerations policy of the directors and senior officers, as well as the individual remuneration and the rest of the contractual conditions of the executive directors, and ensure its observance.
- h) Propose to the board the standard conditions for senior officer contracts.
- i) Monitor compliance with the remuneration policy set by the Company.
- j) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- k) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- l) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.
- m) "l) Periodically evaluating the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the interests of the company and catering, as appropriate, to the legitimate interests of remaining stakeholders.

The Appointments and Remuneration Committee will consult with the Company's Chairman and Chief Executive Officer, especially on matters relating to executive directors and senior managers.

The provisions of this article will apply in the event that the Board of Directors decides to establish a separate Appointments Committee and a separate Remuneration Committee.

Article 17 - Sustainability Committee, establishes the following:

The Board of Directors will be able to create a Sustainability Committee or assign the powers and functions relating to environmental, social and corporate governance matters to any of the Committees indicated in the above articles.

The Committee assuming these powers and functions will be formed by a minimum of three and a maximum of six members and must be exclusively comprised of non-executive directors, and have at least two independent directors, one of which will be appointed as Chairman. The Committee assuming these powers will include the word "Sustainability" or a similar expression in its name.

In particular, it is the responsibility of the Committee assuming these powers and functions relating to environmental, social and corporate governance matters, in addition to others set forth by the Law and in the Bylaws, as well as the following:

- a) The supervision of the Company's sustainability policy, ensuring that it is geared to value creation.
- b) Monitor sustainability strategy and practices and assess compliance in their respect.
- c) Oversee the Economic-financial and non-financial information communication strategy and relationship with shareholders and investors, including small and medium-sized shareholders and proxy advisers.
- d) Monitor and assess the company's interaction with its stakeholder groups.

#### SUMMARY OF THE MAIN ACTIONS TAKEN BY THE COMMITTEE IN 2021:

The Appointments, Remuneration and Sustainability Committee met on 8 occasions in 2021 and, whenever considered appropriate, the presence of the Chairman, Managing Director and senior management members was required.

The main issues that have been dealt with and analysed by the Committee during the 2021 financial year and that have shaped its main areas of supervision have been:

With regard to the areas of Corporate Governance and the composition of the Board, proposals were made for the appointment and re-election of directors and the relevant reports were issued. In this aspect, the committee engaged the services of the consultant Russell Reynolds, and has included among other activities, an update to the skills matrix, a process to identify potential candidates, both with proposals made by the directors themselves and also the previously mentioned consultancy firm, a calibration of the candidate's skills, and an analysis of the nonexistence of conflicts and, lastly, the performance of personal interviews with the candidates. Going within the framework of the Policy for Director Selection and Diversity of the Board of Directors. As a result, the Committee has prepared proposals for the Board of Directors that reinforce the presence of both independent and women directors on Board of Directors.

It has also performed an evaluation of the Board and Committees and of the Executive Chairman and of the proposed action plan deriving from said evaluation, and has reviewed the succession plan for directors and senior management.

In relation to its functions concerning remuneration, in compliance with the Corporate Enterprises Act, In 2021 the Committee finalised the new Director Remuneration Policy for 2021-2023, which was approved by the General Shareholders' Meeting in 2021. The Committee also prepared and submitted before the Board of Directors the proposed Annual Report on Director Remuneration for 2020, also approved by the General Shareholders' Meeting in 2021, and lastly, it presented the proposed long-term incentive plan for 2022-2024 (three-year plan) which will be submitted before the General Shareholders' Meeting in 2022.

As part of its duties with regards to sustainability, it is also responsible for the recurring monitoring during the implementation of the Sustainability Action Plan of the Group for 2019-2021, in particular, environmental indicators, occupational health and safety, and promoting diversity. It has actively participated in the preparation process of the new Sustainability Action Plan for 2022-2025, the final proposal of which was favourably reported on by the Committee during its session in December 2021, as a prior step to being presented before the Board of Directors.

Similarly, it has monitored the impact of the new content in the reform of the Corporate Enterprises Act by Law 5/2021, and it has monitored the civil liability insurance for directors and senior managers.

It has monitored the update of the organisational structure and governance model of the subsidiaries and verified the information of interest in relation to the code of good practices, in addition to presenting the report on the activities of the committee itself.

With its work plan, the committee maintains a recurring activity of updating knowledge with regard to matters within its scope from different sources, dedicating both training time during the sessions as well as with regard to corporate governance and sustainability, with the participation of experts, as well as through the creation of a platform or Board Library in which articles of interest are made available to members.

POINT D.6. DETAIL THE MECHANISMS ESTABLISHED TO DETECT, DETERMINE AND RESOLVE POSSIBLE CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP, AND ITS DIRECTORS, MANAGERS AND/OR SIGNIFICANT SHAREHOLDERS OR OTHER RELATED PARTIES.

The duty to prevent conflicts of interest is governed in article 26 of the Board of Directors Regulations. It states the following:

"The directors shall adopt the measures required to avoid situations of conflict with the company interest and with their duties towards the company and its group of companies, and they shall be obliged to inform the Board, prior to occurrence or as soon as they are aware of the existence thereof, with the obligation to immediately resign should the said conflict persist or should their presence on the board be contrary to the company's interests.

Directors shall refrain from discussing and voting on matters in which they have either a direct or indirect interest, even through related parties, except in the resolutions or decisions affecting their capacity as members of the Board under the terms provided for by Law, such as their appointment for or removal from positions within the Board.

Likewise, the directors shall refrain from conducting transactions with the company, except for ordinary transactions, of little importance, made in standard conditions for customers under the terms provided for by Law.

Any conflicts of interest involving the directors shall be included in the annual corporate governance report.

Directors cannot, either personally or through an intermediary, carry out activities or hold positions of any nature in businesses or companies that are currently or potentially competitors of Viscofan and its group of companies; neither may directors act as a representative or consultant to such businesses or companies or perform any other activity that puts them in conflict with the interests of the Company."

The duty to abstain is regulated by Article 27 of the Board of Directors Regulations. It states the following:

"Directors must not use the name of the Company or its related companies, or take advantage of their position to conduct transactions for themselves or related parties.

A director's duty to abstain implies not making personal use of the company's assets, including any confidential information received while fulfilling their role as a director and not making any investments or conducting any commercial transactions related to the fulfilment of said role, for their own gain or that of related third parties.

Directors shall abstain from trading - or suggesting that anyone else trades - in the securities of the Company or its related companies, regarding which they have inside information due to the position they hold.

The directors may not take advantage of the business opportunities of the Company and its related companies, obtain advantages or remuneration from third parties, except for mere courtesy services in compliance with current internal regulations."

Moreover, both the duty of loyalty and the duty to avoid conflicts of interest extends to related persons, whose definition is established in Article 28 of the Board of Directors Regulations. Related persons.

"The director's duty of loyalty, of avoiding conflicts of interest and duty to abstain in their various facets, also covers those activities performed by related parties, based on the definition set forth in the Law."

Article 34 of the Board of Directors Regulations states the following regarding duties in relation to significant shareholders:

"Directors acting on behalf of major shareholders shall ensure that the aforesaid obligations of directors are extended to the shareholders, in addition to any legal obligations and those set out in the Articles of Incorporation.

Any transactions performed with these major shareholders shall be approved by the Board in a plenary session and must be included in the Company's annual report and in the annual corporate governance report and comply with the current legislation."

Lastly, Article 36 of the Board of Directors Regulations, regulating the use of voting by proxy, reads as follows:

"If the Board of Directors or any of its members request representation for themselves or for another individual and, in general, when the request is made in public, the document describing the power granted 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 proxy is to vote, if no precise instructions are given.

Any granting of proxy received by the Board of Directors or any of its members shall be executed in full accordance with the instructions received accordingly and the minutes shall 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 shareholder who is delegating voting power, 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) Their 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."

The Viscofan Group Code of Conduct also includes among its general ethical principles loyalty, in accordance with which directors, managers and employees of the Viscofan Group, as well as any person that develops his/her professional activity within the Viscofan Group, should act with loyalty in the permanent defence of the Group's interests and shall refrain in particular from carrying out any actions and operations, of whatever nature, that could mean a conflict between their personal interests and those of the Group, and even more so when those actions could be in the interest of competing companies. Likewise, among the action recommendations, the Code includes information regarding conflicts of interest:

"Viscofan Group employees shall notify the Regulatory Compliance Committee, or, where applicable, the Viscofan S.A. Board of Directors, regarding any economic, family or any other link that could give way to conflicts of interest because it could compromise their impartial action. In the event of a conflict of interests, employees shall be governed by the principles of independence and abstention, and, by virtue of these, shall refrain from performing operations in which conflicts of interest exist, unless under the strict authorisation of the Viscofan S.A. Board of Directors."

