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STATEMENT OF NON-FINANCIAL INFORMATION

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2.1 FOUNDATION

The purpose of the Non-Financial Information Statement is to inform all stakeholders of how the Viscofan Group creates value and reports the environmental, social and good governance impacts that can substantially influence the decision-making of such stakeholders.

The purpose of the Non-Financial Information Statement is to inform all stakeholders of how the Viscofan Group (without distinction it will be referred to as the "Viscofan Group" or "Viscofan". Viscofan S.A., parent company of the Viscofan Group, will be referred to as the "Company") creates value and reports the environmental, social and good governance impacts that can substantially influence the decision-making of such stakeholders. This non-financial statement covers the period from 1 January to 31 December 2020 for the financial year of the Viscofan Group.

The scope of this report covers the companies that form part of the Viscofan Group as of 31 December 2020, detailed in note 2 of the annual consolidated financial statements. The companies included in the 2019 comparison are those included in the 2019 scope of consolidation, with the exception of the companies originating from Globus in Australia and New Zealand and those acquired from Nitta Casings Inc. in the United States and Canada.

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

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

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

In accordance with the indications of the 102-55 content of the GRI Standard: 102 General Disclosures 2016. This report includes a GRI content index as a navigation tool.



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RELATIONS WITH OUR STAKEHOLDERS

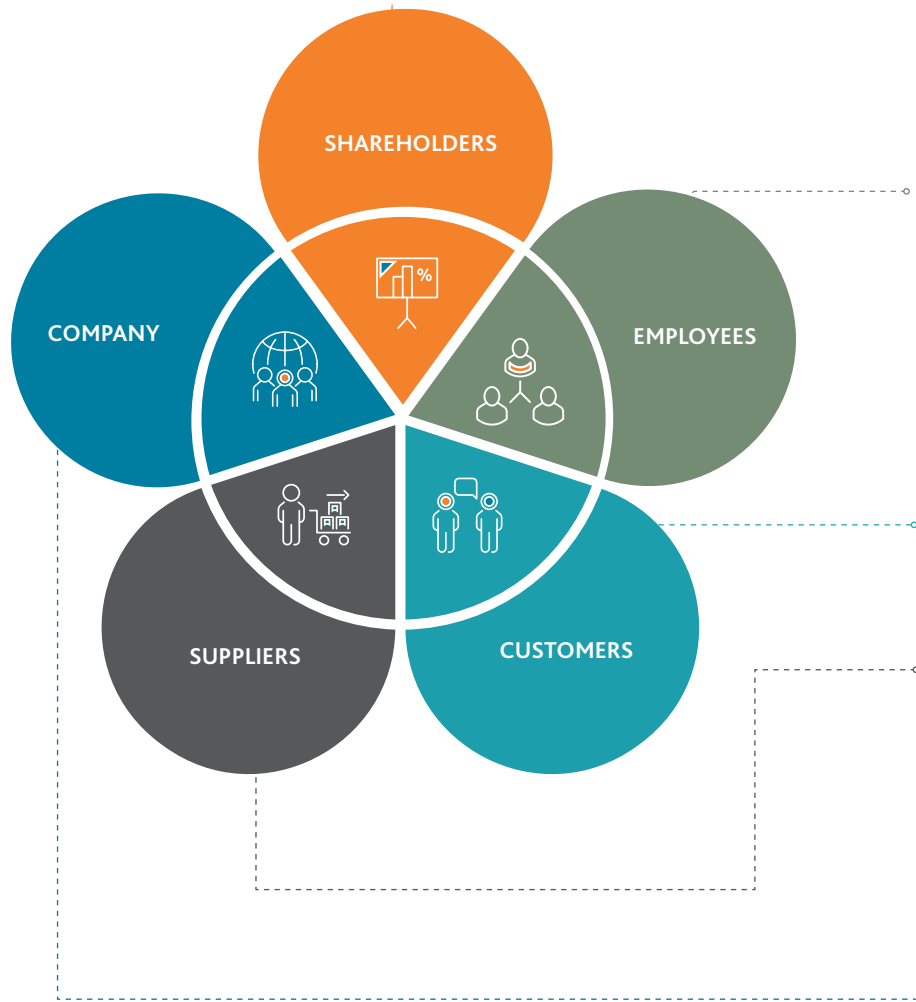


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The Viscofan Group understands sustainability as the ability to create value among its various stakeholders in the short, medium and long term without compromising the well-being of future generations. To achieve this commitment, appropriate communication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

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

STAKEHOLDERS AND THE COMMUNICATION CHANNELS



Specific communication channels

General Shareholders' Meeting, roadshows, conferences, telephone and mail contact, corporate website, shareholder service office

VALUE PROPOSAL: Sustainable economic growth

Intranet, global opinion poll, meetings and presentations, training sessions, direct relationship with managers, internal magazine, complaints channel, bulletin boards and information screens

VALUE PROPOSAL: Development of skills and talent

Customer satisfaction surveys, seminars and events organised by Viscofan, telephone and email technical assistance and continuous service, end-to-end claims and complaints system, active presence in trade fairs, visits to and from customers, local presence through agents and distributors, access to an extranet for customers accessible at www.viscofan.com

VALUE PROPOSAL: Preferred option in line with its needs to improve process efficiency and sustainability

Direct contact, collaboration agreements, training, assessments and audits

VALUE PROPOSAL: Alliance and respect in the search for the best solutions in the development of our activities

Contact with the local community, civil society actors, partnership agreements, sponsorships, etc.

Contact with governmental institutions, associations, lawyers.

Collaboration with research centres and institutes in different countries

VALUE PROPOSAL: Economic growth, integration of the territory and development of the community

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MATERIALITY

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

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

Within the framework of the Sustainability Action Plan, in 2020, a new materiality analysis was carried out that identified the company's most significant economic, environmental, social and governance impacts that substantially influence its valuations and decisions.

For the preparation of the materiality analysis, 47 material aspects have been identified for the different stakeholders on the basis of the following:

- **Analysis of the reporting standards** used by benchmark companies of the main customers.
- **Analysis of different media** to identify trends in the most significant aspects for society.
- **Sustainability trends.** United Nations Global Compact and Sustainable Development Goals (SDG), Task force on Climate-related Financial Disclosures (TCFD) and CDP.
- **Reporting standards** (Sustainability Accounting Standards Board or "SASB").
- **Requirement of analysts and institutions.**
- **Regulatory analysis.** Law 11/2018, of 28 December, which amends the revised text of the Companies Act approved by

Legislative Royal Decree 1/2010, 2 July, and Law 22/2015, 20 July, from Account Auditing, in subjects of non-financial and diversity information.

- **Recommendations of the GRI Standards, specifically GRI 101:** Foundation 2016, which establishes materiality as one of the principles that determines the content of the reports disclosed under this standard.

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

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

Of the 47 material aspects analysed, the positioning obtained enables 19 issues of greater external and internal significance to be focused on, based on the weighting higher than 2 of the matrix obtained, and which are disclosed in this Non-Financial Information Statement.

