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**ISSUER IDENTIFICATION**

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Financial year end:

[ 31/12/2020 ]

TAXID NO.

[ A-31065501 ]

Registered Name:

[ **VISCOFAN, S.A.** ]

Registered address:

[ POLÍGONO INDUSTRIAL BERROA. CALLE BERROA, 15 4th FLOOR, 31192, TAJONAR, NAVARRA, ESPAÑA ]

[Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails](#)

**A. OWNERSHIP STRUCTURE OF THE COMPANY**

**A.1.** Fill in the following table on the company's share capital:

Date of last change	Share capital (euros)	Number of shares	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  
[ v ] 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, excluding directors:

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.	13.03	0.00	0.00	0.00	13.03
APG ASSET MANAGEMENT N.V.	10.09	0.00	0.00	0.00	10.09
MARATHON ASSET MANAGEMENT, LLP	0.00	4.94	0.00	0.00	4.94
SETANTA ASSET MANAGEMENT LIMITED	0.00	3.96	0.00	0.00	3.96
WELLINGTON MANAGEMENT GROUP LLP	0.00	3.22	0.00	0.00	3.22

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
SETANTA ASSET MANAGEMENT LIMITED	OTHER COMPANY SHAREHOLDERS	3.96	0.00	3.96
WELLINGTON MANAGEMENT GROUP LLP	OTHER COMPANY SHAREHOLDERS	3.22	0.00	3.22
MARATHON ASSET MANAGEMENT, LLP	OTHER COMPANY SHAREHOLDERS	4.94	0.00	4.94

Indicate the most significant movements in the shareholding structure during the year:

Most significant movements
<ul style="list-style-type: none"> <li>- Norges Bank decreased its shareholding to less than 3% of the share capital on 18 February 2020.</li> <li>- Setanta Asset Management decreased its shareholding to less than 4% of the share capital on 26 March 2020.</li> </ul>

**A.3.** Fill in the following tables about members of the Board of Directors of the Company with voting rights on company shares:

Name of director (person or company)	% voting rights attributed to the shares		% of voting rights from financial instruments		% total voting rights	% voting rights that may be transferred via financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JOSE 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 JAIME REAL DE ASUA Y ARTECHE	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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
MS LAURA GONZÁLEZ MOLERO	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
MR JUAN MARCH DE LA LASTRA	0.00	0.03	0.00	0.00	0.03	0.00	0.00
MR SANTIAGO DOMECQ BOHORQUEZ	0.00	5.02	0.00	0.00	5.02	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 Board of Directors:						5.87	

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
MR JOSÉ ANTONIO CANALS GARCÍA	OTHER COMPANY SHAREHOLDERS	0.02	0.00	0.02	0.00
MR IGNACIO MARCO - GARDOQUI IBÁÑEZ	PROMOCIONES GARDAL XXI, S.L.	0.01	0.00	0.01	0.00
MR JUAN MARCH DE LA LASTRA	ATACAMPA S.A.	0.03	0.00	0.03	0.00

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 transferred</u> via financial instruments
MR SANTIAGO DOMEQ BOHORQUEZ	ANGUSTIAS Y SOL S.L.	5.02	0.00	5.02	0.00

**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. Especially and where applicable, details will be given of the identity and position of members of the board or representatives of directors of the listed company who are also members of the administrative body, or their representatives, in companies that have a significant shareholding in the listed company or in group entities of these 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 JOSE DOMINGO DE AMPUERO Y OSMA	CORPORACIÓN FINANCIERA ALBA S.A.	CORPORACIÓN FINANCIERA ALBA S.A.	Corporate. Mr. José Domingo de Ampuero y Osma is a Lead Director

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
			of the Board of Directors of Corporación Financiera Alba S.A.
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 DOMEQ BOHÓRQUEZ	ANGUSTIAS Y SOL S.L.	ANGUSTIAS Y SOL S.L.	Corporate. Santiago Domecq 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  
[ v ] 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
139,442		0.30

(\*) Via:

Name or company name of the direct holder of the shareholding:	Number of direct shares
N/D	

Explain the significant changes that occurred during the year:

**Explain the significant changes**

On 28 February 2020 10,558 treasury shares were delivered to Viscofan staff within the framework of the company's variable remuneration plans. Thus, at 31 December 2020, the company had 139,442 treasury shares representing 0.30% of the voting rights acquired valued at 6,031 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 regarding treasury shares was adopted by majority:

The proposal is to authorise the Board of Directors to buy and sell on the market, through the person, Company or institution that it deems advisable, shares in the Company at the market price on the transaction date, for the maximum number of shares permitted by the 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 of the aforementioned legal text.

**A.11. Estimated floating capital:**

	%
Estimated floating capital	58.60

**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 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:

	Attendance information				
General Shareholders Meeting Date	% shareholders present	% Attending by proxy	% voting remotely		Total
			Electronic vote	Other	
25/05/2018	18.22	53.83	0.00	8.31	80.36
Of floating capital	0.54	44.62	0.00	5.10	50.26
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

**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 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 JOSE 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 - GARDUQUI IBAÑEZ		Independent	VICE CHAIRMAN	01/01/2010	24/04/2020	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JOSE MARÍA ALDECOA SAGASTASOLOA		Independent	INDEPENDENT LEAD DIRECTOR	23/05/2012	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR 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 BOHÓRQUEZ		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 JOSE 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. and Director of Tubacex S.A. 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. and director of Corporación Financiera Alba. His business activities include being is member of the Basque Business Circle, and its former chairman, member of the Board of Caridad de la Santa y Real Casa de Misericordia of Bilbao, and its former chairman. He is the Executive Chairman of Viscofan S.A.
MR JOSÉ ANTONIO CANALES GARCÍA	CEO	Degree in Economics and Business from Deusto Business School, 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 Brasil, where he led the expansion of the Viscofan Group in South America until his appointment in 2006 as Managing Director 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 Board Member representing Viscofan Group in Fundación Cetena (CEMITEC). He was a director of Maxam Corporation Holding, S.L. until 2019. He is also a member of the Board of Directors of Asociación Centro Rafaela María de Acción Social, for the integration of people with disabilities in Vizcaya. In 2014 he joined the Board of Directors of Viscofan S.A. as Executive Director.
Total number of Executive Directors		2
% of total directors		18.18