POINT E.5 STATE WHAT FINANCIAL AND NON-FINANCIAL RISKS, INCLUDING TAX-RELATED RISKS, HAVE OCCURRED DURING THE FINANCIAL YEAR.

Below follows the risks that have materialised with a more significant impact during the financial year and their response plan:

1) COVID-19 Pandemic:

a) Infection of Viscofan Group works with the subsequent risk of production shutdowns due to outbreaks of COVID-19 in the workforce or due to a shortage of staff. Viscofan's plan for the response to and supervision of the risk was to protect the health of employees by strengthening prevention and hygiene measures, and an increase in health personnel in the factories so Viscofan would meet its responsibilities as an essential food company. This has resulted in there not being any shutdowns in production plants due to COVID-19. Supply to our customers throughout the world has been ensured and in some countries increased demand has been met.

b) With the possibility of interruptions to production by customers due to outbreaks of COVID-19 in their plants, the Viscofan Group diversified its portfolio of customers that enabled the impact to be moderated and action was quickly taken to recover lost volumes.

c) Restrictions to commercial activity for new products in the face of restrictions on the mobility of people. To mitigate this risk remote meetings were arranged with customers and commercial activity has been maintained whenever possible.

d) The pandemic has meant that a part of the workforce has had to undertake teleworking that could have resulted in connection problems for the computer systems and administrative activities. Viscofan ensured access to computer equipment and connections to corporate programmes in the commercial, financial, purchasing and logistics areas. The protocols for security were also strengthened in the Master Plan for Information Systems, with the implementation and planning of specific actions in matters of cybersecurity.

2) Fluctuations in exchange rates, especially the USD with respect to the Euro, has an impact on Group earnings. Specifically, in the first half of 2021, it had a negative impact. This impact has been managed through the application of a policy involving hedging and commercial disciplinary measures.

3) Environmental risks and those resulting from climate change:

3.1) Significant increase in the price of CO2 emission rights and greater regulatory requirements in the area of sustainability. The Response and Supervision Plan for this risk includes:

- the deployment of a sustainability strategy and plan, together with the corresponding Policies approved by the Board of Directors and the creation of a committee to manage sustainability risks that include environmental risks and those resulting from climate change.

- The Group has continued with the implementation of the Environmental Policy, the renewal and extension of certifications in this sphere (mainly SO 50001 and ISO 14001) and specific projects to improve management.

- As part of its decarbonisation plan, Viscofan has installed energy equipment with green hydrogen capability and has performed the first tests with this renewable fuel source on a boiler at its Cáseda plant in Spain.

3.2) Flooding at the plant in New Jersey, USA: A quick intervention was carried out in order to recover activity, and it has been possible to continue providing service to customers thanks to the management of the material at the warehouses and the production support from other plants in the Group.

4) Operational risks: commodities, transport and energy.

4.1) The interruptions in manufacturing and consumption, together with the interruptions in transport, caused a lack of raw materials and basic products at global level. Accordingly, the price of certain critical raw materials for the Viscofan Group increased. Viscofan has implemented price increases for customers since January 2022 to offset the impact of inflation on operating costs. Furthermore, the Viscofan Group has taken measures such as a detailed monitoring of costs, of requirements, the risk of non-availability and the examination of diverse scenarios.

4.2) The energy cost, both of gas and of electricity, increased significantly in 2021. Viscofan has implemented price increases for customers since January 2022 to offset the impact of inflation on operating costs.

The company has supply contracts with the main energy suppliers and cogeneration plants at certain Group companies, which reduces the risk of dependency. Furthermore, the Viscofan Group has taken measures such as a detailed monitoring of costs, of requirements and the examination of diverse scenarios.

4.3) Disruptions in the supply chain: The imbalance between supply and demand in certain sectors, jams at ports and mobility restrictions caused by the COVID-19 pandemic, have led, inter alia, to transport delays in certain goods, thereby representing a risk of production stoppages. To mitigate this risk, the Viscofan Group increased safety stock, insured purchase volumes and applied innovative R&D solutions. This risk has not led to shutdowns in production plants.

4.4) Production stoppage at the plant in Danville (USA) due to a manufacturing defect on a boiler caused by a supplier. The insurance cover for this type of accident has helped mitigate the impact of the risk and it has been possible to continue providing service to customers thanks to the management of the material at the warehouses and the production support from other plants in the Group.

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

[ 24/02/2022 ]

Indicate whether any board members voted against or abstained from voting on approving the present Report.

[ ] Yes  
[  ] No

(This is a free translation of the original Spanish document. In the event of any discrepancy between this translation and the original Spanish document, the original Spanish version shall prevail.)

**ANNUAL REPORT ON DIRECTORS' REMUNERATION AT  
LISTED LIMITED LIABILITY COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

END OF YEAR REFERENCE DATE

31.12.2021

Company Tax ID No.  
(C.I.F.) A31065501

Registered Name: VISCOFAN SA

Registered Address:

POLÍGONO INDUSTRIA BERROA 15-4ª PLANTA  
31192 TAJONAR – NAVARRE  
SPAIN

# ANNUAL REPORT ON DIRECTORS' REMUNERATION AT LISTED LIMITED LIABILITY COMPANIES

## A CORPORATE REMUNERATION POLICY FOR THE CURRENT YEAR

A.1.1 Explain the current Directors' Remuneration Policy applicable to the current year. Whenever relevant, certain information may be included by reference to the remuneration policy approved by the general meeting, so long as the inclusion is clear, specific and concrete.

Descriptions should be given for specific determinations for the year in progress regarding the remuneration of directors in their status as such and as a result of their executive functions carried out for the board pursuant to contracts signed with executive directors and the remuneration policy approved by the general meeting.

In any event, the following aspects should be reported:

- a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.
- b) Indicate and, where applicable, explain whether comparable companies were considered when establishing the company's remuneration policy.
- c) Information on whether any external advisors took part in this process and, if so, **their identity**.
- d) **Procedures envisaged in the prevailing remuneration policy of the directors to apply temporary exceptions to the policy, conditions in which these exceptions can be resorted to and components that must be the object of exception in line with the policy.**

The prevailing remunerations policy for the directors applicable to the period under way was approved by the Ordinary General Shareholders' Meeting on 23 April 2021 for the period 2021-2023 ("Remunerations Policy"). The amendments under Law 5/2021, of 12 April, in article 529 novodecies of the Corporate Enterprises Law are included in the Remunerations Policy, which is indicated for the purposes of the first transitional provision, section 1, of the aforementioned Law, 5/2021, of 12 April.

The Remuneration Policy was prepared by the Appointments, Remunerations and Sustainability Committee (the "**Committee**"), after a process of reflection which analysed the opinion and information received from shareholders, institutional investors and *proxy advisers*. The Committee has also taken into consideration the provisions of the Code of Good Corporate Governance in relation to director remuneration, in accordance with the new draft of June 2020, and the provisions in this area contained in the Draft Bill with the long-term involvement of the shareholders of the listed companies.

This process was carried out with the advice of the consultant *Willis Towers Watson*.

Comparable companies were taken into account during the process. The remuneration of the non-executive directors ("in their condition as such") has essentially been compared with IBEX-35 companies of a similar size. The remuneration of the executive directors is comparable with a group of companies from the *Packaged Foods & Meats* sector and with a selection of IBEX-35 companies of a comparable size.