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

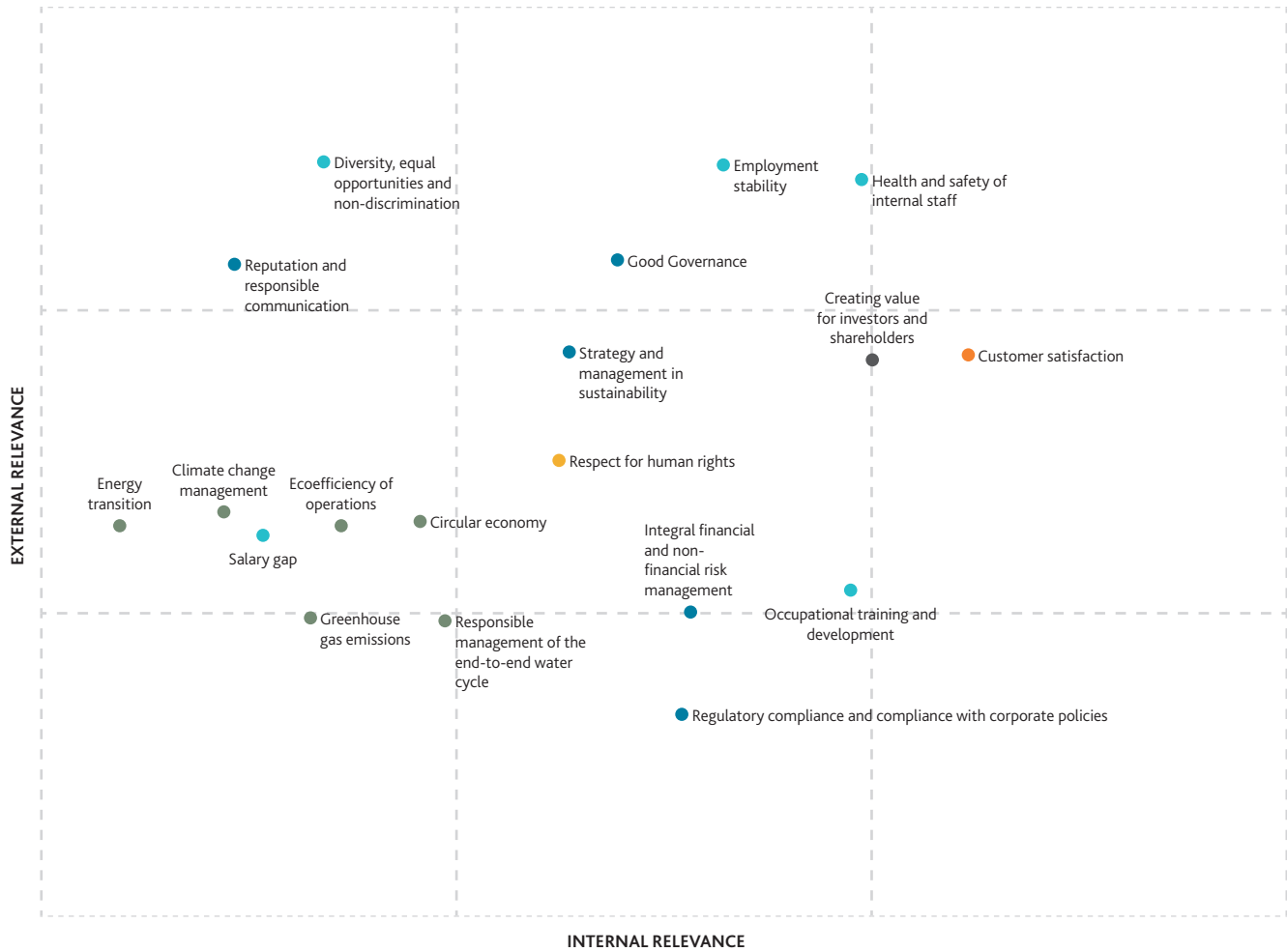


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MATERIALITY MATRIX



CORPORATE GOVERNANCE

- Good Governance
- Integral financial and non-financial risk management
- Regulatory compliance and compliance with corporate policies
- Strategy and management in sustainability
- Reputation and responsible communication

COMMERCIAL AND SUPPLY MANAGEMENT

- Customer satisfaction

EMPLOYMENT MANAGEMENT

- Creation of stable employment and quality
- Health, safety and well-being of in-house staff
- Occupational training and development
- Salary gap
- Diversity, equal opportunities and non-discrimination

ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

- Greenhouse gas emissions
- Energy transition
- Responsible management of the end-to-end water cycle
- Circular economy
- Climate change management
- Ecoefficiency of operations

HUMAN RIGHTS AND IMPACT ON SOCIETY

- Respect for human rights

ECONOMIC

- Creating value for investors and shareholders



Letter from
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CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS



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Viscofan is committed to the Sustainable Development Goals of the 2030 Agenda through the United Nations Global Compact, of which it has been a signatory since 2015

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

Commitment that involves improving our leadership in casings and going beyond our technological frontiers, improving our contribution to global food, leading the change in the casing industry to contribute to reducing climate change, a greater sustainable use and protection of water and marine resources, to the transition towards a circular economy and promoting decent work and economic growth. The following are unwavering commitments to our sustainability:

This commitment is formalised in the Viscofan's Sustainability Action Plan, which identifies the Sustainable Development Goals in which the Group can make a greater contribution and have influence.

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UNWAVERING COMMITMENTS TO OUR SUSTAINABILITY



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SDG 13. Climate action: The casing production process operates all year round and requires a lot of heat. However, in our fight against climate change, we are continually investing in improvements to reduce energy consumption and to make the most of the different forms in which energy is present in our processes, and introducing circular economy criteria into company activities focused on reducing global CO₂ emissions.

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



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

SDG 8. Decent work and economic growth: People are the differential value on which the future of Viscofan is built. Nearly 5,000 employees from 19 countries in which the Group has a presence constitute an extraordinary human wealth. People management is key to achieving our goals and that is why we want to attract and develop the best team in the industry, with maximum respect for human rights.

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



Letter from the Chairman

GENERATED AND DISTRIBUTED VALUE MATRIX



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Based on the cash flows generated in 2020, the value matrix generated and distributed by stakeholders is as follows:

€905 million

ECONOMIC VALUE GENERATED

€904 million

ECONOMIC VALUE DISTRIBUTED



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€9 million
Bank debt and interest
BANKS



€905 million
Casings, energy sales and other income
CUSTOMERS



€472 million
Raw Materials and services
SUPPLIERS



€194 million
Personnel expenses and others
EMPLOYEES



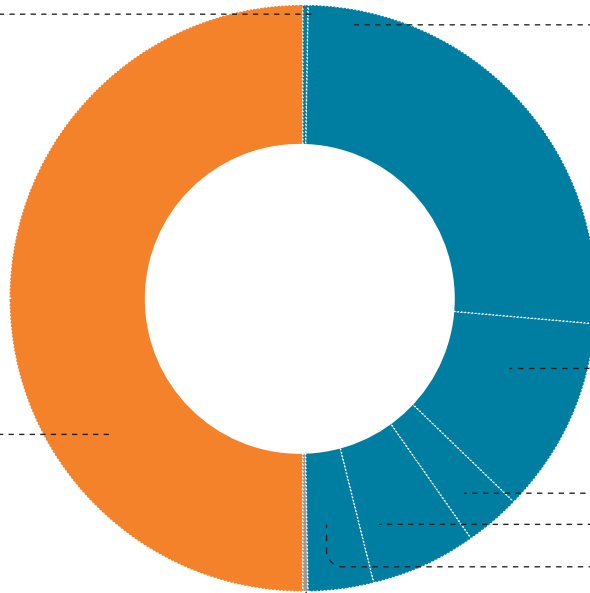
€55 million
CAPEX
SUPPLIERS



€109 million
Dividends payment
SHAREHOLDERS



€65 million
Taxes: Income corporate tax and social security
SOCIETY



Note: The calculation was made following the cash approach.

€1 million

CASH INCREASE

2.2 OUR BUSINESS MODEL



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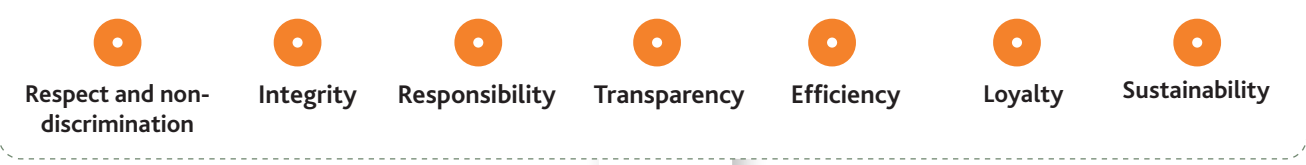
MISSION

Meet global food industry needs

VALUES



ETHICAL PRINCIPLES



STRATEGIC AXES



SDG



VISIÓN

to be and authentic global leader



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MISSION

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

VISION

Viscofan aims to become The Casing Company, continuing to grow with the goal of achieving triple leadership in service, cost and technology in all casing markets. This vision means giving a value proposal for each of the stakeholders identified by Viscofan:

The Casing Company means:

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

VALUES

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

To achieve this, we have designed and implemented a "MORE TO BE" strategic plan that deploys the main initiatives. To successfully realise this vision, our team relies on shared values (service, quality, team work, entrepreneurship and focus on results) and on the non-negotiable ethical principles that arise from the fundamental of all human beings (respect and non-discrimination, responsibility, transparency, efficiency, loyalty, integrity and sustainability).

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capitalisation. Year-end****€2,699**
Mn€2,190 Mn in 2019
€2,243Mn in 2018**Ordinary shareholder
remuneration****€1.70**€1.62 in 2019
€1.60 in 2018**Revenue****€912.2**
Mn€849.7 Mn in 2019
€786.0 Mn in 2018**EBITDA****€234.4**
Mn€201.0 Mn in 2019
€208.8 Mn in 2018**EBITDA Margin****25.7%**23.7% in 2019
26.6% in 2018**Net Profit****€122.5**
Mn€105.6 Mn in 2019
€123.7 Mn in 2018**Investment****€56.9**
Mn€62.1 Mn in 2019
€71.6 Mn in 2018**Net bank debt****€38.2**
Mn€42.5 Mn in 2019
€79.6 Mn in 2018

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CO₂ emissions.
Scope 1 and 2