EXTERNAL NOMINEE 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 completed the Global Markets Training Program of J. P. Morgan and the Owner/President Management Program of Harvard Business School. 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. Proprietary Director of Viscofan, S.A, representing Corporación Financiera Alba S.A. and member of its Appointments, Remuneration and Sustainability Committee.
MR SANTIAGO DOMECQ BOHÓRQUEZ	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. Currently he is Member of the Provincial Board of Cádiz, in 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. Proprietary 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	<p>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 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 an independent director of Viscofan from 2010 to 2016 and a member of the Appointments and Remuneration Committee where she undertook the important task of promoting and consolidating the functions of this Committee, as well as contributing diversity to the Board's decision-making process through her participation in numerous debates and deliberations in which her criteria and opinion contributed to the development of the Viscofan Group until the end of her term as an independent director in 2016, when her professional commitments prevented her from renewing her position as a director. She is currently an independent director of Acerinox SA, Ezentis SA and Bankia SA, 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, among others. She is member of the Board of Directors of Viscofan S.A. and a member of the Audit Committee of which she is Chairwoman.</p>
MR IGNACIO MARCO - GARDUQUI 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, where he is renowned for his active contribution as an economic expert 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. Currently he is a Director of Minerales y Productos Derivados S.A. He has previously been a member of other Boards of Directors including Tubacex, Técnicas Reunidas, Progénika Biopharma, Banco del Comercio, IBV, Banco de Crédito Local, Schneider Electric España, Teknia Group, Iberdrola Ingeniería y Construcción (Iberinco SA) and he was Chairman of Naturgás. He is Vice-Chairman of the Board of Directors of Viscofan, S.A, a member of its Audit Committee and of the Appointments, Remuneration and Sustainability Committee.</p>
MR 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 and Remuneration Committee. He is also Chairman of the Board of Elecnor Infraestructuras and Director of Enerfín Sociedad de Energía, S.L., belonging to the Elecnor Group. Vice-Chairman of Cantiles XXI, S.L., Director of Tasdey S.A. and a member of the Advisory Board of BBVA for the Northern Region. He was also Chairman and Director of Adhorna Prefabricación S.A. until it was taken over 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). From 1981 to 2011 he was associated with the Cementos Portland Valderrivas Group where he occupied a number of management positions and on the Board of Directors of several of its companies.</p>

EXTERNAL INDEPENDENT DIRECTORS	
Name of director (person or company)	Profile
	He is member of the Board of Directors of Viscofan, S.A, and Chairman of the Appointments, Remuneration and Sustainability Committee.
MR JOSE MARÍA ALDECOA SAGASTASOLOA	Technical Electronic Engineer from the Polytechnic School of Mondragón. Graduate from the Executive Management Programme at IESE. Throughout his long professional career, he has held various posts at Copreci (1971-1982), Managing Director of Fagor Electrónica and member of the Board of Directors of Fagor, S. Coop. (1982-1991). Between 1984 and 1991, he was Vice-Chairman of ANIEL (National Association of Electronic Industries) and 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 Coordinating Director.
MS CARMEN DE PABLO REDONDO	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&A, the capital market, corporate development and financial management, and currently holds the position of Financial Manager (CFO) for the Gestamp Group and is a member of their Management Committee. Special mention should be made of her experience and knowledge in the industrial sector in the automotive and renewable energy sectors. Her professional career began in auditing in EY she was an associate in McKinsey. Prior to joining Gestamp, she worked for over 15 years in investment banking in London and Madrid, in JP Morgan, Lehman Brothers and Morgan Stanley, where she was the Executive Director of 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.
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, officer o 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,S.A.,

**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, officer or shareholder to which Director has ties	Profile
			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 advised family businesses on their business strategies and is currently a Board Member of Papelera Guipuzcoana de Zicuñaga, SA and Banca March SA where she is a member of the Audit Committee and the Appointments and Corporate Governance Committee. She is member of the Board of Directors of Viscofan SA 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 female directorships.

	Number of female directors				% of total female directors of each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Female Executives					0.00	0.00	0.00	0.00

	Number of female directors				% of total female directors of each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Female Proprietary Directors					0.00	0.00	0.00	0.00
Independent	2	1	1		40.00	25.00	25.00	0.00
Other external	1	1	1	1	50.00	50.00	50.00	50.00
Total	3	2	2	1	27.27	20.00	20.00	10.00

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), this policy for director selection and diversity -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. In this regard, during the 2020 financial year the Board of Directors approved a new policy for equality of opportunity and diversity.

At the same time, the article 8 of the Board of Directors Regulations establishes that the Board shall ensure that the selection procedures for their members favour diversity of gender, experience and knowledge and do not have an implicit bias that may imply any discrimination and, in particular, that facilitates the selection of directors.

In this aspect the regulation includes the need for establishing an objective regarding representation for the least represented sex 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, following the process of evaluation of the Board and its Committees for the 2019 financial year, proposed to the Board of Directors who agreed that it would be appropriate to submit to the 2020 General Shareholders' Meeting an increase in the number of directors to 11 members and, particularly, in accordance with the Policy for the Selection of Directors and the diversity objectives, it was deemed appropriate to propose Ms Carmen de Pablo Redondo as a Director of Viscofan S.A. placing the percentage of women at 27.27%.

These proposals were approved at the General Shareholders' Meeting held on 24 April 2020.

- 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, who meet the professional profile sought and that would enable a balanced presence of women and men to be reached. 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 Good Governance Code, 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 would be looking for candidates that would enable this objective to be reached, always providing they met the requirements for skills in accordance with the skills matrix. In 2020 the committee also promoted a new policy with regard to equality of 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.

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, for a number of reasons: all the proposals made to the General Shareholders' Meeting were supported by a prior analysis of the needs of the Board, taking account of the competencies, knowledge and experience of the board members and candidates, valuing diversity, promoting the search for different alternatives for candidates that suit the profile, and performing the selection process in accordance with the principles set out in the said policy.

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.

- 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 shareholder	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  
[ v ] No

C.1.9 Indicate, if any, the powers and faculties delegated by the board of directors to board members or board committees.

Name of director (person or company) or committee	Short description
JOSE 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 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.
JOSE ANTONIO CANALES GARCIA	In his position as Managing Director, he has been granted powers of representation, powers relating to purchase or disposal, powers relating to personnel, collections, payments, contracts, tenders and transactions, current accounts, credit and savings accounts, bills of exchange and promissory notes, securities and shares, bonds and guarantees, and complementary powers to the above.

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 JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN URUGUAY S.A.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	SUPRALON VERPACKUNGS AG	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	SUPRALON FRANCE SARL	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS AUSTRALIA PTY LTD	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS NEW ZEALAND LTD	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	NATURIN VISCOFAN GMBH	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN UK LIMITED	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MEXICO S. DE R.L. DE C.V.	CHAIRMAN	NO

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSE DOMINGO DE AMPUERO Y OSMA	ZACAPU POWER S. DE R.L. DE C.V.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MEXICO SERVICIOS S. DE R.L. DE C.V.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN COLLAGEN USA INC.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	JUPITER PTY LTD	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN COLLAGEN CANADA INC.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN (THAILAND) CO. LTD	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CANADA INC	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR USA INC	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CENTROAMÉRICA COMERCIAL SOCIEDAD ANÓNIMA	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR PACKAGING EUROPE NV	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR EUROPE NV	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN USA INC	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CZ S.R.O.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	CHAIRMAN	NO
MS. AGATHA ECHEVARRÍA CANALES	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN USA INC	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	NATURIN VISCOFAN GMBH	VICE CHAIRMAN	NO