The Remuneration Policy establishes a remuneration system for directors based on (i) their capacity as such and (ii) specific executive or senior management functions:

1. Remuneration for directors in their capacity as such:
  - a. Limit. - The annual remuneration to directors in their capacity as such, for all the items, shall not exceed the limit of 1.5% of the annual consolidated cash profit before taxes (article 29 of the Articles of Association). The previous remuneration is, in any case, the maximum amount, corresponding to the Board of Directors itself, the proposed distribution of its amount between the directors. The payment is usually settled after the General Shareholders' Meeting approves the financial statements from the previous year.
  - b. Items. - The Policy addresses two separate items:
    - i. fixed remuneration for sitting on the Board of Directors and the Committees, according to positions or functions held on those bodies.
    - ii. attendance allowances for Board of Directors meetings.
2. Remuneration for executive or senior management duties of executive directors. - It comprises the following items:
  - An annual fixed remuneration (without distinction, also referred to as a "Salary"), determined on the basis of the executive functions associated with the office and which is paid to comparable companies in the market.
  - An annual variable remuneration(also referred to as "Annual Bonus").
    - a. Limit. The annual variable remuneration has a limit of 70% of the Salary for the "Annual Variable Remuneration Objective" (*Target*, i.e., when achieving 100% of the targets/objectives), and may reach a maximum 150% of the Annual Variable Remuneration Objective (in other words, up to a maximum of 105% of the salary of the executive director) when exceeding the pre-established targets.
    - b. Metrics. It is linked to the accomplishment of a combination of objectives,
      - (i) firstly, a series of common corporate objectives of an economic-financial and non-financial and sustainability nature for the executive directors, all of which are specific, predetermined and quantifiable, with a minimum threshold and a target level that corresponds to the 100% fulfilment of the objectives, and exceeding targets, within the indicated limits. Corporate objectives have a weight of at least 50% in the incentive as a whole;
      - (ii) secondly, quantifiable objectives specific to each executive director that will have a maximum weight of 30%;
      - (iii) lastly, the individual performance of each executive director; the weight of the performance assessment will be a maximum of 20%.
  - A long-term incentive plan (also known as the "Three-year Plan"), to reward the fulfilment of the Viscofan Group's long-term strategic objectives, the sustainability of results and the creation of sustainable value for shareholders.
    - a. Limit. The limit of the "Annualised Objective Incentive" (annualised *target*) is a 70% of the Salary of the executive director and can reach a maximum of 150% of the Annualised Objective Incentive (105% of the Salary).
    - b. Metrics. It is linked to the accomplishment of a combination of objectives:
      - (i) Creation of value for shareholders (for example, changes in the share price or total shareholder return) and economic-financial and operating objectives of the strategic plan.
      - (ii) non-financial and sustainability objectives. The weight of non-financial targets shall not exceed 20%.

Until 31 December 2021, the 2019-2021 Long-Term Incentive Plan (“2019-2021 Three-year Plan”) has been in force. The recognition of the degree of compliance with the 2019-2021 Three-year Plan, upon the proposal of the Committee, was approved by the Board of Directors at its session dated 24 February 2022. In line with the terms of the Plan, its payment is made following the holding of the 2022 General Shareholders' Meeting. It is necessary to refer to section B above relating to the application of the Remuneration Policy in the year ended.

For the period 2022-2024, upon the proposal of the Committee, the Board of Directors will submit a new Long-Term Incentive Plan to the 2022 General Shareholders' Meeting (“2022-2024 Three-year Plan”), whose terms are explained in section A.1.6 below.

- Other benefits: life and accident insurance, healthcare assistance policy and company vehicle; these benefits cannot exceed 20% of the employee's fixed remuneration.

The Board of Directors, upon the proposal of the Committee, may also submit, to the General Shareholders' Meeting, the concession of special incentives to executive directors in light of extraordinary operations.

The Company also has civil liability insurance for directors and executives.

The Remuneration Policy does not envisage procedures to apply temporary exceptions to it.

A1.2 Relative importance of variable remuneration items vis-à-vis fixed items (remuneration mix) and the criteria and objectives used to determine and guarantee a suitable balance between fixed and variable remuneration items. In particular, explain the actions taken by the company in connection with the remuneration system to reduce excessive risk exposure and match it to the long-term targets, values and interests of the company, which should include, whenever pertinent, measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the entity; clawback formulae or clauses to reclaim variable components of performance-based remuneration when such components have been paid on the basis of data that is subsequently proven to be wholly inaccurate; and measures designed to prevent conflicts of interest.

Furthermore, state whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and vested financial instruments, or if any clause has been approved reducing the deferred remuneration not yet consolidated or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly proven to be inaccurate.

The Remuneration Policy provides a reasonable balance between the different components of fixed (annual) and variable (annual and long-term) remuneration, which reflects a suitable assumption of risks combined with the achievement of defined short- and long-term objectives, linked to the creation of sustainable value.

- The fixed component is accrued in any case, so it is not an item that entails exposure to risk.
- The annual variable remuneration or Annual Bonus is linked to the fulfilment of annual business targets of a financial, operational, share performance, non-financial and sustainability nature, and are proposed by the Committee and approved by the Board of Directors. The objectives of the Annual Bonus, as they are primarily based on the annual budget and on the guidelines provided to the market, are aligned with the strategic vision and the long-term objectives in the Viscofan Group's strategic plans which, as they are recurring,

avoid the assumption of excessive risks. This is reinforced by the fact that their evaluation is carried out once the financial statements have been audited and presented.

- The long-term variable remuneration or Three-year Plan, which essentially takes the creation of value for the shareholder as a reference (for example, total shareholder return or TSR) and its sustainability with a minimum measurement period of three years, without prejudice to the moment of payment or settlement. Furthermore, it includes essentially non-financial, sustainability, environmental and social objectives.

In a scenario of standard compliance with targets (i.e., when targets are 100% met), the fixed remuneration would represent approximately 42% of the total remuneration, the annual variable remuneration 29% and the long-term variable another 29%, therefore there is a balanced distribution between annual and multi-year remuneration. The end structure of the "remuneration mix" for executive directors ultimately depends on targets being met and on the Board of Directors' assessment, based on the committee's proposal, of the director's performance.

The Remuneration Policy includes an ex-post control of variable remuneration ("clawback"), both for the Annual Bonus and for the Three-year Plan, should the following circumstances arise within the 24 months of payment of said remuneration:

- Significant fall in consolidated net profit (more than 50%).
- Serious non-compliance by the beneficiary of the internal rules, including, in particular, risk-related rules.
- Material reformulation of the Group's financial statements, when considered by the external auditors, except when it is appropriate according to a modification of the accounting regulations.

Furthermore, there are risk mitigation measures:

- the Committee may propose to the Board of Directors that adjustments be made to the elements, criteria, thresholds and limits of the variable annual or pluriannual remuneration in exceptional circumstances due to extraordinary internal or external factors or events. The detail and justification of these adjustments will be included in the corresponding Annual Report on Directors' Remuneration.
- To reinforce the commitment of executive directors to long-term company interests and alignment with shareholder interests, the Remuneration Policy includes a share ownership commitment in which executive directors must hold a number of shares equivalent to two years of gross fixed remuneration while they are in office. To achieve this objective, a period of four years is established, calculated from the start of the effectiveness of the Policy or from the appointment in the case of new Directors. Should this limit not be reached, the net shares, if any, that are received by the executive directors deriving from any element of variable remuneration, will be subject to a retention period of at least three years. Notwithstanding the indicated measures, the executive directors currently in office (Executive Chairman and the General Managing Director) are, at this date, the owners of the shares whose value exceeds the indicated threshold.

Regarding the measures to preclude conflicts of interest, in accordance with the Regulations of the Board of Directors, in application of the legal precepts in force regarding the matter, the directors are annually required to declare, or have the duty to do so, as soon as they become aware of any conflicts of interest, and they must immediately resign should this conflict persist or should their presence on the Board contravene the Company's interests. Directors must also refrain from discussing and voting on matters in which they have either a direct or indirect interest, even through related parties, except in the resolutions or decisions affecting their capacity as members of the Board, such as their appointment for or removal from positions within the Board. Internal company regulations on measures to prevent conflicts of interest are applicable to all Viscofan Group employees.

A.1.3 Amount and nature of fixed components that directors are expected to receive in the year for their status as such.

The remuneration of directors in their capacity as such in 2022 is as follows:

- The Chairman of the Board will receive fixed remuneration for that office of €160,000.
- Board members shall receive a fixed remuneration for membership thereof of €80,000 each.
- An additional fixed remuneration will be paid per office and membership on Committees of the Board of Directors:
  - Audit Committee: Chairman €45,000 and members €30,000.
  - Appointments, Remuneration and Sustainability Committee: Chairman €37,500 and members €25,000.
- Coordinating Director for holding said office: 25.000 €.
- Allowances for attendance at Board of Directors meetings, to pay for personal and effective attendance at the meetings of the Board of Directors remain at €3,000 per meeting and director. The Chairman and Managing Director will receive no allowance whatsoever in this regard. New elements included in the Remuneration Policy:
  - In the event the Deputy Chairman chairs the meeting of the Board of Directors to substitute the Chairman, they will receive twice the amount of attendance fees (€6,000 instead of €3,000).
  - €1,000 per meeting and director in the event of attendance via remote means of the sessions of the Board of Directors (not applicable in the event of mobility restrictions preventing attendance in person).