563,188
Tonnes

540,801 Tn in 2019
542,266 Tn in 2018

Emissions / Metres of
casing extruded

94

Base 100 year 2018

101 in 2019
100 in 2018

Energy consumption

2,371
GWh

2,294 GWh in 2019
2,276 GWh in 2018

Energy consumption /
Revenue

2.6
GWh / Mn €

2.7GWh / Mn € in 2019
2.9GWh / Mn € in 2018

Water withdrawal

10,378,646
m³

9,440,345 m³ in 2019
9,413,076 m³ in 2018

Water withdrawal /
Metres of casing extruded

100

Base 100 year 2018

101 in 2019
100 in 2018

Water discharged

8,271,176
m³

7,760,813 m³ in 2019
7,667,357 m³ in 2018

Waste

57,344
Toneladas

49,307 Tns in 2019
53,423 Tns in 2018

Of which recovered 47%
Of which landfill 36%

Landfill waste /
Metres of casing
extruded

90

Base 100 year 2018

91 in 2019
100 in 2018



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Average workforce

4,967
people

4,628 in 2019
4,641 in 2018

Women

29.1%

28.7% in 2019
29.0% in 2018

% Women in management positions

14.8%

15.4% in 2019
15.6% in 2018

Average number of training hours per employee

21.7
hours

28.2 h in 2019
24.8 h in 2018

Number of accidents per million hours worked

16.0

16.9 in 2019
18.4 in 2018

Hours lost per accident / Hours worked

0.33%

0.23% in 2019
0.38% in 2018

Hours of training on human rights

4,056
hours

2,163 h in 2019
2,247 h in 2018



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Percentage of independent directors

45%

40% in 2019

40% in 2018

Percentage of female directors

27%

20% in 2019

20% in 2018

Remuneration Board of Directors

3,490

Thousands of euros

2,995 thousands of euros in 2019

3,349 thousands of euros in 2018





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COMPETITIVE ADVANTAGES



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

R+D and innovation

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

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

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

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



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

INNOVATION PRESENT THROUGHOUT THE WHOLE PROCESS

Development of new products and improvement of a proprietary technology



RAW MATERIALS

High purity cellulose, collagen hides, abaca paper, plastic polymer, etc... depending on the casing type



EXTRUSION

Raw materials are extruded in a seamless tube thanks to a mechanical and chemical process, and subsequently are rolled into bovines (flat casing)



CONVERTING

The flat casing is converted into a stick that adapts better to the process of our customers



COMMERCIAL

Viscofan has a global network of distributors, and technical assistance team



FOOD INDUSTRY

Viscofan supplies a tailor-made casing to meet the needs of its customers



RETAILER

Viscofan casings help our customers to comply with high quality and food safety standards



CONSUMER

Feeding a growing population of more than 7,500 million people



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Viscofan has evolved naturally towards a technological improvement geared towards sustainability.

Viscofan has evolved naturally towards a technological improvement geared towards sustainability. Hence, on-going improvement work seeking greater efficiency and sustainability in process and product enhancement is essential to boost competitiveness and returns at long term. In this regard, Viscofan adapts a proactive approach in the search for sustainable solutions at technology and product level, boosting relevant aspects, such as the circular economy, the search for energy efficiency, the reduction of CO₂ emissions and the reduced need for water.

Innovation is an on-going process with strategic product and technological development projects in all casing families (cellulose, collagen, fibrous, plastic and vegetable), and in its final product applications (more than 14,700 items sold in 2020), also including other diversification products. Our products boost the innovation of the food sector, enabling applications to be developed aimed at providing Viscofan with the range of products required to reinforce its presence on the global market. In this regard, the main current Research, Development and Innovation projects under way are principally focused on the following areas:

AREA OF THE MAIN RESEARCH AND DEVELOPMENT PROCESSES

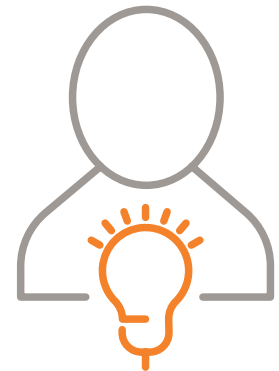
The development of **new products according to the target markets** defined in the expansion plan, and those required by our customers, and also new generation executions, designed and oriented towards offering tubular alternatives with differential performance and features.

The development of active **casings that are able to confer functionalities** to the product they contain, gaining in efficiency and preventing food waste.

The **development of production alternatives and technological solutions** through radical breakthroughs that allow an increase in added value and efficiency levels or significantly reduce production costs for meat casings, through modernisation, streamlining and simplification, improving not only Viscofan's competitiveness, but also the sustainability of its products and processes.

Research aimed at extending the range of **adequate materials to manufacture casings and their features**, while also taking into account sustainability criteria such as their biodegradability or recyclability.

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



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In collaboration with third parties, Viscofan's 4.0 industry team wishes to apply the solutions offered by new IT technologies to our operations.

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

This activity is possible thanks to an innovation network and culture that extends to the whole organisation, and the corporate research and development centre coordinates, directs and supports the specific research and development activities conducted at each production plant and coordinates the multidisciplinary work teams. The corporate centre seeks to share the best practices, technological knowledge and the ideas between the different production centres. The Group has an R&D team of 140 people in 2020 compared with 135 in 2019.





Letter from the Chairman

Geographical presence

The casing market is global. Our customers are located in 110 countries around the world, so providing a quick response adapted to their needs is often a differential element of their purchase decision. To improve this response capacity we have the largest production and sales network in the market, with a presence in 19 countries and 22 production plants.

In 2020, the opening of a Representative Office in India enables Viscofan to strengthen its presence in this country with a population of over 1,300 million inhabitants.



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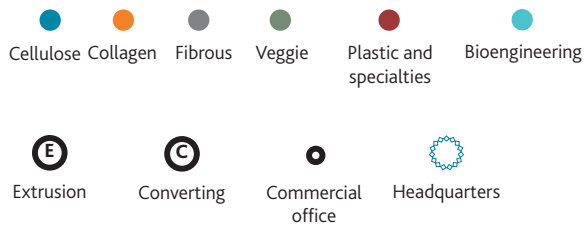
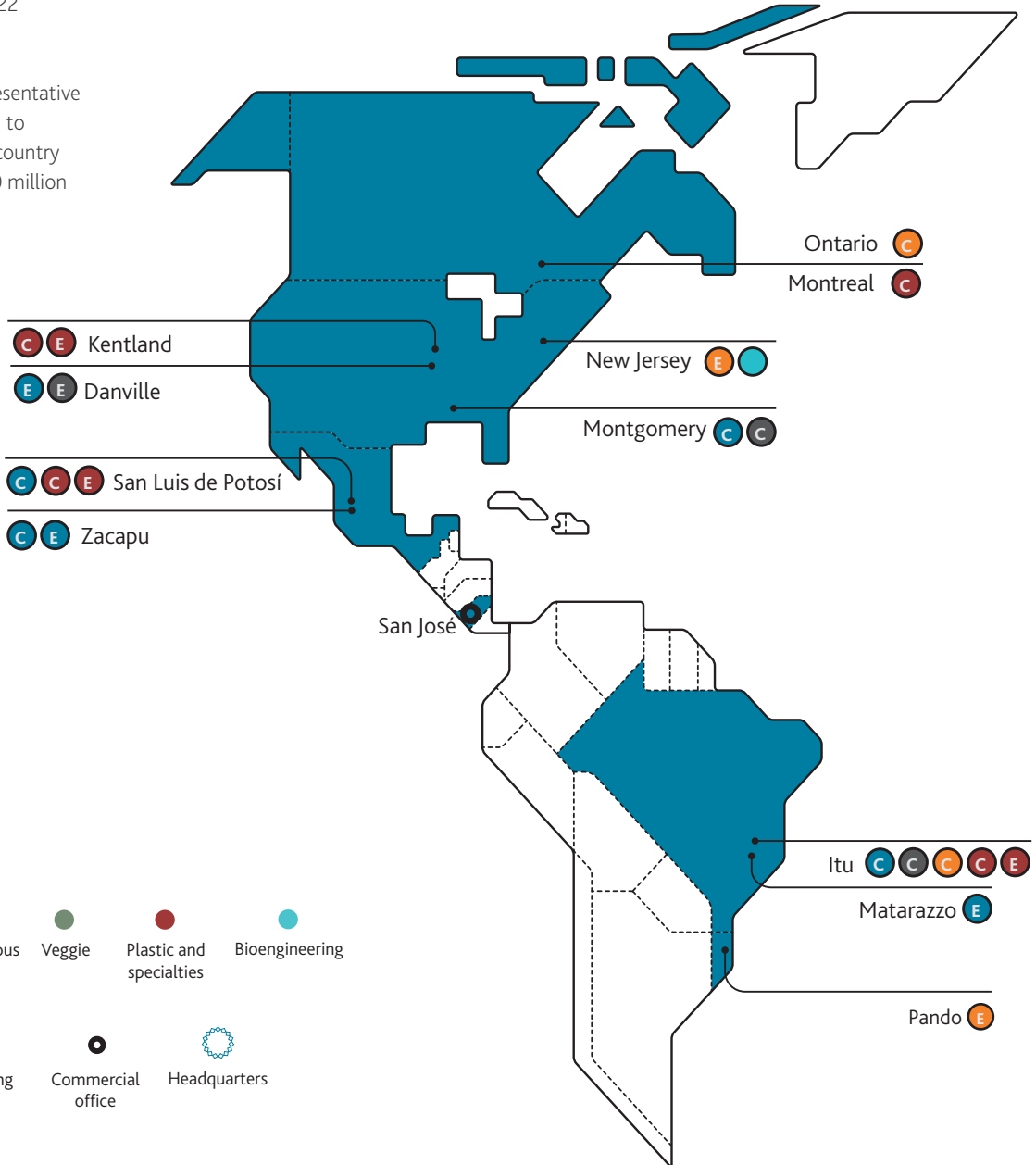
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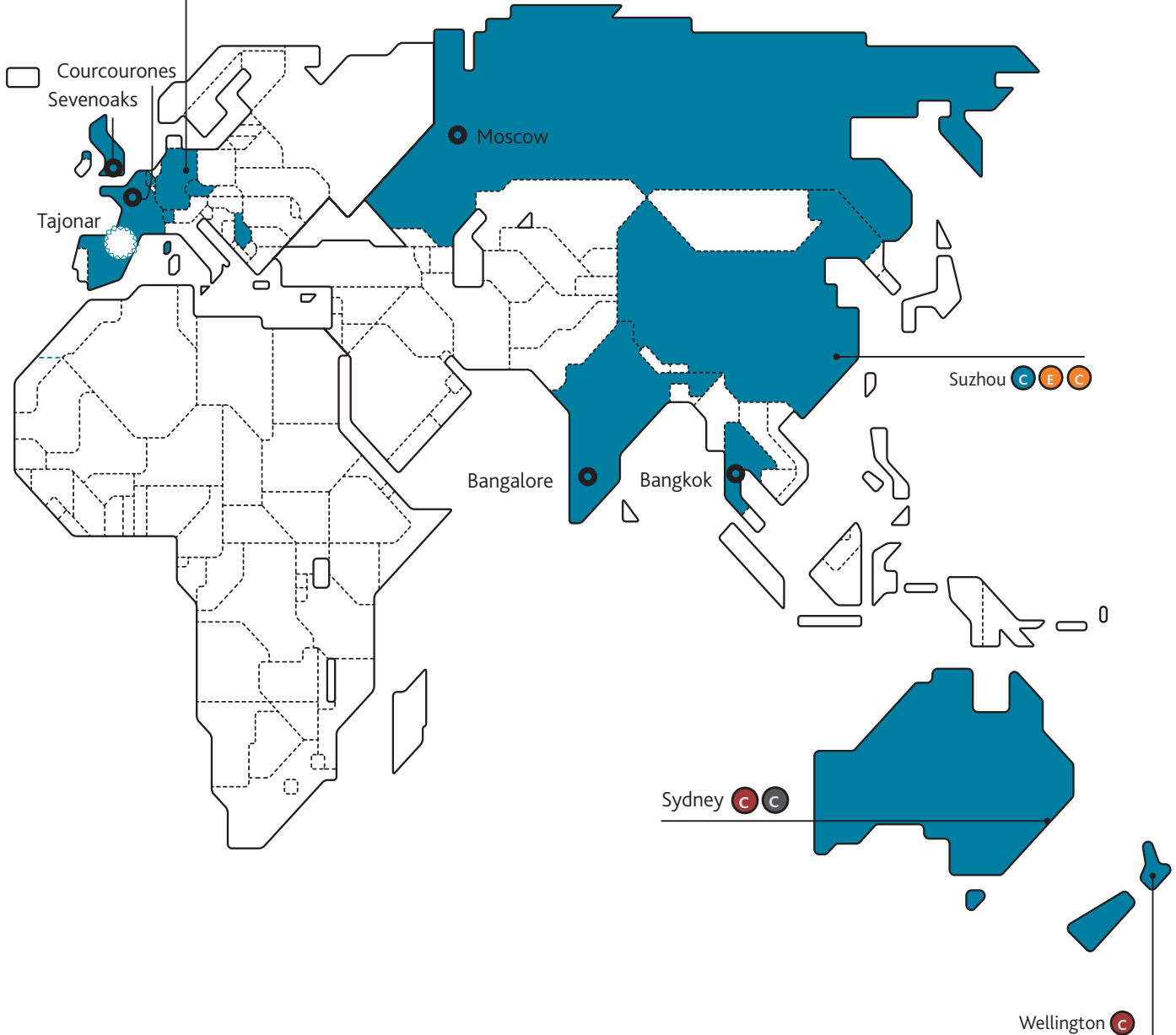