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN URUGUAY S.A.	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	SUPRALON FRANCE SARL	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	MEMBER OF THE ADVISORY BOARD	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN CZ S.R.O.	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VECTOR USA INC	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VECTOR PACKAGING EUROPE NV	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VECTOR EUROPE NV	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN COLLAGEN USA INC.	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN COLLAGEN CANADA 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	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN UK LIMITED	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CANADA INC	SECRETARY	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 DE MEXICO SERVICIOS 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 ESPAÑA S.L.U.	CHAIRMAN	NO

C.1.11 Detail, where applicable, any company directors or representatives of legal entity directors that are members of the board of directors or representatives of legal entity directors of other companies publicly traded on regulated markets outside the company's own group, of which the company has been informed:

Name of director (person or company)	Company name of the listed company	Position
MS LAURA GONZÁLEZ MOLERO	BANKIA SA	DIRECTOR



Name of director (person or company)	Company name of the listed company	Position
MS LAURA GONZÁLEZ MOLERO	EZENTIS SA	DIRECTOR
MS LAURA GONZÁLEZ MOLERO	ACERINOX S.A.	DIRECTOR
MR JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA SA	VICE CHAIRMAN
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	MINERALES Y PRODUCTOS DERIVADOS S.A.	DIRECTOR
MR JOSE DOMINGO DE AMPUERO Y OSMA	CORPORACIÓN FINANCIERA ALBA SA	DIRECTOR
JAIME REAL DE ASUA Y ARTECHE	ELECNOR SA	CHAIRMAN
MR. NESTOR BASTERRA LARROUDÉ	IBERPAPEL GESTION SA	VICE CHAIRMAN

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:

[ v ] 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)	3,490
Cumulative amount of rights of current Directors in pension scheme (thousands of euros)	
Cumulative amount of rights of former Directors in pension scheme (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. JOSÉ ÁNGEL ARRARÁS	CHIEF R&D AND QUALITY OFFICER OF THE VISCOFAN GROUP
ANDRES DÍAZ	CHIEF OPERATIONS OFFICER OF THE VISCOFAN GROUP
GABRIEL LARREA	CHIEF COMMERCIAL OFFICER OF THE VISCOFAN GROUP
MS MARÍA DEL CARMEN PEÑA	CHIEF FINANCIAL OFFICER OF THE VISCOFAN GROUP
ÓSCAR PONZ	CHIEF PLASTICS DIVISION OFFICER OF THE VISCOFAN GROUP
ARMANDO ARES	CHIEF INVESTOR RELATIONS AND COMMUNICATIONS OFFICER OF THE VISCOFAN GROUP

Name (person or company)	Position(s)
CÉSAR ARRAIZA	CHIEF STRATEGY, ORGANISATION AND SYSTEMS OFFICER OF THE VISCOFAN GROUP
MR ALEJANDRO BERGAZ	HEAD OF INTERNAL AUDIT
MR JOSE ANTONIO CORTAJARENA	CHIEF LEGAL OFFICER OF THE VISCOFAN GROUP AND SECRETARY OF THE BOARD OF DIRECTORS
JOSÉ IGNACIO RECALDE	CHIEF DIVERSIFICATION AND TECHNOLOGY OFFICER OF THE VISCOFAN GROUP
JUAN JOSÉ ROTA	CHIEF HUMAN RESOURCES OFFICER OF THE VISCOFAN GROUP
RICARDO ROYO	EUROPEAN AREA GENERAL MANAGER OF THE VISCOFAN GROUP
EDUARDO AGUIÑAGA	GENERAL MANAGER MEXICO
LUIS BERTOLI	GENERAL MANAGER BRAZIL
JESÚS CALAVIA	GENERAL MANAGER SPAIN
BELÉN ALDAZ	HUMAN RESOURCES MANAGER SPAIN
MR GUILLERMO EGUIDAZU	GENERAL MANAGER UNITED STATES
MILOSLAV KAMIS	GENERAL MANAGER CZECH REPUBLIC
MR. ANGEL MAESTRO	GENERAL MANAGER URUGUAY
IÑIGO MARTINEZ IRIARTE	GENERAL MANAGER SERBIA
JUAN NEGRI	GENERAL MANAGER ASIA PACIFIC
MR. WILFRIED SCHOBEL	GENERAL MANAGER GERMANY

Number of women in senior management	2
Percentage over total members of senior management	9,09

Total senior management remuneration (thousands of euros)	6,082
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C.1.15 Indicate whether there has been any change in the Board regulations during the year:

[ ] Yes  
[ v ] No

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
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As a result of the annual assessment, the Board of Directors took the following measures in 2020, in addition to those undertaken in previous years:

a) On the structure and composition of the Board of Directors and Committees:

- There has been an increase in the percentage of independent external directors and of the least represented gender. The General Shareholders' Meeting of 2020 approved an increase in the number of directors from 10 to 11, for the purpose of strengthening the Board of Directors and increasing both the number of independent directors and the less represented gender on the Board of Directors. In this regard, the appointment of Ms Carmen de Pablo Redondo as a Director of Viscofan S.A. was approved with the category of independent external director.
  - The number of members on the Board's two Committees was also increased and independent external directors were appointed with suitable skills and experience for the new positions:
    - o The Audit Committee increased from 5 to 6 members and Ms Carmen de Pablo Redondo was appointed as a new member.
    - o The Appointments and Remuneration Committee, renamed as the Appointments, Remuneration and Sustainability Committee for the purpose of adapting it to the functions assumed in matters of sustainability and corporate governance, was increased from 4 to 5 members and to adapt it to its new functions Mr Ignacio Marco-Gardoqui Ibáñez was appointed to this position.
- This increase also led to a majority of independent directors as proposed in recommendations 47, 52, and 53 of the Good Governance Code for listed companies that recommends a majority of independent directors on the committee.

b) On the mandate of the Board of Directors and Committees:

- There has been an intensification of the inclusion of points of order in the agendas of the Board's sessions with regard to Group strategy.
- With regard to both the Board and the Committees, this has involved providing momentum for strategy with regard to sustainability and the Group's basic policies have been updated in this area.
- The activity undertaken by the Lead Independent Director was programmed and developed and meetings were held at different times with external directors, as well as with the Executive Chairman and reports were presented to the Board of Directors with conclusions regarding this activity.

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.

During the 2019 financial year, Korn Ferry was available for consultancy regarding this evaluation. His conclusions were presented to the Board of Directors at the meeting in January 2020 and as a result of this the Board approved a plan of action that was essentially detailed in the previous point in section C.1.17.

The assessment of performance in 2020 was made 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:

- Size and structure of the Board
- The Board's Mandate
- Team dynamics
- Fulfilment of mandate
- Administrative support and training
- Assessment of the Executive Chairman
- Operation of 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 with regard to its own assessment, and the conclusions were presented to the Board of Directors when they met in January 2021, where the process was concluded and a plan of action approved to include the appropriate improvements.