Attending Committee meetings does not accrue a specific attendance fee.

A.1.4 Amount and nature of fixed components that executive directors will receive in the year for discharging senior management duties.

In the Remuneration Policy for 2021-2023, the fixed annual remuneration of executive directors for their senior management duties remains unchanged.

- Executive Chairman: 656.000.
- General Managing Director: 506.000€.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

The remuneration in kind that will be accrued in 2022 for the concepts contemplated by the Remuneration Policy (life/accident insurance premiums, healthcare and vehicles) is estimated at €21 thousand for the Executive Chairman and €49,8 thousand for the Managing Director.

The Company has arranged civil liability insurance for both executive and non-executive directors (D&O insurance), as well as for executives of the Company and the Group's subsidiaries. In this insurance, the directors will be considered as the insured parties, due to the liabilities that may arise as a consequence of the performance of their activities. The premium for the aforementioned D&O insurance for 2022 is €81,000. Due to the civil liability insurance being arranged globally, it is not possible to calculate the proportionate part for the directors as remuneration in kind.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long term. Financial and non-financial parameters, including social,

environmental and climate change parameters, selected to determine the variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year, detailing the criteria and factors applicable with regard to the time required and methods to effectively verify the conditions of performance or any other type to which the accrual and consolidation of each component of variable remuneration is linked.

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The variable components of the remuneration system for executive directors for 2022, in accordance with that established in the Remuneration Policy, continuing on from the previous policy, are the following and have been proposed by the Committee and approved by the session of the Board of Directors on 24 February 2022:

a. Annual variable remuneration (Annual Bonus):

- Amounts and limits.

- A Target Annual Bonus of €459,000 has been set for the Executive Chairman (i.e. when targets are met 100%); In the case of exceeding the target, the Annual Bonus for the Executive Chairman could reach a maximum of €688,000.
- A target Annual Bonus of €354,000 has been set for the General Managing Director (i.e. when targets are met 100%); In the case of exceeding the target, the Annual Bonus for the General Managing Director could reach a maximum of €531,000.

- Metrics and weighting. -

- Corporate Targets. These are common to the two executive directors with a combined weighting of 50% in the Annual Bonus:
  - Economic-financial parameters, in terms of Increased sales, improved EBITDA and the net profit and share performance (75% of the corporate objectives).
  - Non-financial and sustainability parameters in terms of the reduction of production-related CO2 emissions, accident rate reduction and the reduction in production waste, using the Group's sustainability strategy as a reference. (weights 25% of corporate targets)
- Quantifiable targets for each executive director (30% weighting): execution of the Group's priority projects linked to strategic positioning, business growth and maximising operations.
- Individual performance of each executive director (20% weighting). Valuation of the qualitative factors for each Director upon the proposal of the Committee linked to commitment to the project, transformation, teamwork.
- Exceeding targets linked to the additional profitability targets in terms of EBITDA and net profit.

- Determination procedure. -

At the end of the reporting period, the Committee, with the internal support that it deems necessary (i.e., Internal Audit, Corporate Financial Management) as well as external (audited financial statements and verified non-financial statements), will determine the proposed degree of fulfilment (establishing a specific percentage and amount) of each of the targets and the evaluation of the performance of the executive directors. This percentage will be applied to the Target Annual Bonus to determine the specific amount of the annual variable remuneration, which will be submitted to the Board of Directors for approval at the time of preparation of the financial statements, directors' report, Annual Corporate Governance Report and the Annual Directors' Remuneration Report, which usually takes place within the first two months following the close of the reporting period to which they refer.

In particular, during said period, it has been verified that the performance conditions to which the accrual and consolidation of the Annual Bonus are linked have been fulfilled, essentially through an external audit process of the financial statements and directors' report, and the verification of the non-financial information statement by an independent third party, which guarantees the verification of financial and non-financial parameters, and the verification of processes and internal reports that are collected on the remaining objectives or on the basis of public information (i.e., price of the share in line with stock market index listings).

**b. Long-term incentive plan (Three-year Plan).**

The Board of Directors of Viscofan, S.A., at its meeting held on 24 February 2022, upon the proposal of the Appointments and Remunerations Committee ("ARC"), proposed to submit a Long-Term Incentive Plan for 2022-2024 to the 2022 General Shareholders' Meeting (hereinafter, the "2022-2024 Three-year Plan"), earmarked to the Company's Executive Directors, executives and other key personnel of the Viscofan Group, mixed in shares and in cash. The literal proposal of the proposed agreement and the explanatory report will be provided to the shareholders upon the announcement of the General Shareholders' Meeting. For the purposes of this report, the noteworthy aspects relating to the executive directors are highlighted:

- Amount and limits. -

- Executive Chairman.- For the Target Incentive, a maximum of 17,287 shares and €413,280 in cash; in the event of the Maximum Incentive for exceeding targets, 25,931 shares and €619,920. In line with the price of €55.78 per share taken at the start of the Measurement Period, the Plan's total value for the Executive Chairman is €1,377,660 for the Target Incentive and €2,066,351 for the Maximum Incentive for exceeding targets.
- General Managing Director.- For the Target Incentive, a maximum of 13,334 shares and €318,780 in cash; in the event of the Maximum Incentive for exceeding targets, 20,002 shares and €478,170. In line with the price of €55.78 per share taken at the start of the Measurement Period, the Plan's total value for the General Managing Director is €1,062,600 for the Target Incentive and €1,593,882 for the Maximum Incentive for exceeding targets.

- Metrics and weighting. -

The Plan reflects the expected value creation during the Measurement Period, taking into account the Viscofan Group's strategy.

• Three metrics blocks are established for the Target Incentive:

- (i) Creating value for shareholders (75% of the Target Objective).

We propose the Total Shareholder Return ("TSR") Plan as an essential metric, which measures the return on investment for the shareholder as a sum of the variation in the share price in the Measurement Period, plus dividends and other similar items received during this period.

The average listed price of the share in December 2021, i.e., €55.78 per share,

is taken as the initial reference. To calculate the performance of TSR at the end of the period, the average listed price of the share in December 2024 will also be considered.

In accordance with these benchmark values, a minimum level of compliance is established, from which the plan begins to receive 4% of the Compound Annual Growth Rate (CAGR) and 6.5% of the CAGR as a Target Objective, in line with the Company's historical average.

**(ii) Creating sustainable value in environmental matters (10% of the Target Objective).**

The Company approved a new 2022-2025 Sustainability Action Plan (period which therefore comprises the Plan's Measurement Period). In line with this Sustainability Action Plan, investments are included in the Viscofan Group aimed at the decarbonisation of processes. In this regard, as the Target Objective, it is proposed to reduce the CO2 emissions per kilometre of casing at the Viscofan Group by between 4.5% and 7.5% in the Measurement Period. The average range is in line with the ambitious objective of reducing, with respect to 2018 values, 30% of CO2 emissions per km produced for 2030.

**(iii) Creating sustainable value in social matters (15% of the Target Objective).**

The metric is subdivided into two:

- a. Reduction of the accident rate.- In the materiality analysis performed by the Viscofan Group in 2021 to prepare the new 2022-2025 Sustainability Action Plan, the security of people in the workplace was once again highlighted as a priority and an especially critical area. Aligned with the objective of reducing the accident rate at the Viscofan Group by 50%, the objective is proposed of reducing the seriousness index between 3% (minimum) and 5% annually (Target Objective), calculated as the number of days lost per thousand hours worked. 10% of the Target Objective is weighted.
  - b. Audits to suppliers.- Also, in line with the fact that the sustainability commitment is transmitted throughout the whole of the Viscofan Group's supply chain, the objective is proposed (as a unique value, which acts as a minimum and maximum) to perform, at the end of the Measurement Period, audits on the compliance of the Viscofan Group's Supplier Conduct Code, in a volume equivalent to 50% of the purchases from suppliers of the main raw materials, namely: cellulose, collagen skins, cellulose paper and suppliers of polyamides. The raw materials represent around 55% of raw material purchases. 5% of the Target Objective is weighted.
- Maximum Incentive for exceeding targets (up to an additional 50% of the Target Incentive).

For the accrual and recognition of this additional 50% of the Target Objective, an exceptional performance of the TSR is demanded, obtained from the absolute viewpoint and from another, relative, that is, comparing the Company's TSR with the performance of a reference group.

**(i) Creation of historical absolute value for shareholders (35% of the Objective)**

If an absolute TSR is obtained between 6.5% (minimum value) and 10% (maximum), values that correspond to a return obtained in the exceptional periods of greater value creation for the Company.