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- Alfhausen (Germany) C
- Weinheim (Germany) E E C
- Ceske Budejovice (Czech Republic) E C C C C C
- Cáteda (Spain) E E E E C C C
- Urduain (Spain) C
- Hasselt (Belgium) E
- Novi Sad (Serbia) E C



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Diversification

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

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

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

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

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

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

Bioengineering Area progress in 2020

In 2020, the Bioengineering Unit has continued to increase its revenue level while it has succeeded in extending its catalogue of research projects. The most significant progress in the year was:

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

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CASING SECTOR

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

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

In 2020, the context has been marked by the COVID-19 pandemic, which among many aspects of our lives, has affected the food habits in many countries due to the measures to prevent the spread of the virus, with lockdowns, social distancing and mobility restrictions. This situation has generated a greater demand for products aimed at applications that generally lean towards a greater consumption at home, to the detriment of those that are generally consumed in the street or at restaurants and social events.

With this situation, casings have demonstrated that they are an essential ingredient for the production of basic foodstuffs for millions of homes around the world and, hence, the market has grown throughout the year, especially in those product families more suited to the production of cold cuts most destined for home consumption: cellulose and fibrous.

In 2020, the casings market exceeded 59 billion meters and has an estimated value of €4.4 billion. In order to meet the stuffing needs, a meat processor must choose among the different market alternatives, either with animal guts (47% of the market) or customized casings which, in turn, can be produced with different materials, depending on the desired production and product characteristics, combining a better range of casings with production savings.

The greater the production requirement and the sophistication of the meat processors, the greater the tendency to adopt customized casings as opposed to animal casings, hence the company has four main types of technology: cellulose casings (14% of the total market), fibrous casings (7%), collagen (22%) and plastic and others (10%).

The customized casing market, whose growth lies within the historical average range of 2-4% in volumes, thanks to strong foundations based on:



- **Population growth:** An average annual rate of 1%, with emerging areas driving this expansion



- **Eating habits:** Increased per capita demand for meat led by emerging areas thanks to the increased purchasing power of the middle classes, globalisation of eating habits and the growth of the population in cities. In developed areas, nutritional trends are evolving towards the search for greater convenience and products of higher nutritional quality and food safety.



- **Greater sophistication of meat processors:** Increased search for productivity, food safety and hygiene, and the development of new products drives the replacement of animal guts with customized casings (mainly collagen) as well as the development of new products.



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LEADERSHIP AND MORE TO BE STRATEGY

The rapid response to the COVID-19 pandemic has been valued by customers in a context of high volatility and global uncertainty, enabling Viscofan to reinforce its leadership by gaining a market share.

37%
of the market trust
our customized
casings

30% in 2015

Viscofan is the market leader in casings thanks to a unique proposal regarding casing technologies and a highly diversified presence in many countries.

We feel as our own the responsibility to adapt ourselves and create value on this market and, specifically, in 2020, the reinforcement of the service and the rapid response to the COVID-19 pandemic, ensuring the supply of casings, has been valued by customers in a context of high volatility and global uncertainty, enabling Viscofan to reinforce its leadership by gaining a market share.

Hence, 19% of the market (including customized casings and animal guts) trust our customized casings, compared to 15% at the beginning of the strategic period. Moreover, if we take into account only market players with production of customized casings, the market share stands at 37% (30% at the end of 2015).

Major leadership, while the activities included in its MORE TO BE strategic plan have continued to be carried on, focused

on leading in all the main casings market in terms of service, cost and technology.

The current strategy means a step further in the track record that began with the Be ONE (2009-2011) strategic plan. Under the plan and after these acquisitions, it was decided to restructure operations and draw up management plan to improve economies of scale, which the Viscofan Group previously lacked. This approach made Viscofan become a very efficient company, which gave cost optimisation the greater weight of management.

Once that goal was accomplished, Be MORE (2012-2015) strategic plan committed to greater development. The best technological improvements introduced, without giving up competitive cost advantage, gave us a more global presence in collagen and in other families, enabling us to reach other markets and a new scale.

But to be a global leader, we have to lead our key markets. In order to reach our objective, we have to continue to



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make progress in costs, technology and, of course, step up our level of service. And that is exactly what has guided the Viscofan Group towards its new vision in the MORE TO BE strategic plan: Become an authentic global leader, "THE CASING COMPANY".

Such leadership cannot be achieved without a strong commitment to sustainability. For this reason, Viscofan is the first company in the sector to join the United Nations Global Compact for the achievement of Sustainable Development Goals. This commitment is formalised in the Sustainability Action Plan, which covers this strategic plan, and which was approved by the Board of Directors with the aim of meeting expectations and improving service levels with all our stakeholders: our shareholders, our customers, our suppliers, our employees and, of course, the society in which we operate.

As a result of this process, the Viscofan Group has made specific and measurable commitments in the area of sustainability, and a Sustainability Committee was created in January 2020 to promote and monitor the Action Plan.



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Strategic Pillars

2020 was marked by the COVID-19 pandemic, with respect to which Viscofan focused on three main areas: protecting employee health, ensuring the supply of our products to the food chain and contributing to preventing and combating the spread of COVID-19 and its effects.