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 the provisions of article 26 of the Regulations of the Board, with regard to the duty to avoid conflicts of interest, the directors shall inform the company and, where appropriate, shall resign, in cases in which the credit and reputation of the Company may be damaged and, in particular, in criminal proceedings in which they may appear as defendants, informing of the progress of any such prosecution. In this event, the Board shall study the case. The progress of the case shall be monitored and, in view of the same, a decision shall be taken as to whether or not the Director should continue in office.

Furthermore, according to article 30 of the Board of Director Regulations, Directors serve at the pleasure 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) Directors representing a controlling shareholder 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.

Article 17, paragraph four of the Board of Directors Regulation states that:

Directors should attend any meetings that are held in person. However, the directors may grant a proxy to another director. Non-executive directors may only grant a proxy to another non-executive director.

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	12
Number of Board Meetings not attended by the Chairman	0

Indicate the number of meetings held by the coordinating director with the other directors that have not been attended or without representation by any executive directors:

Number Meetings	3
-----------------	---

Indicate the number of meetings of the Board's different committees have held during the year:

Number of AUDIT COMMITTEE Meetings	13
Number of meetings of the APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE	7

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and provide information about member attendance:

Number meetings attended in person by at least 80% of the directors.	12
% of meetings attended in person of the total votes during the year	100.00
Number of meetings attended in person, or by a representative with specific instructions, for all directors	12
% of votes cast with attendance in person, or by a representative with specific instructions	100.00

over the total votes during the financial year

C.1.27 Indicate whether the individual and consolidated financial statements presented for Board authorisation for issue are certified beforehand:

[ v ] 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 JOSE DOMINGO DE AMPUERO Y OSMA	CHAIRMAN
MR JOSÉ ANTONIO CANALES GARCÍA	GENERAL MANAGING DIRECTOR
MS MARÍA 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 final 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, other functions, as provided in article 15 of the Board Regulations:

"D) In relation to the external auditor:

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

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 continuous control over the preparation of financial information at every level, from its start to its consolidation in the Viscofan Group companies.

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

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

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

The Audit Committee, internal audit and corporate financial departments have also held informative and follow-up meetings with external auditors to detail the characteristics of the internal control system and its implementation in all the Group's companies and to involve them in their fulfilment and maintain bidirectional communication to enable 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  
[ v ] 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) It shall be ensured that the Company publicly discloses to the CNMV (National Securities Market Commission), 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 will likewise ensure that the company and the auditor adhere to current regulations safeguarding the independence of the auditors, and those governing the provision of non-audit services and the limits on the concentration of the auditor's business.

(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 provided 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 shall also immediately provide information to the public on:

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

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

The policy regarding communication with shareholders, institutional investors, proxy advisors and regarding economic-financial, 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	4	4

	Individual	Consolidated
Number of years audited by current audit firm / number of years the company or its group have been audited (%)	13.33	14.82

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. They may obtain additional information should they see fit; such information shall be channelled through the Secretary of the Board of Directors, unless there are urgent reasons for calling a meeting or under exceptional circumstances.

The notice of meetings 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  
[ v ] 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 Identify individually with regard to directors and in aggregate terms in the remaining 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 JOSE DOMINGO DE AMPUERO Y OSMA - CHAIRMAN. MR JOSÉ ANTONIO CANALES GARCÍA - MANAGING DIRECTOR	MR JOSE 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 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
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	DIRECTOR	Independent
MR JOSE MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	Independent
MS AGATHA ECHEVARRÍA CANALES	DIRECTOR	Other External
MR SANTIAGO DOMEQ BOHÓRQUEZ	DIRECTOR	Nominee
MS CARMEN DE PABLO REDONDO	DIRECTOR	Independent

% 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 Director 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	MS LAURA GONZÁLEZ MOLERO / MR IGNACIO MARCO-GARDOQUI IBAÑEZ / MR JOSÉ MARÍA ALDECOA SAGASTASOLOA / MS AGATHA ECHEVARRÍA CANALES / MR SANTIAGO DOMEQ BOHÓRQUEZ / MS CARMEN DE PABLO REDONDO
Date that the chairman was appointed to post	24/04/2020

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE		
Name	Position	Category
MR JAIME REAL DE ASUA Y ARTECHE	CHAIRMAN	Independent
MR JOSE MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	Independent
MR NESTOR BASTERRA LARROUDÉ	DIRECTOR	Other External
MR JUAN MARCH DE LA LASTRA	DIRECTOR	Nominee
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	DIRECTOR	Independent

% 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							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	3	50.00	2	40.00	2	40.00	0	0.00
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)) in consolidated text including all the current provisions.

The Audit Committee is governed by Article 15 of the Board of Directors Regulations and the Appointments, Remuneration and Sustainability Committee by Article 16 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 2020 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 was presented to the General Shareholders' Meeting by their respective Chairpersons.

The Audit Committee also drafted 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 corporate governance's ongoing review process, and also on the basis of the amendment made in June 2020 to the Good Governance Code for listed companies, the Board of Directors of Viscofan S.A at a meeting held on 17 December 2020 approved an update to the Regulations for the Appointments, Remuneration and Sustainability Committee, and to the Regulations for the Audit Committee for the purpose of detailing the duties and operations of the Committees more precisely and in accordance with the updated Good Governance Code, notwithstanding the inclusion of any technical improvements where this was deemed appropriate.

## D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

### D.1. Explain the procedure and competent bodies, if any, for approving related-party and intra-group transactions.

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

f) The transactions that the Company undertakes with directors, with major shareholders or representatives on the Board, or with persons related to them ("related-party transactions").

However, the Board's authorisation shall not be required for related-party transactions that simultaneously meet the following three conditions:

1st. They are governed by standard agreements applied across the board to a large number of clients;  
2nd. That they be executed at prices or rates that are laid down generally by a party acting as supplier of the goods or service in question; 3. The amount thereof is no more than 1% of the Company's annual revenue.

The Board shall approve related-party transactions following a favourable report from the Audit Committee. Any directors who are involved, or who represent/are associated with the shareholders involved, must refrain from taking part in the deliberation and voting on the resolution in question.

Also, in accordance with article 529b Section, 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. Detail any significant transactions, entailing a transfer of a significant amount or obligations between the company or its group companies, and the company's significant shareholders:

Name or corporate name of significant shareholder	Name of the related party (person or company)	Nature of relationship	Nature of transaction	Amount (in thousands of Euros)
CORPORACIÓN FINANCIERA ALBA S.A.	VISCOFAN S.A.	Contractual	Interest paid	61
CORPORACIÓN FINANCIERA ALBA S.A.	VISCOFAN S.A.	Contractual	Other	35

The interest paid corresponds to a loan of 10 million euros taken out in the 2019 financial year with Banca March S.A., an entity related to Corporación Financiera Alba S.A.

- D.3.** Detail any significant transactions entailing a transfer of a significant amount or obligations between the company or its group companies, and the directors and/or senior managers:

Name or corporate name of director or senior manager	Name of the related party (person or company)	Relationship	Nature of the transaction	Amount (in thousands of Euros)
N/D				N/A

- D.4.** Detail the significant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's usual trade with respect to its object and conditions.