**(ii) Creation of value exceeding other companies of reference** (15% of the Objective)

To measure this objective, it is proposed to use the relative TSR, in which Viscofan must perform better than the average of a reference group. This reference group will be formed by the seven non-financial companies of the Ibex-35 with a stock market capitalisation of less than €4 billion,<sup>1</sup> and by another seven benchmark companies on the special ingredients and casing market.<sup>2</sup> If Viscofan's TSR is in the 50 percentile of this group, it begins to accrue exceeded targets, with the maximum compliance being the 100 percentile.

- Determination procedure. -

As a condition for the payment of the Plan, upon the proposal of the Appointments and Remunerations Committee, the Board of Directors of Viscofan, S.A. has ratified the degree of compliance with the parameters and magnitudes thereof. Executive directors who are beneficiaries of the Plan may not transfer the shares delivered for a period of three (3) years, unless they hold, directly or indirectly, a number of shares equivalent to twice their fixed annual remuneration. The provisions of the current Directors' Remuneration Policy will apply to the ex-post control of variable remuneration ("clawback").

- A.1.7 Main characteristics of the long-term savings systems. In addition to other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are vested for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided, between the company and the director.

State if the accrual or vesting of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

The Company has no long-term savings systems for directors.

- A.1.8 Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation in the terms agreed between the company and director, whether voluntary resignation by the director, dismissal of the director by the company, or any other type of termination agreement reached, such as exclusivity, post-contractual non-competition, continuance in office or loyalty, which would entitle the director to some sort of remuneration.

The following cases are addressed in executive director contracts:

The compensation of two annual payments of the annual fixed remuneration for extinguishing the contractual relationship not attributable to the director, including termination initiated by the executive director in the following cases:

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<sup>1</sup> Acerinox, Cie Automotive, Almirall, Solaria, Indra, Meliá Hotels and Pharma Mar.

<sup>2</sup> IFF, DSM, Kerry, Ingredion, Tat&Lyle, Darling Ingredients and Devro.

Substantial modification of the conditions of provision services that redound notoriously to the detriment of the executive director.

Substantial change in the conditions of the provision of services of the executive director as a result of a significant change in ownership of the Company equal to or greater than 30% of the share capital, with the effect of renewing the governing bodies of the Company or the content and approach of its main activity, provided that the termination occurs within three months after the occurrence of such changes.

There will be no compensation if the dismissal is the result of gross misconduct, wilful misconduct and culpable conduct of the executive director in the performance of duties.

Two-year non-compete agreement. The compensation for the two-year non-compete commitment is included in the compensation contemplated for the termination of the relationship. In case of noncompliance with the non-compete commitment, the executive director must return the received compensation and pay three times its amount in damages.

Under the Remuneration Policy, a notification period of 6 months is foreseen to terminate the relationship with the executive chairman and, in the case of non-compliance, the breaching party must compensate the other with the amount of remuneration corresponding to the notification period. In this regard, the Remuneration Policy establishes that the amount which, where applicable, the Company will pay for breach of the contractually established notification period, will be discounted from the two years of fixed remuneration deriving from the compensation in the event of termination of the contractual relationship.

- A.1.9 Indicate the conditions that must be respected in the contracts of those who exercise senior management functions as executive directors. Among other aspects, give information on the duration, limits to the amounts of indemnity, tenure clauses, notice periods and payments that can replace such notice periods, and any other clauses regarding hiring bonuses, as well as severance payments or ring-fencing for early cancellation or termination of the contractual relationship between the company and the executive director. Include, inter alia, covenants or agreements regarding non-competition, exclusivity, tenure or loyalty and non-competition after termination of contract, unless already explained in the section above.

Executive director contracts adapt to the following essential conditions:

- Commercial nature
- Indefinite.
- Notice of 6 months for voluntary termination (reciprocal). In case of failure to observe the 6-month notice period (reciprocal), the compensation shall be payment of the remuneration corresponding to the unfulfilled notice period. The amount which, where applicable, the Company pays for the breach of the contractually established notification period, will be discounted from the two years of fixed remuneration deriving from the applicable compensation in the event of termination of the contractual relationship.
- Compensation and post-competition covenants (refer to section above).
- The duty of confidentiality on information, data, reports or background information to which directors had access while in office shall persist even after they leave office, regardless of the reason.

To streamline the hiring of candidates, the Policy provides the Committee with the possibility of submitting a proposal to the Board of Directors for a hiring bonus to offset any loss of incentives not accrued, and the possibility of an international assignment of the application of the Company's policy for such cases (e.g. housing supplement). Such circumstances did not occur, and the Company made no premium payment in this regard.

- A.1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the year in progress in consideration for services furnished other than those inherent in the post.

No supplementary remuneration other than the remuneration explained in previous sections are expected.

- A.1.11 Other remuneration items, including items deriving from the company providing advances, loans, guarantees or any other remuneration to directors.

None were or are expected to be granted.

- A.1.12 The nature and estimated amount of any other planned supplementary remuneration that will be accrued by directors in the year in progress not included in the previous sections, whether payment is made by the company or another group company.

There are not and will not be any supplementary remuneration other than the remuneration explained in previous sections.

- A.2 Explain any relevant change in the remuneration policy applicable to the current year arising from:

- a) A new policy or amendment in the policy already approved by the General Shareholders' Meeting.
- b) Significant changes in specific determinations established by the Board for the current year on the valid remuneration policy compared with those applied in the previous year.
- c) Proposals that the Board of Directors may have agreed to at the General Shareholders' Meeting to which this annual report will be submitted and proposed to be applicable in the current year.

There are no changes in the remuneration policy applicable in the year. As indicated in Section A.1., on the one hand, in 2022 following the holding of the 2022 General Shareholders' Meeting, 2019-2021 Three-year Plan will be settled and paid and, on the other hand, the Board of Directors agreed, at its meeting of 24 February 2022, to submit the approval of a new 2022-2024 Three-year Plan to the forthcoming 2022 General Shareholders' Meeting.

- A.3 Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the company website.

<https://www.viscofan.com/es/gobierno-corporativo/reglamentos-y-politicas>

- A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting regarding the Annual Remuneration Report for the previous year.

The Annual Directors' Remuneration Report for the year ended 31 December 2020 received the backing of the majority of shareholders, specifically 99% of the votes cast, in line with that obtained during the previous year ended 31 December 2019 (99.26%), with 0.3% of the votes against and an abstention rate of 0.7%. Therefore, it is concluded from continuous contact with shareholders and investors that the application of the Remuneration Policy is aligned with the vote of shareholders.

## **B GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR-ENDED**

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the Remunerations Committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

In line with the prevailing legislation and the Company's internal regulations, the Board of Directors is the competent body to apply the Directors' Remuneration Policy in force in the year, although the different decisions involved in this application are adopted upon the proposal or subject to a report of the Committee.

The Committee, which met on eight occasions in 2021, is made up of the following members at the date of this report:

Name	Position	Type
Jaime Real de Asúa Arteche	Chairman	External Independent
José María Aldecoa Sagastasoloa	Member	External Independent
Néstor Basterra Larroudé	Member	Other External Directors
Juan March de la Lastra	Member	External Nominee
Ignacio Marco-Gardoqui Ibañez	Member	External Independent
José Antonio Cortajarena Manchado	Non-member secretary	N/A

In all the processes for adopting their respective decisions, the committee and the Board of Directors have received information and advice from the company's internal services.

In this regard, it is worth noting:

- (i) Regarding the remuneration of directors in their capacity as such, the Policy in force in 2021 is applied as follows:
- a. Attendance fees. Each director entitled to the accrued attendance fee is paid after each meeting of the Board of Directors, subject to the secretary verifying the attendance list.
  - b. Fixed remuneration: Payment of the amounts accrued by each director in their capacity as such for 2021 is subject to the approval of the financial statements for that year at the 2022 General Shareholders' Meeting, within the first six months of the year. Once these financial statements have been approved by the General Shareholders' Meeting, the corresponding resolution must be adopted by the Board of Directors to recognise and pay each director pursuant to the amounts set out in the Remunerations Policy.
- (ii) Regarding the remuneration of executive directors:
- a. The individual fixed remuneration of each executive director for 2021 is determined in the Remuneration Policy approved by the General Shareholders' Meeting for 2021-2023. This salary is paid to the executive directors in 2021 on a monthly basis.
  - b. The settlement and recognition of the Annual Bonus accrued in 2021 was proposed by the Committee at its session on 16 February 2021 and was approved by the Board of Directors at its meeting on 24 February 2021. The degree to which the financial and operational targets have been met is based on the annual financial report duly audited under the terms set out and submitted to the shareholders for approval. The remaining targets are determined based on verified internal reports and public information (i.e. share

price).