Moreover, Viscofan has continued to implement the projects envisaged for the year encompassed within the MORE TO BE Strategic Plan and, in certain cases, modifying their planning due to the restrictions caused by the pandemic or the changes in demand. Projects that aim to achieve triple leadership in service, cost and technology in the main markets:



SERVICE

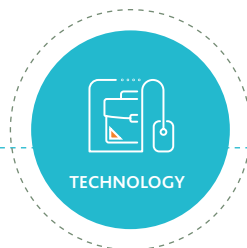
This pillar groups together all projects aimed at offering solutions to meet market needs, which may comprise, among others, a larger range of products, greater proximity, better care, greater adaptability, etc. The main initiatives carried out in 2020 are:

In a context of high volatility and global uncertainty caused by the pandemic, Viscofan has ensured its supply to customers, at the same time extending capacity at its production centres and generating a safety inventory to face any possible contingencies deriving from mobility restrictions or the loss of capacity caused by the COVID-19 pandemic, while reinforcing the logistics and supply chain.

In the year, despite the difficulties of direct and face-to-face contact with customers caused by the pandemic, Viscofan has continued to improve its product offering. On one hand, new products were launched, highlighting a new multi-barrier casing manufactured through the advanced post-consumption recycling of plastic. Viscofan also boosted the marketing of the existing product portfolio, especially those launched in recent years, of particular note being the Marathon Line cellulose casing, the Natur casing aimed at replacing pig guts, new fibrous products, value-added plastics, the transference of spices and the “veggie casing” as a new proposal for a vegetable-based edible casing.

In December 2019, the Viscofan Group included the collagen casings companies in the United States and Canada acquired from Nitta Gelatin Inc. (renamed Viscofan Collagen USA Inc. and Viscofan Collagen Canada Inc.) enabling us to improve the time-to-market to customers and complete the production portfolio with this new technology in North America.

In fibrous products, the new production technology in Cáseda for this product family is enabling the proximity of European customers to be improved with an enhanced product, which led to double-digit growth in sales in this family in 2020, performance above expectations. As a result, and in order to continue improving the service, in 4Q20 Viscofan commenced its investment in Cáseda to install new fibrous lines using this technology, which will be available during the second half of 2021.

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TECHNOLOGY

Viscofan's production process is continually improving and is based on proprietary technology where the know-how of people is essential.

At Viscofan Collagen USA Inc. collagen casing production technology is being installed with greater production speed, which enables production costs to be reduced with respect to the previous technology. This project has been delayed due to the mobility restrictions as a result of the pandemic, although it is envisaged that it will be completed in 2021, once the corporate process engineering technical staff have been able to travel to the operation site.

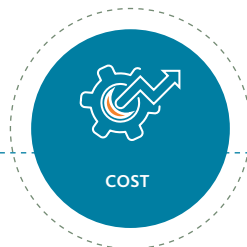
In 2019 and 2020, Viscofan promoted the inclusion of collagen casing "dry-tech" technology, which enables production with a reduced water supply. Production lines were installed in Cáseda (Spain) and Koteks (Serbia).

Also, thanks to a shared vision of sustainability and significant cooperation Viscofan, together with DSM, SABIC, Cepsa and Fibrant, created a multi-layer casing using recycled post-consumption plastic as materials.

This axis also includes digitalisation projects of the production process undertaken in the Czech Republic, Spain and Brazil, through the inclusion of artificial vision systems.



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COST

In 2020, projects were consolidated to search for increased efficiency and automation at production plants carried out in previous years in a context of sales growth, a higher level of production and the use of installed capacity. In this regard, special mention should be made of the efficiency and savings obtained using the new cellulose and fibrous technology in Cáseda.

Likewise, in 2020, the Company continued to promote projects focused on improving costs by seeking savings through the certification of new suppliers and the development of more efficient production technologies.

With respect to raw material costs, the pandemic caused a shortage of hides, increasing the cost of the main collagen raw material, offset by the lower cost of some auxiliary raw materials, such as caustic soda or glycerine, and the depreciation of the US\$.

In addition, in line with this cost context, Viscofan has implemented a commercial discipline policy.

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MORE TO BE Strategic Plan Extension

In the MORE TO BE Plan, the Group is making a significant leap in the areas of Service, Technology and Costs with a multitude of investment projects of an organic and inorganic nature

In the MORE TO BE Plan, the Group is making a significant leap in the areas of Service, Technology and Costs with a multitude of investment projects of an organic and inorganic nature, resulting in a greater market leadership. Thus, we face 2021 with a more competitive market value proposal, unique and different, to take advantage of expected market growth in the year.

The uncertainty and persistence of the COVID-19 pandemic, with a higher number of cases throughout the whole world, continues to be highly geared towards reducing the possible consequences of this crisis including, among others, the implementation by governments of measures to prevent

its expansion, such as lockdowns, social distancing, mobility restrictions, and contagion risks that may affect the production of Viscofan, our customers or our suppliers.

Subsequently, the MORE TO BE Strategic Plan has been extended into 2021, to provide continuity to existing projects and as a driving force for others to continue to contribute to the company's growth and strength in the long term. Among these are projects, of particular significance is the increased fibrous capacity at the Cáseda plant using the new technology, and the termination of the process to update the technology at the collagen casings plant in the United States.



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the Chairman

2.3 CORPORATE GOVERNANCE

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

MATERIAL ASPECTS

- **Good Governance**
- **Integral financial and non-financial risk management**
- **Regulatory compliance and compliance with corporate policies**
- **Sustainability Governance and Strategy**
- **Reputation and responsible communication**

GOOD GOVERNANCE PRACTICES

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

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

The Viscofan Group's governance is governed by the general ethical principles and guidelines established by the Group's Code of Conduct.

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

This strategy, expressed in the Sustainability Action Plan, seeks to favour a culture of best practices in sustainability, and contribute to improving people's well-being, boosting the economic, environmental and social development of

the communities in which the Viscofan Group is present, and create value on a sustainable basis through ethical behaviour for all its stakeholders.

Alongside this, the General Sustainability Policy is organised into specific policies in the main axes of sustainability drives which, in 2020 were proposed or updated by the Board of Directors

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

Likewise, within Viscofan's commitment to Good Corporate Governance and, in particular, to promoting compliance with the recommendations of the Code of Good Governance for Listed Companies approved by the National Securities Market Commission (hereinafter the "CNMV"), updated in June 2020, modifications were made in the year to the Board of Directors, the Board Committees and their Regulations.

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GOVERNING BODIES

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

Shareholders and the General Meeting

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

Viscofan has established the principle of "one share, one vote" which promotes equality among all of the company's shareholders. There is only one class of shares, giving the same rights and obligations to all of the Company's shareholders. There are no restrictions to

voting and no limit to the number of votes that can be cast by one single shareholder.

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

In 2020, under 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, the General Shareholders' Meeting held on 24

April 2020 was exclusively attended by telematic means, and for this purpose it was broadcast on the corporate website, www.viscofan.com.

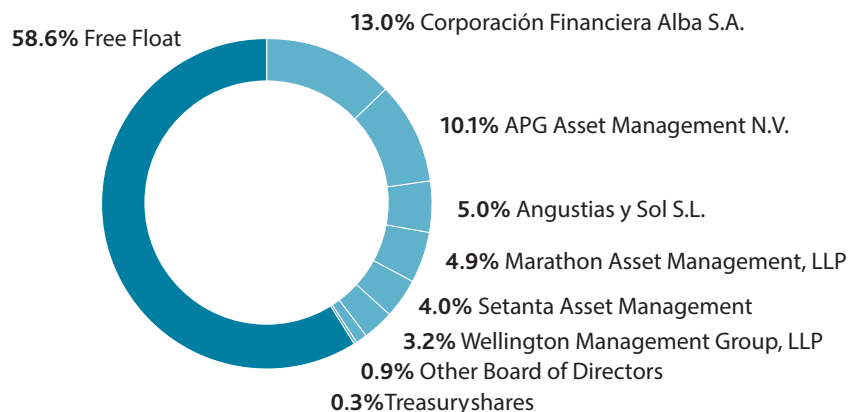
As a result of all these measures, and despite the changes caused by the COVID-19 pandemic, the General Shareholders' Meeting for the year was attended by 87.57% of the company's share capital, maintaining the high attendance percentage at the General Meetings of recent years, above the average for listed companies, which is especially significant taking into account the company's high free-float.