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	Amount (in thousands of Euros)
N/D		N/A

- D.5.** List any significant transactions made between the company or group of companies and with related parties that have not been reported in the previous sections.

Corporate name of the related party	Brief description of the transaction	Amount (in thousands of Euros)
N/D		N/A

- 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.

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 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 four times in 2020 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 MORE TO BE 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 Risk Control and Management System, including tax-related risks.**

#### **BOARD OF DIRECTORS**

In accordance with Article 5 of the Company Board of Directors Regulations, relating to "Exclusive Powers", the 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 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 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 inherent risks faced by the Viscofan Group may prevent the achievement of objectives and the creation of value that is sustainable and shared with the stakeholders. During the 2020 financial year the comprehensive risk management and control system monitored 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.

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.

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 2020 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 was extended to some of the Group's main companies in 2020 and this is expected to be significantly completed in 2021, 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 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 risk committees met monthly and quarterly and their results were supervised by the Audit Committee that in its monthly meetings was informed by the Internal Audit Division and reviewed the reports of the Global Risk Committee 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 2020 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 2020 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 liabilities and environment).
- 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 Viscopan 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; (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 checks 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 that approves the Code of Conduct is the Board of Directors, at the proposal 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 in the Viscofan Group was approved by the Board of Directors at its meeting held on 29 February 2012. This Code of Conduct contains a set of general ethical principles and guidelines, including for the preparation of financial information:

"All Viscofan Group financial transactions shall be recorded clearly and accurately in the corresponding registers in accordance with the ethical principles and general rules of conduct contained in this Code, in addition to the following specific principles:

- Veracity: it shall be a true reflection of the situation of each individual company and of the Group as a whole.
- Integrity: it shall reflect the overall financial situation, i.e., it shall be unabridged, complete and without omissions that could lead to a biased or partial view.
- Uniformity: it shall be drafted, prepared and conveyed in accordance with the same criteria in all Group companies.
- Authorisation: shall be previously authorised and instructed in the financial policies and principles of the Viscofan Group."

Viscofan publishes and makes available the content of the Code of Conduct on its website, [www.viscofan.com](http://www.viscofan.com). Also, the Human Resources Department is responsible for the "Induction Procedure", by which each new employee is provided with a copy of the Code of Conduct and the policies making up the compliance system. This establishes the conduct guidelines required in order to ensure that Group personnel act correctly, regardless of the country or department in which they work. Lastly, each employee formally confirms their knowledge and understanding of these policies.

Additionally, each of the Group companies has a Local Compliance Supervisor appointed by the Board of Directors who is in charge of monitoring the Group's Compliance System and ensuring all local employees, technicians and managers receive the necessary 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.

The Board of Directors ensures the correct application of the Code of Conduct, and responds to any situations of conflict that arise and can take the necessary measures that have been established to deal with non-compliance. To achieve this, the Board of Directors will have the collaboration of the Ethics and Regulatory Compliance Committee, a body that is responsible for managing and monitoring compliance with the Code of Conduct, and reports at least twice a year to the Audit Committee which is the committee delegated by the Board in this area.

- 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.

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 Group employees to discuss matters associated with compliance with the Code of Conduct and, generally, with the 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. During the 2020 financial year a whistle-blowing channel was opened to third parties and the possibility of processing anonymous complaints was included, 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 to confidentially report possible irregularities of potential significance..."

- Periodic training and refresher 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 personnel involved in the preparation and review of financial information for specific training aimed at meeting the specific needs of each individual or, where appropriate, a department, external training actions are combined for the updating of standards and accounting knowledge, with internal training, mainly focused on the dissemination of policies and procedures, and on the implementation of 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 working and identify risk areas for which additional controls should be incorporated into the system.

This year they have worked together to create and implement controls in the Fiscal and Legal areas.

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 during the period, together with a risk assessment based on qualitative criteria and monitoring is undertaken 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 in full to create or acquire interests in special purpose vehicles or institutions registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

According to article 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 reviewing and authorising financial information and the description of the ICFR, to be published in the stock markets, indicating those in charge, as well as descriptive documentation of the activity and control flows (including those related to fraud risk) of the various types of transactions that may materially affect the financial statements, including the procedure for closing the accounts and the specific review of key 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.
- Carryover of financial information for consolidation.
- Consolidation of the information.
- Validation and approval of the financial information.
- Publication and dissemination of the information.

In accordance with what is set forth in the Policy on the Internal Control of Financial 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 2020, further progress was made in the improvement and standardisation of evidence provided by the companies within the Group and the streamlining of the controls in certain functional areas (mainly Commercial, Human Resources and Purchasing) jointly undertaken by the Internal Audit and Corporate Finance departments, and with the collaboration of those responsible at a corporate level.

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 Corporate Finance Department continued to implement and/or increase the ICFR in a number of the Group's subsidiaries during this year.

Evidence was also created to control those subsidiaries with ERP NAVISION.

A document has been drafted detailing "The Internal Risk Management and Control Systems" implemented in Viscofan, explaining 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 Division. This review takes place before the information is sent to the Board of Directors for final approval.

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

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

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:

- Computer systems and networks user manual
- Authorisation policy on computer access and profiles
- Password policy
- Computer systems and networks management policy.
- IT Security Policy.

These manuals develop the following aspects:

- The control systems should record and limit access to all Group computer systems and networks, establishing at least the creation of a username for each authorised user and the need for a password associated with it in accordance with 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.

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.

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 perimeter 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 in January 2021, and was applied to the financial statements for the 2020 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.

#### **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 whose powers include providing support to the Audit Committee in its task of supervising the internal control system, including the ICFR. Likewise, information will be given on the scope of the ICFR assessment undertaken during the year and on the procedure by which the person in charge of performing the assessment communicates its results, where the entity has an action plan listing the possible corrective measures, and whether its impact on financial reporting has been considered.

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 functioning 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 2020, the Internal Audit work plan specifically focussed on:

- Participation in the Investment Committee, overseeing its activity. In 2020, 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 seven 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 new MORE TO BE strategic plan for the 2016-2020 period), redefining all the KRIs associated with each of these risks, as well as monitoring the values of these KRIs. In 2020, at the proposal of the Global Risk Committee work began on assessing the risks in greater detail, by individual Group company. The Committee met four 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 a number of national and international subsidiaries in compliance with the annual Audit Plan approved for 2020

- 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 shortcomings. 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 accordance 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 SCIIF-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**

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 [ X ]
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, this is reported publicly, with specific information about:
  - 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 [ X ]
  
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 annual general meeting.
  - b) The specific reasons for the company not following a given Good Governance Code recommendation and any alternative procedures followed in its stead.  

Complies [ X ]
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 [ ]

In accordance with the provisions of Article 41 of Royal Decree-Law 8/2020 of 17 March, on extraordinary urgent measures to combat the social and economic impact of COVID-19, attendance by shareholders at the General Shareholders' Meeting held on 24 April 2020 was exclusively by telematic means, and for this purpose was broadcast on the corporate website, [www.viscofan.com](http://www.viscofan.com).