- B.1.2 Explain any change in the procedure established to apply the remuneration policy that occurred in the year.

No changes occurred.

- B.1.3 Indicate if any temporary exceptions have been applied to the remunerations policy and, if they have been applied, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions are necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact of the application of these exceptions on the remuneration of each director in the year.

No temporary exception was applied.

- B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been reached between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if any.

The answer to this section is completed with the explanations provided in section A.1. However, the following is highlighted:

- In relation to the remuneration of the directors in their capacity as such, the system to establish fixed remuneration and attendance fees, excluding the variable remuneration for business objectives, is an efficient instrument to reduce exposure to excessive risks and to include a long-term vision.
- With respect to the executive directors, the Remuneration Policy has an adequate remuneration mix (see section A.1.2), with the following essential elements:
  - A fixed component which accrues in any case, so it does not represent any exposure to risk; this fixed component remains unchanged during the Policy term.
  - Annual variable remuneration, with a temporary performance period of one year, linked to specific measurable business objectives - some of which are recurring since they constitute critical elements of the supervision of performance and enable comparisons with previous years-, aligned with the management budget and the provisions or guides provided to the market, which prevents the encouragement of the assumption of excessive risks. This is reinforced by the fact that the assessment is carried out once the duly audited financial statements and directors' report are available and the non-financial information statement for the year has been verified.
  - A reasonable balance is established between annual and multi-year remuneration.
- The long-term variable component (Three-year Plan) has a measurement period of three years, which moderates the undertaking of risks and offers the creation of value over a longer term than usual.

- Specifically, the Remunerations Policy approved by the 2021 General Shareholders' Meeting for 2021-2023 has reinforced the items aimed at reducing exposure to risk and at consolidating a suitable balance between the fixed and variable components of the remuneration. It is highlighted that the *clawback* clause has extended its applicability to the annual variable remuneration -until 2020 it only applied to long-term variable remuneration- and its term is extended from 12 to 24 months.

B.3 Explain how the remuneration accrued and vested over the year meets the provisions of the current remuneration policy and, in particular, how it contributes to the sustainable long-term returns of the company.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

Remuneration accrued by directors in their capacity as such is determined in a fixed manner in the Remuneration Policy and is not determined by profit or other measures of the company's performance. Pursuant to this Policy, the total amount paid as attendance fees for these sessions of the Board of Directors and the accrual by each director of a fixed amount for membership on the Board of Directors, committees and positions, amounts to €1,606 thousand and falls within the statutory limit (article 29 of the Articles of Association and which is reproduced by the Remuneration Policy), which cannot exceed 1.5% of the annual consolidated cash profit before taxes, which totalled €176,420 thousand.

The fixed remuneration or salary of executive directors has been set in the Remuneration Policy on a fixed basis for 2021-2023, in line with the results obtained by the Company and the fixed remuneration paid by like-for-like companies in the market (section A.1.4).

With regard to the annual variable remuneration accrued by the executive directors, the objectives and metrics conditioning it are formed by the aggregates linked to the Group's consolidated profit, hence it is clear that this variable remuneration is tied to Company performance in terms of the specific amount to be received by each executive director (consequence of applying the percentage of attainment of each objective to the Target Incentive). And this degree of compliance has been determined by the Board of Directors at its meeting dated 24 February 2022, upon the proposal of the Committee, once it has received the duly audited financial statements and the individual and consolidated directors' reports, including the verification by a third-party verifier of the statement of non-financial information. The details of the foregoing may be verified in section B.7

The long-term variable remuneration accrued in 2021 is determined by the recognition, settlement and payment of the 2019-2021 Three-year Plan. In line with the terms of the 2019-2021 Three-year Plan approved by the General Shareholders' Meeting on 24 April 2020 (tenth agreement) and that set forth and anticipated in the 2020 Directors' Remuneration Report, the degree of compliance with the objectives was determined, upon the proposal of the Committee, by the Board of Directors following the end of 2021, once it had all the information on the attainment of the objectives, particularly at its session dated 24 February 2022, and it will proceed to its payment following the 2022 General Shareholders' Meeting. The 2019-2022 Three-year Plan essentially reflects - with a weight of 80% of the objectives - the creation of economic value and sustainability for the shareholders, in line with the more advanced standards in the area, measured as the sum of the changes in the price of shares in the Measurement Period, plus the dividends and other items. Also, 20% of objectives are tied to environmental sustainability and occupational safety factors aligned with the company's long-term sustainability value.

Lastly, regarding remuneration in kind, the Company has paid what is set out in the Policy (for a joint total for executive directors of €71,000), without this exceeding the limit of 20% of the fixed remuneration for executive directors.

- B.4 Report on the outcome of the consultative vote at the General Shareholders' Meeting on the annual remuneration report for the previous year, indicating the number of abstentions, votes in favour and against and blank votes cast:

	Number	% of total
<b>Votes cast</b>	<b>38.180.584</b>	<b>82,1%</b>

	Number	% of cast
<b>Votes against</b>	<b>110.667</b>	<b>0,3</b>
<b>Votes in favour</b>	<b>37.814.020</b>	<b>99,00</b>
<b>Blank vote</b>		
<b>Abstentions</b>	<b>255.897</b>	<b>0,7</b>

Remarks

- B.5 Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their proportion in relation to each director and how they have changed with respect to the previous year:

The remuneration of the members of the Board of Directors in their capacity as such consisted of applying the Remuneration Policy approved by the 2021 General Shareholders' Meeting, in force in the year:

- Chairman of the Board of Directors: €160,000/year.
- Director: €80,000/year.
- Chairman of the Audit Committee: €45,000/year
- Chairman of the Appointments, Remuneration and Sustainability Committee: €37,500/year
- Member of the Audit Committee: €30,000/year.
- Member of the Appointments, Remunerations and Sustainability Committee: €25,000/year
- Fixed remuneration of the Lead Director: €25,000/year

The changes with respect to 2020 involve the novelties introduced by the Remuneration Policy for 2021-2023:

- Increase in the remuneration for the Chairman of the Appointments, Remunerations and Sustainability Committee (from €30,000 to €37,500) and its members (from €20,000 to €25,000).
- The recognition of fixed remuneration for the Lead Director (€25,000).

Similarly, in 2021, in line with the Remuneration Policy, attendance fees were applied to remunerate the non-executive directors at the meetings of the Board of Directors: €3,000 for each meeting and director, with 11 Board of Directors meetings having been held.

- B.6 Explain how the salaries accrued and vested by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.

The fixed annual remuneration of the executive directors for their duties is determined in the Remuneration Policy for the whole of 2021-2023, and was set at:

- Executive Chairman: 656.000.
- General Managing Director: 506.000€.

Such remuneration represents an increase of €50 thousand and €40 thousand for the Executive Chairman and the General Managing Director. This increase is determined in line with the proposal submitted to and approved by the 2021 General Shareholders' Meeting, in accordance with the results obtained by the Company in recent years and the external competitiveness of the remuneration package in relation to like-for-like companies, which was calculated with the advisory services of Willis Towers Watson.

- B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year ended.

In particular:

- a) Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated, duly explaining in detail the criteria and factors applicable with regard to the time required and methods to effectively verify the conditions of performance or any other type to which the accrual and vesting of each component of variable remuneration was linked.
- b) In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (vesting) and to exercise these options or financial instruments, including the price and term to exercise them.
- c) Each director and category (executive directors, proprietary external directors, independent external directors and other external directors) who are beneficiaries of remuneration systems or plans that include variable remuneration.
- d) As the case may be, information is to be provided on periods for the accrual, vesting or deferment of payment of vested amounts applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

**Explain the short-term variable components of the remuneration systems:**

Executive directors have accrued the following annual variable remuneration (Annual Bonus) in 2021:

- Executive Chairman:

Target Annual Bonus (targets met 100%): €459,000; maximum in the event of exceeding targets: 688.000€.

- o Group corporate targets (50% weighting): Degree of compliance 75%

- Economic-financial parameters, in terms of increased sales, EBITDA and net profit and share performance. Total weighting of 70% of the Group's corporate targets.

Degree of compliance: 79%

- Sustainability objectives in terms of the reduction of the ratio of tonnes of CO2 per million metres produced, accident rate reduction in terms of the seriousness index and the reduction of the ratio of tonnes of landfill waste per million metres produced. Total weighting of 30% of the Group's corporate targets.