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SIGNIFICANT HOLDINGS ON 31.12.2020



GENERAL SHAREHOLDERS MEETING PARTICIPATION

General Shareholders Meeting	24/4/20	12/4/19	25/5/18
% attending in person	19.2%	19.7%	18.2%
% proxy and remote voting	68.4%	62.8%	62.2%
Total attendance	87.6%	82.5%	80.4%



Letter from
the Chairman

Board of Directors

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



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BOARD MEMBERS

JOSÉ DOMINGO DE AMPUERO
CHAIRMAN
EXECUTIVE



IGNACIO MARCO-GARDOQUI
VICE CHAIRMAN
INDEPENDENT
AUDIT COMMITTEE
APPOINTMENTS, REMUNERATION AND
SUSTAINABILITY COMMITTEE



LAURA GONZÁLEZ MOLERO
DIRECTOR
INDEPENDENT
CHAIRWOMAN OF THE AUDIT COMMITTEE



AGATHA ECHEVARRÍA
DIRECTOR
OTHER EXTERNAL
AUDIT COMMITTEE



SANTIAGO DOMEQ
DIRECTOR
NOMINEE
AUDIT COMMITTEE



CARMEN DE PABLO
DIRECTOR
INDEPENDENT
AUDIT COMMITTEE



JOSÉ MARÍA ALDECOA
LEAD DIRECTOR
INDEPENDENT
AUDIT COMMITTEE
APPOINTMENTS, REMUNERATION
AND SUSTAINABILITY COMMITTEE



JAIME REAL DE ASÚA
VOCAL
INDEPENDENT
CHAIRMAN OF THE APPOINTMENTS, REMUNERATION
AND SUSTAINABILITY COMMITTEE



NÉSTOR BASTERRA
DIRECTOR
OTHER EXTERNAL
APPOINTMENTS, REMUNERATION
AND SUSTAINABILITY COMMITTEE



JUAN MARCH
DIRECTOR
NOMINEE
APPOINTMENTS, REMUNERATION
AND SUSTAINABILITY COMMITTEE



● **JOSÉ ANTONIO CORTAJARENA**
SECRETARY (NON DIRECTOR)

JOSÉ ANTONIO CANALES
CHIEF EXECUTIVE OFFICER
EXECUTIVE



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directors****11**
directors**2 executives****2 nominee****2 other external****5 independents**

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

In this year, the 2020 General Shareholders' Meeting approved the increase in the number of directors from 10 to 11, to strengthen the Board of Directors, increasing both the number of independent directors and the number of female directors, which is the least represented gender on the Board of Directors, hence, the percentage of female Board members in 2020 totalled 27.3%.

In this regard, the appointment of Mrs Carmen de Pablo Redondo as director was approved with the category of independent external director. She was also appointed as a member of the Audit Committee.

At the same Meeting, the directors Mr Ignacio Marco-Gardoqui Ibáñez and Mr Santiago Domecq Bohórquez were renewed as independent and nominee directors.

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



The curriculum and profiles of the members of the Board of Directors at 31 December 2020 are available on www.viscofan.com

Curriculum and profiles of members of the Board of Directors

The curriculum and profiles of the members of the Board of Directors at 31 December 2020 are detailed in section C.1.3 of the Annual Corporate Governance Report forming part of this Management Report. They are also available on the Company's website, www.viscofan.com, in the Corporate Governance section.

Performance of functions

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

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

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

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

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

In addition, the annual plan included visits to some of the Group's production centres which, in 2020, could not be conducted due to the COVID-19 pandemic, and the participation of executives to enable greater monitoring of the implementation of the Group's strategy and of the management of each of its companies.

The Board met on 12 occasions in 2020, and the Board Chairman attended all the meetings. All meetings were attended by all the directors. The percentage of meetings attended of the total votes during 2020 was 100% (in 2019, 98.33%).

Also, during the 2020, the Lead Director held three meetings with the other directors, without the attendance or representation of any executive director.

Evaluation

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

Every three years, the Board of Directors is assisted by an external consultant in the evaluation process, whose independence is verified by the Appointments, Remuneration and Sustainability Committee. In 2019, the Company received the advisory services of Korn Ferry to facilitate said assessment, whose conclusions were submitted and validated in the session of January 2020.

The performance assessment in 2020 was conducted internally, on the basis of a questionnaire whose purpose was to provide a specific vision for each director with regard to both strong and weak points, as well as any other suggestions they may have to improve the efficiency of the Board and of the Committees. The questionnaire is divided into various sections: Size and structure of the Board, Board mandate, team dynamic, mandate compliance, administrative support and training, evaluation of the Executive Chairman and functioning of the Committees.

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

The Action Plan arising from the assessment of the Board and its Committees promotes the training of directors to improve their competences. In this regard, in 2020, the Audit Committee received a training session on cybersecurity and, moreover, the Appointments, Remuneration and Sustainability Committee and the Audit Committee received a training session on the monitoring, novelties and updates of competences in the area of Sustainability and Sustainable Finance.

Likewise, the Appointments, Remuneration and Sustainability Committee has included a new member, Mr Ignacio Marco-Gardoqui, to contribute with its knowledge and experience to the new sustainability competences entrusted to the Committee.

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*The Board
remuneration is
regulated by the
Remuneration policy
related to the Directors,
which is available on
www.viscofan.com*

Remuneration

The Board of Directors' Remuneration is regulated in the directors' remuneration policy, approved at the 2018 General Shareholders' Meeting held on 25 May for a three-year period, and which is available on the company's web page in the Corporate Governance section. This policy establishes a remuneration system for directors based on (i) their capacity as such and (ii) specific executive or senior management functions.

It is envisaged to submit a new directors' remuneration policy to the 2021 General Shareholders' Meeting for 2021, 2022 and 2023.

In addition, the General Shareholders' Meeting held on 24 April 2020 approved a Long-Term Incentive Plan for the period 2019-2021 for the Company's executive directors, managers and other key personnel of the Viscofan Group with 94.5% of votes in its favour. This plan establishes the delivery of a cash

amount and shares in the Company based on the fulfilment of objectives of creation of value for shareholders (TSR) and sustainability which includes the improvement in the indicators of accident rate and reduction of waste in a landfill.

In the short term, variable remuneration included specific CO₂ emissions and a reduction of land fill waste.

The remuneration of the Board of Directors in 2020 was €3,490 thousand (€2,995 thousand in 2019).

The Annual Remuneration Report for 2020 is available on the company's website in the Corporate Governance section.

The Annual Report on the Remuneration of Directors for 2019 was presented as a separate item on the agenda and in an advisory capacity to the General Meeting of Shareholders held on 24 April 2020, and was approved by 99.3% of shareholders.



Letter from the Chairman

Committees of the Board of Directors

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



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AUDIT COMMITTEE

The Audit Committee consists of six members, all non-executive and a majority independent, appointed by the Board of Directors at the proposal of or pursuant to a report by the Appointments, Remuneration and Sustainability Committee, bearing in mind accounting, auditing and financial and non-financial risk management knowledge, skills and experience.

On 24 April 2020, the number of Committee members rose from 5 to 6, including Mrs Carmen de Pablo as a member to take advantage of her extensive knowledge and experience in the accounting and audit area.

On the same date, the independent director Laura González Molero was appointed as Committee Chairwoman, to substitute Mr Ignacio Marco-Gardoqui, chairman since 21 April 2016, once the legal period has expired for such position to form part of the Committee with a director function.

The composition, functions, rules of organisation and operation, as well as the responsibilities conferred upon the Committee are regulated in the Articles of Association, in the Regulations of the Board of Directors, and in the Regulations of the Committee itself. The 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 wording of the Code of Good Governance for listed companies, notwithstanding other technical modifications that were deemed appropriate. In this regard, the new version of the Regulation includes the addition, among others, of competences 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.

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

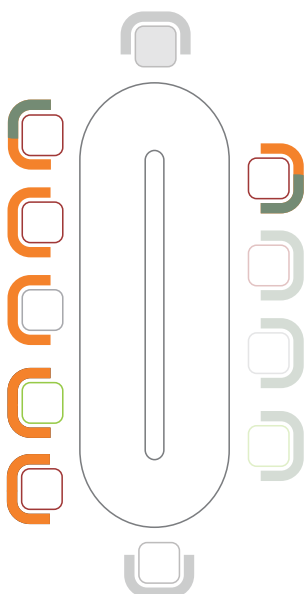
Actions taken during the year:

The Audit Committee met 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 qualifications.
- 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, which consisted in reviewing the pre-closure, and during the closure, in identifying and planning work that, because of its unusual nature or 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 Single Format (ESEF), COVID – 19, and the potential regulatory change with regard to the taxation of dividends.



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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 has 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 have been followed, for which it has had the necessary support from the Group's senior management, especially from the area in charge of Consolidation and Financial functions, as well as from the Group's internal and external auditors.

It has also supervised the Group's corporate performance, which is in full growth, while constantly aiming for simplification and efficiency. There has been corporate restructuring in this regard as below:

- In July 2020 the Representative Office in Thailand was closed, and all business activity is now performed through the Viscofan Thailand subsidiary.
- In September 2020, a Representative Office was opened in India.
- Effective from 1 October 2020, the merger by absorption of Nanopack Technology & Packaging, S.L.U. was performed by Viscofan, S.A. in Spain.
- In November 2020, the subsidiary Viscofan Spain S.L.U. was formed, which will benefit from business activity in Spain by means of an spin-off process, which 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, 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.

Finally, 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 the tax issues.

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE

It is formed by five non-executive directors appointed by the Board of Directors: three independent directors, one other external director and one proprietary director. Its chairman has been the independent director Mr Jaime Real de Asúa since 21 April 2016.