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. And that where the accounts auditor has included any provisos in the audit report, the chairperson of the audit committee should clearly explain at the general shareholders' meeting the opinion of the audit committee of its content and scope, when the general shareholders' meeting is called, to provide the shareholders with a summary of this opinion, together with the board's other proposals and reports.

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 [ ]

Nominee 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. The Policy on Selection of Directors and Diversity in the Board of Directors is based on the principle of diversity established, so when the Appointments, Remuneration 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, notwithstanding that, when faced with two similar professional profiles, the one that represents the least represented gender shall be chosen. 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 Good Governance Code, 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 would be looking for candidates that would enable this objective to be reached, always providing they meet the requirements for skills in accordance with the skills matrix.

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 [ ]

Explain [ X ]

The company considers that it complies with recommendation 17 in accordance with the principle of proportionality among shareholder participation and representation in the board of directors, according to which, the relationship between proprietary directors and independent directors must reflect the relationship between the percentage of capital represented in the board of directors by the proprietary directors and the rest of the capital. In the Code of Good Governance of the listed companies published by the CNMV, it specifically indicates that this proportional principle is not, however, an exact mathematic rule, but rather an approximate rule whose objective is to ensure that the independent directors have a sufficient weight in the board of directors and that no significant shareholder exercises a disproportionate influence in relation to their participation in the capital.



In this text it also clarifies that in certain situations it is considered that this percentage could be excessive and it is recommended to mitigate the application of this rule with regard to those that either do not have an elevated capitalisation considering as a reference those companies not included in the IBEX-35 index to those that would become excessively onerous the compliance of this rule, or those companies whose share ownership includes shareholders that individually or together with others hold an elevated percentage of its capital. For these cases it is recommended a percentage of, at least, one third.

In this sense, it is worth noting that in accordance with the principle of the standard, the inclusion in the Ibex can be used as a reference, but not as a mathematic demand, given that considering the inclusion in a reference index defined by a private institution that could be reviewed every quarter should not have been the principle of complying with or explaining for which the companies are governed their long-term corporate governance, but a reference. In this sense, the law and the code indicate as a quantitative objective criterion an elevated capitalisation and Viscofan is not included as a reference in the funds that they invest in companies of high capitalisation both in the national market and foreign investors, which are considered high capitalisation given a versatile capitalisation greater than 10 billion euros.

It is worth remembering that the criteria of including in the Ibex index are not exclusively of capitalisation, but that also influence the liquidity of the value, having companies with capitalisation greater than Viscofan that is not included in this index. However, despite all these considerations, and even if it were a decision not made by the Company, outside the scope of their control that could have the effect of modifying the monitoring of the recommendations within the same fiscal year without the possibility of taking no action in the respect, as in this case, the Code of good governance for listed companies approved by Agreement of the Board of the Spanish National Securities Market Commission (CNMV) on 18 February 2015 and reviewed in June 2020, establishes that inclusion in the IBEX is the determining criteria regardless of the objective data for capitalisation, and in this regard, the Company does not follow the recommendation that the independent directors represent half of the board although it considers that for its capitalisation it should comply with the recommendation that the number of independent directors should represent at least a third of the total directors. The Company fulfils this recommendation.

Moreover, the Company considers that the special characteristics of its activity and industrial sector, in which a high degree of specialisation and specific knowledge in areas are required that are not at the scope of persons outside this sector, making it suitable to ensure that the Board maintains sufficient presence of directors with a lot of experience that can guarantee an appropriate development of the Board's duties, especially in relation to the company's strategy and a continuity in that knowledge.

The temporary limitation of the independent directors does not allow guaranteeing this continued presence and the Company considers that it must combine both needs, above all to the view of the requirement for the companies that do not have a high capitalisation in accordance with the generally accepted criteria.

**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 [ X ]

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. All this notwithstanding the information that the company needs to provide, where applicable, at the time when the measures are taken.

Complies [ X ]

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 [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

24. That directors who give up their place before their tenure expires, through resignation or agreement at the general shareholders' meeting, should clearly state their reasons for their resignation or, in the case of non-executive directors, their opinion of the for their dismissal by general meeting in a letter to be sent to all members of the 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 [ X ]

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 [ X ]      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 [ X ]      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 [ X ]      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 [ X ]      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 [ X ]      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 [ X ]      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 [ X ]      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 [ X ]      Partially complies [ ]      Explain [ ]

33. That the Chairman, as the person responsible for the effective operation of the Board of Directors, in addition to attending to his/her legally and statutorily attributed functions, should prepare a programme with dates and issues to address to be submitted to the Board of Directors; he/she should organise and coordinate the regular assessment of the board, and where applicable, that of the company's chief executive; he/she should be responsible for managing the board and for the effectiveness of its performance; he/she should ensure that enough time is given to discussing strategic matters, and should agree and review the knowledge updating programmes for each director, when circumstances so advise.

Complies [ X ]      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 [ X ]      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 Good Governance Code of relevance to the company.

Complies [ X ]      Explain [ ]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weaknesses detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) 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 [ X ]      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 [ X ]

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 whereby staff and others related to the company, such as directors, shareholders, suppliers, contractors and sub-contractors, can report any significant irregularities, including financial and accounting irregularities, or of any other nature, relating to the company that are observed in the heart of 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 [ X ]

Partially complies [ ]

Explain [ ]

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies [ ]

Explain [ X ]

Not applicable [ ]

The composition and operation of the company is undertaken in accordance with the best practices and considering Viscofan as a medium capitalisation company in accordance with the commonly accepted international standards and to the company's trajectory with regard to corporate governance. The Company feels that its current size and that of the Board of Directors do not justify the separation of both committees, which would also involve the assigning of greater resources to the Board of Directors to remunerate the members that sit on these committees

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 [ X ]

Partially complies [ ]

Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- Propose to the board the standard conditions for senior officer contracts.
- Monitor compliance with the remuneration policy set by the company.
- 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.
- Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Complies [ X ]

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 [ X ]

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 [ X ]

Partially complies [ ]

Explain [ ]

Not applicable [ ]

53. That the supervision of compliance with the company's rules and policies regarding environmental, social and corporate governance issues, as well as the internal code of conduct, should be attributed to one or shared between several Board of Directors' committees that could include the Audit Committee, the Appointments Committee, a committee specialising in sustainability or corporate social responsibility or any other specialist committee that the Board of Directors decides to create in accordance with its powers of self-governance. And that this committee should only consist of non-executive directors, most of whom will be independent and they should be assigned the minimum functions as detailed in the following recommendation.

Complies [ X ]

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 [ X ]      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) They should be drafted based on a balance between meeting objectives in the short, medium and long term, that will enable remuneration to take into account ongoing performance over a period of time that is sufficient to be able to appreciate the contribution to the creation of sustainable value, so performance measurement will not be based solely on one-off, occasional or extraordinary events.