Degree of compliance: 66%

- Individual objectives (30% weighted) and performance assessment (20% weighted). The individual targets are tied to growth, integration and efficiency improvement objectives in relation to different Group subsidiaries and the preparation of the 2025 Plan.

Degree of compliance 81%.

- Total degree of compliance: 78%.
- Amount of the 2021 Annual Bonus of the Executive Chairman: €358,100
- General Managing Director:

Target Annual Bonus (targets met 100%): €354,000; maximum in the event of exceeding targets: 531.000€.

- Group corporate targets (50% weighting): Degree of compliance 75%

- Economic-financial parameters, in terms of increased sales, EBITDA and net profit and share performance. Total weighting of 70% of the Group's corporate targets.

Degree of compliance: 79%

- Sustainability objectives in terms of the reduction of the ratio of tonnes of CO2 per million metres produced, accident rate reduction in terms of the seriousness index and the reduction of the ratio of tonnes of landfill waste per million metres produced. Total weighting of 30% of the Group's corporate targets.

Degree of compliance: 66%

- Individual objectives (30% weighted) and performance assessment (20% weighted). The individual targets are tied to growth, integration and efficiency improvement objectives in relation to different Group subsidiaries and the preparation of the 2025 Plan.

Degree of compliance 81%.

- Total degree of compliance: 78%.
- Amount of the 2021 Annual Bonus of the General Managing Director: 276.200 €

These amounts will be paid in the first quarter of 2022.

## Explain the long-term variable components of the remuneration systems

The 2020 General Shareholders' Meeting (resolution ten of the General Shareholders' Meeting of 24 April 2020) approved a Long-Term Incentive Plan for 2019-2021 for the Company's executive directors (2019-2021 Three-year Plan). The significant aspects to quantify its recognition are as follows:

- Amount and limits: The amounts and maximum number of shares for the executive directors, which were approved by the General Shareholder's Meeting, are as follows:
  - o For the Executive Chairman a maximum of €374,850 and 17,853 shares for achieving the Target (€449,820 and 21,424 shares if the Target is exceeded).
  - o For the General Managing Director a maximum of €288,540 and 13,742 shares for achieving the Target (€346,248 and 16,491 shares if the Target is exceeded).
  
- Metrics and weighting. Degree of compliance. At the Committee's proposal, at its meeting of 24 February 2022, the Board of Directors has determined the following degree of achievement of the 2019-2021 Three-year Plan.
  - o Total Shareholder Return (80% of the bond that may be increased up to 120% in the event of exceeding the target). Total Shareholder Return (TSR) measures the return on investment for the shareholder as a sum of the variation in the share price in the Measurement Period, plus dividends and other similar items received during this period. Based on the average listed price of the share in December 2019, i.e. €48.99, shareholder remuneration in the Measurement Period for dividends and fees to attend the Shareholders' Meeting of €5,68, with the average listed price of the share in the month at the end of the Measurement Period -December 2021- standing at €55.78, equivalent to a TRS of 7.9%, which means a bond percentage of 85.6%.
  - o Accident rate reduction (10% weight in the bond). Within the non-financial indicators, the Plan aims to reduce the accident rate, understood to be the reduction in the ratio of hours lost due to occupational accidents with a reduction on the total theoretical work hours during the Measurement Period. Considering the established starting point of 0.38%, an adjusted average accident rate of 0.347% was obtained, constituting a fall of 8.7% in the period, which represents a bond percentage of 10%.
  - o Environmental sustainability (10% weight in the bond).- With the aim of promoting the development of the circular economy and reducing the environmental impact of production activity, a new indicator was included that relates the ratio of tonnes of waste managed at the landfill to every million metres extruded. The objective consists of a minimum reduction in the ratio of four points and considering the current value of 1.18, a reduction of 7.1% is calculated with respect to 2018, which means a bond percentage of 6.5%.

In accordance with the foregoing, the degree of compliance with the 2019-2021 Three-year Plan is 102.1%.

- Amounts, settlement and payment. In line with that set forth above, the number of shares and amounts due to the executive directors are as follows:
  - o Executive Chairman:
    - Number of shares: 18.228
    - Cash amount: 382.722€
  - o General Managing Director:
    - Number of shares: 14.031

- Cash amount: 294.599€

The gross amount broken down as remuneration accrued in the year of the executive directors will include the amount resulting from multiplying the number of consolidated shares by their market price at market close on 31 December 2021 (€56.9), considering as such the consolidation and accrual date, although in line with the terms of the Plan, the delivery of the shares and payment of the recognised amount is expected to take place once the 2022 General Shareholders' Meeting has been held.

- B.8 Indicate whether certain variable components accrued were reduced or clawed back when, for the former, there were deferred payments of non-vested amounts or, for the latter, they were vested and paid, on the basis of data that were subsequently proven to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.

No circumstances arose that would have entailed the reimbursement of variable remuneration.

- B.9 Explain the main characteristics of the long-term savings systems in which the amount or equivalent annual cost appears in the tables in section C, including retirement and any other survivor benefit, which are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions for vesting economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

Not applicable. The Remuneration Policy does not cover long-term savings systems.

- B.10 Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract, upon the terms provided for therein, accrued and/or received by directors during the year ended.

Not applicable. Did not occur

- B.11 Indicate whether there have been any significant changes in the contracts of those exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

In 2021, the contracts of the executive directors were adapted to the new Remuneration Policy, in particular: with regard to the two-year non-compete agreement envisaged, the compensation is deemed to be included in the compensation contemplated for the termination of the relationship.

- B.12 Explain any additional remuneration paid to directors for services rendered other than those inherent in their position.

Not applicable. There was no supplementary remuneration.

- B.13 Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics, amounts eventually returned and obligations taken on through guarantee or collateral.

Not applicable. Did not occur

- B.14 Itemise the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.

The remuneration in kind accrued in 2021 for the items contemplated by the Policy (life/accident insurance premiums, healthcare and vehicles) was €21 thousand for the Executive Chairman and €50 thousand for the General Managing Director.

- B.15 Explain the remuneration accrued by directors by virtue of payments made by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

Not applicable. Did not occur

- B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration item other than the foregoing, whatever its nature or group company paying it, including all the benefits in all their forms, such as when they have the consideration of related party transactions or, especially, when they significantly affect the fair presentation of the total remuneration accrued by the director, having to explain the amount granted or pending payment, the type of consideration received and the reasons why it would have been considered, where appropriate, that it does not constitute remuneration to the director in their capacity as such or consideration for the performance of their executive functions, and whether it was considered appropriate or not to include them among the amounts accrued in the "Other items" heading of section C.

Not applicable. Did not occur.

**C** INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR

Name	Type	Accrual period year t
JOSE DOMINGO AMPUERO OSMA	EXECUTIVE CHAIRMAN	From 01/01/2021 to 31/12/2021
JOSE ANTONIO CANALES GARCIA	EXECUTIVE DIRECTOR	From 01/01/2021 to 31/12/2021
IGNACIO MARCO-GARDOQUI IBAÑEZ	INDEPENDENT VICE CHAIRMAN	From 01/01/2021 to 31/12/2021
JOSÉ MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	From 01/01/2021 to 31/12/2021
JAIME REAL DE ASÚA Y ARTECHE	INDEPENDENT DIRECTOR	From 01/01/2021 to 31/12/2021
NESTOR BASTERRA LARROUDÉ	OTHER EXTERNAL DIRECTOR	From 01/01/2021 to 31/12/2021
AGATHA ECHEVARRIA CANALES	OTHER EXTERNAL DIRECTOR	From 01/01/2021 to 31/12/2021
JUAN MARCH DE LA LASTRA	NOMINEE DIRECTOR	From 01/01/2021 to 31/12/2021
SANTIAGO DOMEcq BOHORQUEZ	NOMINEE DIRECTOR	From 01/01/2021 to 31/12/2021
LAURA GONZALEZ MOLERO	INDEPENDENT DIRECTOR	From 01/01/2021 to 31/12/2021
CARMEN DE PABLO REDONDO	INDEPENDENT DIRECTOR	From 01/01/2021 to 31/12/2021

C.1 Complete the following tables on the individual remuneration of each of the directors (including remuneration for carrying out executive functions) accrued during the fiscal year.