On 29 October 2020, the Committee was renamed as the Appointments, Remuneration and Sustainability Committee (formerly Appointments and Remuneration), to reflect the

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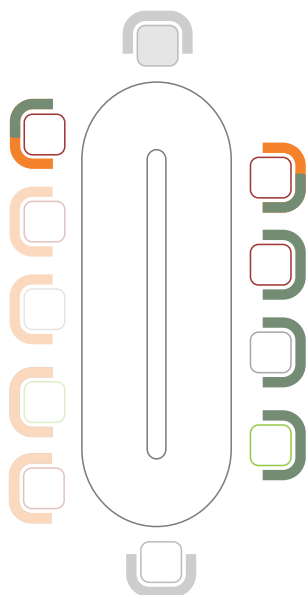
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actual scope of its functions following the assignment to the Committee in September 2019 of the functions relating to the supervision of corporate governance and sustainability.

Also, on 29 October 2020, the number of its members rose from four to five, and it was reinforced to better assume its functions and promote compliance with the recommendations of the CNMV's Code of Good Governance for Listed Companies. Consequently, Mr Ignacio Marco-Gardoqui Ibáñez was appointed for the position.

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

The 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 wording of the Code of Good Governance for listed companies, notwithstanding other technical modifications that were deemed appropriate. In this regard, the functions relating to corporate governance and sustainability were modified.

Additionally, they are outlined in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Actions taken during the year:

The Appointments, Remuneration and Sustainability Committee met on 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 ensuring that the Company maintains a high degree of monitoring of best corporate governance practices, the Committee conducted an analysis of the composition and structure of the Board and its Committees. Specifically:

- Proposals were made for the appointment and re-election of independent directors and a report was issued on the proposal to re-elect the proprietary 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 should be a woman 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 promoted and coordinated the evaluation process of the Board of Directors with regard to their actions in 2020, with the coordination of the Lead Director as far as the Executive Chairman is concerned.



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The Committee contributed to updating the basic sustainability policies approved by the Board of Directors in 2020.

The Committee also met its commitment with regard to the preparation of the Annual Report on Directors' Remuneration, as well as the setting and reviewing of 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 sustainability policies approved by the Board of Directors in 2020, in accordance with the growing importance this area has on the Company's strategy.



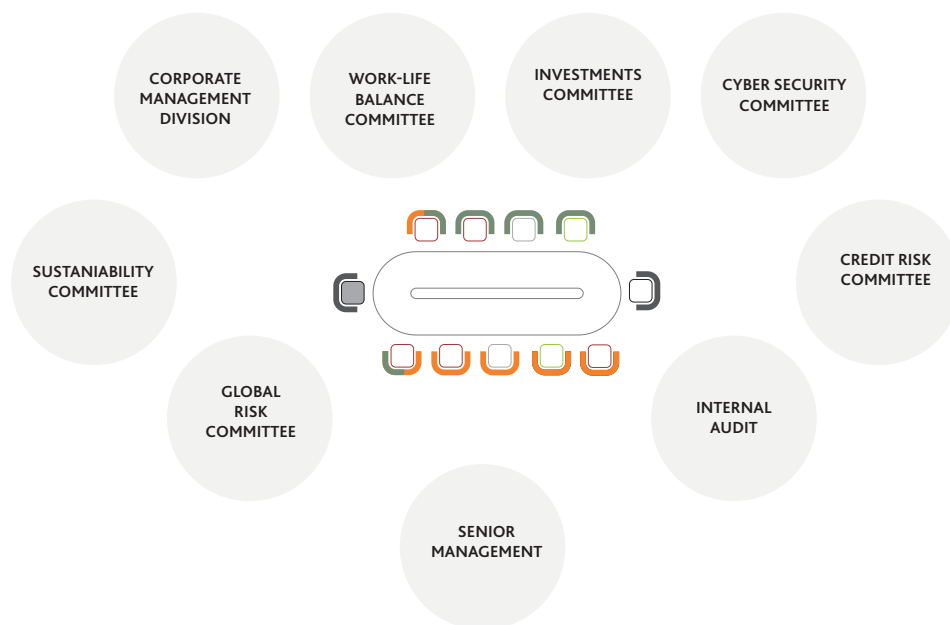


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TOP MANAGEMENT (31 DECEMBER 2020)



JOSÉ ANTONIO CANALES
General Manager Director

CORPORATE MANAGEMENT DIVISION

JOSÉ ÁNGEL ARRARÁS
R&D and Quality Chief Officer

ANDRÉS DÍAZ
Chief Operations Officer

GABRIEL LARREA
Chief Commercial Officer

MARÍA CARMEN PEÑA
Chief Financial Officer

ÓSCAR PONZ
Chief Plastic Business Unit Officer

CORPORATE SERVICE DIVISION

ARMANDO ARES
Chief IR & Corporate Communications Officer

CÉSAR ARRAIZA
Chief Strategy, Organization and IT Officer

ALEJANDRO BERGAZ
Internal Audit Manager

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

IÑAKI RECALDE
Chief Technology & Diversification Officer

JUAN JOSÉ ROTA
Chief Human Resources Officer

RICARDO ROYO
Chief European Business Officer

DIRECCIÓN DE GESTIÓN FILIALES

EDUARDO AGUIÑAGA
General Manager Mexico

LUIS BERTOLI
General Manager Brazil

JESÚS CALAVIA
General Manager Spain

BELÉN ALDAZ
Human Resources Manager Spain

GUILLERMO EGUIDAZU
General Manager USA

MILOSLAV KAMIS
General Manager Czech Republic

ÁNGEL MAESTRO
General Manager Uruguay

IÑIGO MARTÍNEZ
General Manager Serbia

JUAN NEGRI
General Manager Asia Pacific

WILFRIED SCHOBEL
General Manager Germany

The remuneration of senior management in 2020 was €6,082 thousand, €4,587 thousand in 2019.

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REGULATORY COMPLIANCE SYSTEM

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

Code of Conduct

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

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

Internal Regulations in the scope of good governance policy

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

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

- **Articles of Association:** These are the basic rules governing the Company and all its bodies. The articles set out the main features and operating principles of the General Shareholders' Meeting, the Board of Directors and its committees.
- **Regulations of the General Shareholders' Meeting:** Basic principles governing the General Shareholders' Meeting to ensure transparency and safeguard shareholders' rights and their access to Company information. The rules stipulate the formalities of calling, attending, holding and recording General Meetings of Shareholders and of access to prior and General Meeting information by shareholders.
- **Board of Directors' Regulations:** These set down the principles of action of the Board of Directors, including an appraisal mechanism, and its organisational and operating rules, the standards of conduct of Directors (including the duty to avoid conflict of interest), their duties and the overarching principles that should guide their decisions. They also govern committees existing within the Board of Directors, their organisational and operational rules, and their remit and powers.
- **Audit Committee Regulations and Appointments, Remuneration and Sustainability Committee Regulations:** They establish the scope and functions of the Committee, its composition and operation, the Committee's relations with governing bodies and other entities, and the possibility of seeking advice.
- **Internal Code of Conduct on Matters relating to the Securities Market:** Regulations whose update was approved in September 2020, and which lay down the rules of conduct to ensure that the institutional and personal actions of the Viscofan Group's directors and employees strictly comply with current laws and regulations on transparency in the markets and to protect investors' interests at all times.

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the Chairman

In 2020, the regulatory compliance system was reinforced with the application of more specific policies which will help to regulate the procedural framework. Hence, within the regulatory compliance system, the Viscofan Group has approved procedural policies in the following areas:

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Policy

GOOD
GOVERNANCE

- General Sustainability Policy *
- Climate change policy*
- Risk Control and Management Policy*
- Policy of Respect for Human Rights*
- Anti-corruption policy
- Crime Prevention Policy*
- Policy of communication with shareholders, institutional investors, proxy advisors and of economic-financial and non-financial and corporate information.*
- Board Remuneration Policy
- Director selection and diversity policy of the Board of Directors*
- Policy to encourage shareholders to take part in the General Meeting of Shareholders: attendance fee



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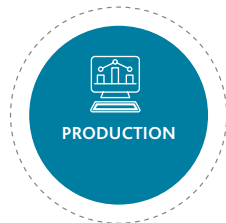
- Commercial Practices Manual
- Policy of Business Courtesies
- Policy to outsource commercial services: distributors, agents and other:
- Export control protocol

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- Internal Control Policy for Financial and Non-Financial Information*
- Tax Policy*

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AND SYSTEMS

- Personal Data Protection Policy:
- IT Security Policy:
- IT access and profiles authorisation policy:
- Password policy:
- Computer systems and networks management policy:
- Policy on audiovisual information control:



PRODUCTION

- Diversity and equal opportunities policy*
- Policy on Staff Selection and Recruitment
- Policy on welcoming of new recruits
- Training policy
- Staff leave procedure
- Policy on Business Expenses
- Code of conduct for trips and stays abroad:



PEOPLE

- Environmental policy*
- Occupational health and safety policy*
- Basic principles in safety, health and hygiene matters*
- Food Regulation Policy
- Control procedure instructions in the event of product recalls
- Policy for the management of goods purchases and the arrangement of services
- Transport Management Policy

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Supervision

The Viscofan Group has an ethical and compliance system, which aims to promote an ethical culture at the organisation, which reinforces its long-term competitiveness and sustainability, reputation and ensures compliance with the regulatory system

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

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

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

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

The whistleblowing channel is a key element to the system. To facilitate supervision of compliance with Viscofan's Code and Ethics and regulations, employees and any person with a legitimate interest can access the Complaints Channel on Viscofan's web page under the Corporate Governance section, on the employee's Intranet to notify any sign of conduct that they

deem to be a possible risk, or by email to officeofethics@viscofan.com or by post to the Ethics Committee at Viscofan's central offices in Navarre.