Complies [ X ]      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 [ X ]      Explain [ ]      Not applicable [ ]

The components for variable remuneration are subject to the draw up 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

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. Where 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 Shareholders' 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 assigns the Board of Directors the responsibility of ensuring that the procedures to select its members favour diversity of gender, experience and knowledge and there should be no implicit bias resulting from any type of discrimination, and they should especially facilitate the selection of women directors.

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 requirements, and this should be conducted by the Board of Directors with assessment and reporting by 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.
- e) 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 and members of the senior management of the Company and the Viscofan Group.

#### 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 without interruption 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 place their position at the disposal 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.

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

The departure shall be reported to the CNMV (National Securities Market Commission) as a material event, and the reason for the departure shall be reported in the annual corporate governance report.

#### Article 31. Directors' duties after dismissal

Following dismissal due to the expiry of the period for which they were elected, or dismissal for any other reason, directors may not provide services 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. 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.

The Regulation governing the Committee was updated on 17 December 2020 to detail the functions and operations of the Committee more precisely and in accordance with the new Code of Good Conduct for listed companies, notwithstanding other technical modifications that were deemed appropriate. In this regard, the new version of the Regulation includes the addition of issues such as supervision of the process for the preparation and integrity of non-financial information, and the supervisory function for financial and non-financial risk control and management systems.

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 will be composed exclusively of non-executive directors appointed by the Board of Directors. There should be a majority of independent directors and its members will be appointed by the Board of Directors pursuant to legal requirements based on a prior report by the Appointments and Remunerations Committee, bearing in mind their knowledge, skills and experience with regard to the directors' knowledge and experience in accounting, auditing and risk management matters, especially that of the Chairperson, whilst the members of the Committee as a whole should have suitable technical knowledge with regard to the sector of activity of the company audited.

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 applicable legislation, Articles of Association or those assigned to it by the Board of Directors, the Audit Committee's mission shall 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 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 its risk management.

(b) Overseeing the process of preparing and presenting the compulsory 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 criteria and presenting recommendations or proposals to the administrative body, 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 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.

(e) Reviewing the internal control and risk management systems, including tax risks, so that the main risks can be correctly identified, managed and properly 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 separation of the head of internal auditing;

(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 this same internal function;

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

(c) Overseeing compliance with the audit agreement, collecting information on the audit plan and its execution 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) It shall be ensured that the Company publicly discloses to the CNMV (National Securities Market Commission), 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 will likewise ensure that the company and the auditor adhere to current regulations safeguarding the independence of the auditors, and those governing the provision of non-audit services and the limits on the concentration of the auditor's business.

(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) Ensure that the group's auditor also audits each component group company.

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 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, as referred to the Committee by the Company's General Secretary.

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

H) 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.

J) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Summary of the main actions carried out by the Committee in 2020.

The Audit Committee met on 13 occasions during the financial year and, whenever considered appropriate, the presence of senior management members was required.

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 provisions.
- 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 2021.

In its relationship with the external auditor, the Committee was also informed of the work completed during the preliminary phase, that consisted in reviewing the pre-closure, and during the closure, for the purpose of identifying and planning work that, because of its unusual nature of accounting impact, required special attention by the external auditor, such as the merger with Nanopack, the Three-year plan based on shares, the implementation of the European Electronic Sigle Format (ESEF), COVID – 19, and the potential regulatory change with regard to the taxation of dividends.

During the 2020 financial year the Audit Committee met three times with the external auditor.

Prior to their presentation to the Board and communication to the 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, to confirm that this information is reliable, understandable and relevant and that accounting criteria consistent with the previous annual closure were followed, for which it had the necessary support from the Group's senior management, especially from the area responsible for the Consolidation and Financial functions, as well as from the Group's internal and external auditors.

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. In this regard, there has been corporate restructuring in this regard consisting of:

- In July 2020 the Representative Office in Thailand was closed, and all business activity is now undertaken through the Viscofan Thailand subsidiary.
- In September 2020 a Representative Office was opened in India.
- Effective from 1 October 2020, Nanopack Technology & Packaging, S.L.U. was taken over by Viscofan, S.A. in Spain.
- As part of the intragroup organisation process announced on 30 July 2020, in November 2020 the Viscofan España S.L.U. subsidiary was created and will benefit from business activity in Spain by means of a segregation process that will be subject to approval by the General Shareholders' Meeting in 2021.

The Committee analysed and approved the work plan for 2020 drawn up by internal audit. It has regularly monitored its implementation and has been directly informed of any incidents in its development.

In relation to Directive 2014/95/EU, its implementing regulations in Spain and Law 11/2018 on non-financial information and diversity, the Committee has monitored the reporting process of this statement of non-financial information.

The Committee reviewed the internal control systems established by the Group. In this area it supervised the monitoring of possible risks and impacts arising from COVID-19, and the measures implemented by the Viscofan Group.

The Committee supervised the activities undertaken by the Ethics and Compliance Committee. During this financial year actions included updating the Ethics and Compliance Manual and Internal Conduct Regulations regarding the Securities Market, as well as the preparation and approval of the Crime Prevention Policy. The training activity envisaged has also been undertaken with the collaboration and support of external consultants.

To better fulfil its functions, the Audit Committee may seek the advice of external professionals. The Audit Committee issues its own annual report of activities, available to the public on the company's website.

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 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.

The Regulation governing the Committee was updated on 17 December 2020 to detail the functions and operations of the Committee more precisely and in accordance with the new Code of Good Conduct for listed companies, notwithstanding other technical modifications that were deemed appropriate.

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 establishes the following:

The Appointments and Remuneration Committee or Committees will be formed by a minimum of three and a maximum of six members and will be composed exclusively of non-executive directors appointed by the Board of Directors, two of which, at least, 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 Committee's Chairman shall be selected from the independent directors who sit on the Committee or, as the case may be, each of the Committees.

The Appointments and Remuneration Committee or Committees shall report to the Board of Directors on the business it addresses and all resolutions it adopts and it shall submit the minutes of its meetings to all directors.

The purpose of the Appointments Committee shall be as follows:

- 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 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) 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.
- n) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- o) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- p) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- q) Monitor and assess the company's interaction with its stakeholder groups.

The Remuneration Committee shall consult with the Company's Chairman and Chief Executive Officer, especially on matters relating to executive directors and senior managers.

Article 10 of the Appointments, Remuneration And Sustainability Committee Regulations details the functions with regard to sustainability.

Within its main tasks, the Committee will promote and monitor compliance with sustainability policies in environmental and social issues by ensuring their improvement and because the Group will ensure that its activities take into account the legitimate interests of other stakeholders and that they identify and include at least the principles, commitments, objectives and strategy regarding, shareholders, employees, customers, suppliers, social issues, the environment, diversity and respect for human rights, the methods or systems for monitoring compliance with policies, the channels of communication, participation and dialogue with stakeholders and responsible communication practices that avoid information manipulation and protect integrity and honour.