**a) Remuneration from the reporting company:**

**i) Remuneration in cash (in thousands of €)**

Name	Fixed Remuneration	Attendance fees	Board committee membership remuneration	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Others	Total year 2021	Total year 2020
JOSE DOMINGO AMPUERO OSMA	160	-	-	656	358	383	0	0	1557	1.234
JOSE ANTONIO CANALES GARCIA	80	-	-	506	276	295	0	0	1157	906
IGNACIO MARCO-GARDOQUI IBAÑEZ	80	33	55	0	0	0	0	0	168	154
JOSÉ MARÍA ALDECOA SAGASTASOLOA	80	33	55	0	0	0	0	25	193	166
JAIME REAL DE ASÚA Y ARTECHE	80	33	38	0	0	0	0	0	151	146
NESTOR BASTERRA LARROUDÉ	80	33	25	0	0	0	0	0	138	136
AGATHA ECHEVARRIA CANALES	80	33	30	0	0	0	0	0	143	146
JUAN MARCH DE LA LASTRA	80	31	25	0	0	0	0	0	136	136
SANTIAGO DOMEcq BOHORQUEZ	80	28	30	0	0	0	0	0	138	146
LAURA GONZALEZ MOLERO	80	33	45	0	0	0	0	0	158	156
CARMEN DE PABLO REDONDO	80	31	30	0	0	0	0	0	141	97

Remarks
In Other Concepts, the remuneration of the director Mr. Jose María Aldecoa Sagastasoloa has been indicated for his functions as Lead Director, as established in the remuneration policy of the Board of Directors.

ii) Table of changes in share-based remuneration schemes and gross profit from shares or consolidated financial instruments

Name	Name of Plan	Financial instruments at start of year t		Financial instrument granted in the year t		Financial instrument consolidated in the year				Instruments matured but not exercised	Financial instruments at end of year t	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. instruments	No. instruments	No. equivalent shares
JOSE DOMINGO AMPUERO OSMA	2019-2021 Three-year Plan					18,228	18,228	56.90	1,037			
JOSE ANTONIO CANALES GARCIA	2019-2021 Three-year Plan					14,031	14,031	56.90	798			

Remarks

iii) Long-term savings systems

	<b>Remuneration from vesting of rights to savings systems</b>
Director 1	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Year t		Year t-1	
	Year t	Year t-1	Year t	Year t-1	Savings systems with vested economic rights	Savings systems with no vested economic rights	Savings systems with vested economic rights	Savings systems with no vested economic rights
Director 1								

Remarks

iv) Details of other items

Name	Concept	Amount
JOSE DOMINGO AMPUERO OSMA	Life and accident insurance premiums Healthcare policy Company car	21
JOSE ANTONIO CANALES GARCIA	Life and accident insurance premiums Healthcare policy Company car	50

Remarks

b) Remuneration to directors of the listed company due to their membership on the governing bodies of their subsidiaries:

i) Remuneration in cash (in thousands of €)

Name	Fixed Remuneration	Attendance fees	Board committee membership remuneration	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Others	Total year t	Total year t-1
Director 1										
Director 2										

Remarks

ii) Table of changes in share-based remuneration schemes and gross profit from shares or consolidated financial instruments

Name	Name of Plan	Financial instruments at start of year t		Financial instrument granted in the year t		Financial instrument consolidated in the year				Instruments matured but not exercised	Financial instruments at end of year t	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	Nº Acciones equivalentes / consolidadas	Precio de las acciones consolidadas	No. instruments	No. equivalent shares	No. instruments	No. equivalent shares
Director 1	Plan 1											
	Plan 2											

Remarks

iii) Long-term savings systems

	<b>Remuneration from vesting of rights to savings</b>
<b>Director 1</b>	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with non-vested economic rights		Sistemas de ahorro con derechos económicos no consolidados		Year t		Year t-1	
	Year t	Year t-1	Year t	Year t-1	Savings systems with vested economic rights	Savings systems with no vested economic rights	Savings systems with vested economic rights	Savings systems with no vested economic rights
	<b>Director 1</b>							

<b>Remarks</b>

iv) Details of other items

Name	Concept	Amount
<b>Director 1</b>		

<b>Remarks</b>

**c) Summary of the remuneration (in thousands of €):**

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accrued at the Company					Remuneration accruing to group companies					Total Group year 2021
	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration from other concepts	Company total year 2021	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration from other concepts	Group total year 2021	
JOSE DOMINGO AMPUERO OSMA	1557	1037	0	21	2615	0	0	0	0	0	2615
JOSE ANTONIO CANALES GARCIA	1157	798	0	50	2005	0	0	0	0	0	2005
IGNACIO MARCO-GARDOQUI IBAÑEZ	168	0	0	0	168	0	0	0	0	0	168
JOSÉ MARÍA ALDECOA SAGASTASOLOA	193	0	0	0	193	0	0	0	0	0	193
JAIME REAL DE ASÚA Y ARTECHE	151	0	0	0	151	0	0	0	0	0	151
NÉSTOR BASTERRA LARROUDÉ	138	0	0	0	138	0	0	0	0	0	138
AGATHA ECHEVARRIA CANALES	143	0	0	0	143	0	0	0	0	0	143
JUAN MARCH DE LA LASTRA	136	0	0	0	136	0	0	0	0	0	136
SANTIAGO DOMEQ BOHORQUEZ	138	0	0	0	138	0	0	0	0	0	138
LAURA GONZALEZ MOLERO	158	0	0	0	158	0	0	0	0	0	158
CARMEN DE PABLO REDONDO	141	0	0	0	141	0	0	0	0	0	141
<b>TOTALS</b>	<b>4080</b>	<b>1835</b>	<b>0</b>	<b>71</b>	<b>5986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5986</b>

Remarks

C.2 Indicate the changes in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed companies with such status in the year, of the consolidated results of the company and of the average remuneration on an equivalent full-time basis of the employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019	% Variation 2019/2018	Year 2018	% Variation 2018/2017	Year 2017
<b>Executive Directors</b>									
JOSE DOMINGO AMPUERO OSMA	2,615	108.37%	1,255	21.61%	1,032	-12.17%	1,175	36.79%	859
JOSE ANTONIO CANALES GARCIA	2,005	110.61%	952	21.12%	786	0.26%	784	22.12%	642
<b>External Directors</b>									
IGNACIO MARCO-GARDOQUI IBAÑEZ	168	9.09%	154	-4.35%	161	-3.01%	166	-5.14%	175
JOSÉ MARÍA ALDECOA SAGASTASOLOA	193	16.27%	166	0.00%	166	9.21%	152	6.29%	143
JAIME REAL DE ASÚA Y ARTECHE	151	3.42%	146	0.00%	146	2.10%	143	0.00%	143
NÉSTOR BASTERRA LARROUDÉ	138	1.47%	136	0.00%	136	-49.82%	271	-41.47%	463
AGATHA ECHEVARRIA CANALES	143	-2.05%	146	0.00%	146	-40.41%	245	-36.86%	388
JUAN MARCH DE LA LASTRA	136	0.00%	136	2.26%	133	2.31%	130	-2.26%	133
SANTIAGO DOMEQ BOHORQUEZ	138	-5.48%	146	2.10%	143	2.14%	140	-2.10%	143
LAURA GONZALEZ MOLERO	158	1.28%	156	6.85%	146	78.05%	82	N/A	0
CARMEN DE PABLO REDONDO	141	45.36%	97	N/A	0	N/A	0	N/A	0
<b>Consolidated Results (before taxes)</b>	176,420	10.50%	159,656	22.75%	130,064	-11.70%	147,299	1.34%	145,357
Average remuneration of employees	33	3.13%	32	-3.03%	33	6.45%	31	0.00%	3031

The significant variations in remuneration in 2021 with respect to 2020 related to the executive directors and are due essentially to the consolidation and accrual of the 2019-2021 Three-year Plan and, to a lesser extent, to the update of the fixed remuneration approved in the 2021-2023 Remuneration Policy; the variations in the remuneration of the directors in their condition as such are due exclusively to differences in their permanence in their position from one year to another.

With respect to 2017 and 2018, the significant variations are due to the elimination of the Executive Committee in 2018 with the concomitant reduction of the remuneration of the directors forming it.

**D OTHER INFORMATION OF INTEREST**

If there are any relevant aspects relating to directors' remuneration that you have not been able to describe in other sections of this report but that are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

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This Annual Remuneration Report was approved by the company's Board of Directors at its meeting on 24/02/2022.

Indicate whether any board members voted against or abstained from voting on approving the present Report.

Yes  No

Nombre o denominación social de los miembros del consejo de administración que no ha votado a favor de la aprobación del presente informe	Motivos (en contra, abstención, no asistencia)	Explique los motivos