For this purpose, the Committee:

- a) Notwithstanding the regular monitoring of the sustainability strategy and its application in the Company, it will review the management report annually, including the statement of non-financial information that forms part of it, without prejudice to the Audit Committee's powers and the application of the sustainability policies approved by the Board of Directors.
- b) It will propose and report to the Board of Directors on the development of new sustainability policies and reviews of existing ones.

Summary of its most important actions in the 2020 financial year:

The Appointments, Remuneration and Sustainability Committee met on 7 occasions in 2020 and, whenever considered appropriate, the presence of the Chairman, Managing Director and senior management members was required.

In its function of contributing to the Company maintaining a high degree of monitoring of best corporate governance practices, an analysis was made of the composition and structure of the Board and its Committees:

- Proposals were made for the appointment and re-election of independent directors and a report was issued on the proposal to re-elect the nominee director at the General Shareholders' Meeting.
- The Committee proposed and the Company agreed to an increase in the number of members of the Board of Directors from ten to eleven and that the new appointment of Ms Carmen de Pablo Redondo with the category of external independent director.
- The Audit Committee and the Appointments, Remuneration and Sustainability Committee increased the number of members by one and included external independent directors to take the positions created, resulting in a strengthening of the majority of independent directors in both Committees.

The Committee also met its commitment with regard to the preparation of the Annual Report on directors' remuneration, as well as setting and reviewing the objectives to which annual and long-term variable remuneration is subject. Also, in accordance with its obligation to periodically reviewing the remuneration policy for directors and senior management, the Committee, assessed by Korn Ferry, made a study of the remunerative framework for senior management and updated it.

The Committee concurrently undertook preparatory work on the new Remuneration Policy for Directors that will be submitted at the 2021 General Shareholders' Meeting, with assessment by Willis Towers Watson.

As part of its functions relating to sustainability during the financial year, the Committee supervised the Group's Sustainability Action Plan, as well as issues such as the management and promotion of talent and work/life balance.

The Committee also contributed to updating the basic policies regarding sustainability and approved by the Board of Directors in 2020, in accordance with the growing importance this area is expected have within the Company's strategy.

POINT 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.

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 any conflict with the interests of the company 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 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, 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.

Any conflicts of interest involving the directors shall be included in the annual corporate governance report.

The directors shall inform the company and, where appropriate, shall resign, in cases in which the credit and reputation of the Company may be damaged and, in particular, in criminal proceedings in which they may appear as defendants, informing of the progress of any such prosecution. Should such a situation arise, the Board of Directors should monitor it closely, before deciding on whether the director in question should stand down.

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 these Regulations.

For the purpose of these Regulations, the following shall be considered to be related parties:

1. The director's spouse or spousal equivalent.
2. The ascendants, descendants and siblings of the director or spouse.
3. The spouses of the ascendants, descendants and siblings of the director.
4. The companies in which the administrator, either personally or through an intermediary, directly or indirectly, holds or has the power to hold control, holds an executive position or has a significant shareholding.

If the administrator is a legal entity, then the following shall be understood to be related parties:

- 1) The shareholders who, in relation to the legal entity administrator, hold or may hold, directly or indirectly, the control, hold an executive post or who have a significant shareholding.
- 2) De jure or de facto administrators, official receivers, and those attorneys-in-fact with general powers of legal entity administrator.
- 3) Companies forming part of the same group, that constitute a decision-making unit due to the fact that one of them holds or has the power to hold, directly or indirectly, the control of the rest, or because said control corresponds to one or several natural persons acting together as one.
- 4) Those persons that, in accordance with the paragraph above, are related to the directors of the legal entity administrator."

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:

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:

"Employees of the Viscofan Group shall notify the Regulatory Compliance Committee, or where applicable, the Board of Directors of Viscofan,

S.A. regarding any economic, family or any other link that could give rise to conflicts of interest because this could compromise their impartiality. 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 RISKS, INCLUDING TAX-RELATED RISKS, HAVE MATERIALISED DURING THE FINANCIAL YEAR.**

The materialised risks with the most significant impact during the financial year were the following:

**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 facilities or due labour shortage, 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) The lockdown measures imposed in some countries, together with a decrease in demand for some products and the shutdown of production in non-essential industries affected the behaviour of some raw materials, especially collagen skins in Europe, caused an increase in prices and a shortage of raw materials that could have led to a risk of production shutdowns. To mitigate this risk, the Viscofan Group took corrective measures involving the diversification of suppliers, an increased safety inventories, assurance of purchase volumes and the application of innovative solutions resulting from R&D. This risk has not led to shutdowns in production plants.
  - c) With the possibility of interruptions in our customers facilities due to outbreaks of COVID-19, the Viscofan Group diversified customer portfolio enabled the impact to be moderated and action was quickly taken to recover lost volumes.
  - d) 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.
  - e) In some markets, demand for casings increased beyond the usual growth rates, sometimes leading to changes in planning, modifications to orders and stress on productive capacity. In this situation, Viscofan increased the capacity used in our production centres, with a special mention for the greater capacity available as a result of new cellulose and fibrous technology installed in Cáseda.
  - f) 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.
  - g) Restrictions to mobility caused by the pandemic have made it difficult to complete investment projects that require the mobility of specialist personnel. Faced with this situation, Viscofan has needed to make changes to its production, logistics and investment plans. These projects include those aimed at improving the production speed and efficiency of the collagen production assets in the United States and Canada. Furthermore, continuing restrictions on the mobility of people has meant that the MORE TO BE Strategic Plan has been extended into 2021, to provide continuity to existing projects and as a driving force for others that continue to promote the company's growth and strength in the long term.
- 2) Workplace accidents:** In July 2020 there was a fire on the premises of Koteks Viscofan (Serbia) that originated in the office area. It affected the auxiliary facilities of the plant and in two workers died as a result. The Response and Supervision Plan for this risk involves strengthening the action plans for occupational safety, increasing specific investment in safety to reduce the risk of accident and actions in the fields of training and internal communication.
- 3) Exchange rate variation:** Changes in exchange rates, mainly due to the depreciation of the BRL and the USD against the EUR, have had a negative impact on the group's results. This impact has been managed through the application of a policy involving hedging and commercial disciplinary measures.



4) Environmental risks and those resulting from climate change: Significant increase in the price of CO2 emission rights. 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 continued with the implementation of the Environmental Policy, the renewal and extension of certifications in this sphere (mainly SO 50.001 and ISO 14.001) and specific projects to improve management.
- There have also been active purchases in emission rights to cover future instalments.

5) Changes in regulatory policies. Brexit: New commercial relationships within the market may be subject to new agreements between countries as opposed to the previous framework of free movement within the European Union. With this in mind, Viscofan UK Ltd has increased its stock of finished product in order to maintain service with customers in the United Kingdom in the light of possible restrictions to the movement of goods between that country and the European Union.

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

[ 25/02/2021 ]

Indicate whether any board members voted against or abstained from voting on approving the present Report.

[ ] Yes  
[ v ] No