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

In 2020 the Ethics and Regulatory Compliance Committee met on 5 occasions and completed the investigation of 4 matters raised.

Training is an essential element to promote the ethical culture and prevent non-compliance. In 2020, in order to reinforce awareness and knowledge of Regulatory Compliance, specific training was provided in different areas:

- Training in Ethics and Values to 1,416 Group employees, with the target in 2021 being to train all staff in this area.
- Update of the Ethics and Compliance system for 4,123 employees.
- Training on the Internal Code of Conduct in stock market matters to all staff with access to insider information.
- Specific training to purchase and sales teams, reinforcing the Ethics and Compliance bases of their area.

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RISK MANAGEMENT

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The aim of Viscofan's risk management policy is to identify and assess risks as soon as possible, based on the Code of Conduct, the internal regulations and the MORE TO BE Strategic Plan, and to take adequate measures to reduce them and, in some cases, they can present opportunities.

In line with the sustainability policy, risk management aims to balance the desire for value creation for our stakeholders with the risks associated with business, commercial, operational, labour, financial and social initiatives.

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

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

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

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

Through the different risk control and supervision bodies, the Viscofan Group commissions the Risk Control Committee to prepare a risk map, which was updated in 2020. It encompasses risks of a diverse nature, which are classified in accordance with the COSO methodology into four main categories depending on the nature of the objectives they affect: strategic, operational, information and compliance.

In 2020, the comprehensive risk management and control system monitored these risks, identifying those that are most critical (by expected impact and probability of occurring), as well as considering new risks and assessing their tendency.

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

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



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Below are the main risks faced by the company in 2020 and the response and supervision plan:



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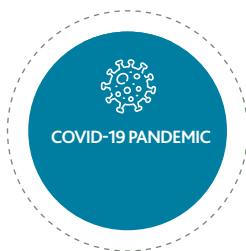
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Risk	Materialisation in 2020	Response and supervision plan
	1.a) COVID-19: Infection of Viscofan Group workers with the subsequent risk of production shutdowns due to outbreaks of COVID-19 in the workforce or due to a shortage of staff.	its employees, by strengthening prevention and hygiene measures, increasing the health personnel at factories so Viscofan can meet its responsibilities as an essential food company. Hence, none of our production plants have had to close down due to COVID-19. Supply to our customers throughout the world has been ensured and in some countries increased demand has been met.
	1.b) COVID-19: The lockdown measures imposed in some countries, together with a decreased demand for some products and the shutdown of production in non-essential industries affected the performance of some raw materials, especially collagen skins in Europe, causing an increase in prices and a shortage of raw materials that could have led to a risk of production stoppages.	To mitigate this risk, the Viscofan Group took corrective measures involving the diversification of suppliers, an increased safety stock, assurance of purchase volumes and the application of innovative solutions resulting from R&D. This risk has not led to shutdowns in production plants.
	1.c) COVID-19: Interruptions in the production of customers due to outbreaks of COVID-19 at their factories.	The diversification of the Viscofan Group's customer portfolio led the impact to be moderated and action was quickly taken to recover lost volumes.
	1.d) COVID-19: Limitations to the commercial activities of new products in the face of mobility restrictions	Remote meetings were held with customers and commercial activities have been maintained whenever possible.
	1.e) COVID-19: 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.	To face these changes, Viscofan increased the capacity used at our production centres, with special mention for the greater capacity available as a result of new cellulose and fibrous technology installed in Cáseda.
	1.f) COVID-19: The pandemic has meant that a part of the workforce has had work from home, which could have resulted in connection problems to computer systems and difficulties in the performance of administrative activities	Viscofan has ensured access to computer equipment and connections to corporate programmes in the commercial, financial, purchasing and logistics areas. The security protocols were also strengthened in the Information Systems Master Plan, with the implementation and planning of specific actions in the area of cybersecurity.
	1.g) COVID-19: Mobility restrictions due to the pandemic have made it difficult to complete investment projects that require the mobility of specialist personnel.	Faced with this situation, Viscofan has had 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. Since the mobility restrictions have been maintained, the MORE TO BE Strategic Plan has been extended into 2021, to provide continuity to existing projects and as a driving force for others to continue to contribute to the company's growth and strength in the long term.



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Risk	Materialisation in 2020	Response and supervision plan
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In July 2020, Koteks Viscofan, d.o.o. (Serbia) suffered a blaze, which originated in the office area. It affected the auxiliary facilities of the plant and two workers died as a result.

Strengthening the action plans for occupational safety, increasing specific investment in safety to reduce the risk of accident and action in the area of training and internal communication.



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.

The impact arising from the fluctuations in the exchange rates of the Group's main currencies has been managed through the application of a policy involving hedging and commercial disciplinary measures.



Significant increase in the price of CO₂ emission allowances.

A sustainability action plan has been deployed, together with the corresponding Policies approved by the Board of Directors and the creation of a committee to manage sustainability risks that include environmental risks and those resulting from climate change.

The Group has continued with the implementation of the Environmental Policy, the renewal and extension of certifications in this sphere (mainly ISO 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.



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.

Viscofan UK Ltd has increased its finished goods inventories in order to maintain a service to customers in the United Kingdom in the light of possible restrictions to the movement of goods between that country and the European Union.

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the Chairman

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

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

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

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

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

It should be noted that in 2020, there have been no acts that have been subject to significant legal actions related to unfair competition, monopolistic practices and against free competition, nor have processes or complaints been opened due to breaching laws or regulations in the social and economic field. Likewise, no case of corruption has been reported or revealed on which the Ethics and Regulatory Compliance Committee has had to take action.

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2.4 COMMERCIAL AND SUPPLY MANAGEMENT

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

MATERIAL ASPECTS

- *Customer satisfaction*

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS



Zero hunger

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

Responsible production and consumption

- *We promote energy efficiency throughout the value chain, developing packaging that minimises waste generation - such as gas emissions and wastewater generation, among others - during manufacturing and subsequent processing.*
- *We have food safety and quality certifications.*
- *Our production policy in proximity through a production presence of up to 22 factories, contributes to reducing the impact of transportation on the environment.*



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The Viscofan Group places the customer at the centre of its operational decisions, continuously trying to provide him with the best value proposition in order to strengthen efficiency and have a greater diversification in the product and maintaining strict quality and food safety controls. We offer the highest quality in our products and services through: Product range, Approval of suppliers, Renowned customer technical assistance service, Sound product safety and food hygiene system, Evaluation of customer satisfaction.

PRODUCT RANGE

We offer the widest range of products so that the customer can choose the casing that best suits his needs. More than 14,714 product lines were sold in 2020.

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

In a context in which consumer habits may lead to the use of non-sustainable materials, at Viscofan over 84% of income originates from natural, biodegradable or recycled material casings. Likewise, helping our customers to achieve greater sustainability in their production processes, providing them with products with greater production efficiency leading to less food waste and which also enable the reduction of direct CO₂ emissions during their processing. Our product categories are as follows:

Cellulose casings

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

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

Brands

Viscofan, Flexmax

Main raw material: cellulose

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

Sustainability commitment

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



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Collagen casings

It is an alternative to animal casing. These are casings that improve the appearance of the product, thanks to their smoked properties and perfect development of colour and flavour, fulfilling the consumer's wish to obtain a product with a classic and appetising appearance. It is ideal for both cooked and raw-cured sausages. Collagen has great resistance because it stands fast filling, over cooking and hanging. This is why their performance in the production process is quite efficient. Collagen products stand out for being very uniform (standard size), and small sizes have good properties for frying and for a perfect "bite".

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

Brands

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

Main material: collagen

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

Sustainability commitment

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



Fibrous casings

Fibrous casings give the product a high endurance and homogeneity of calibre but less elasticity than cellulose casings. Fibrous casing is mainly used for large sausages, products such as mortadella or salamis, which require excellent size consistency, high mechanical resistance during the production process and ease of peeling.

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

Brands

Securex, Zip, PSX, Titanium

Main raw material: abaca paper

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

Sustainability commitment

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

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Casings, film, bags and other plastic products

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

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

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

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

Brands

Viscofan Smoke, Betan, Tripan, V-4000, Vector, Nanopack

Main raw material: plastic polymers

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



Sustainability commitment

We are working on the Eco-Casing 4R project (Reduce, Reuse, Recycle, Repair) to continue to make progress in the sustainability of our plastic.

Commitment to the sustainability of our plastic casings have materialised in these four areas of work: reduction in the thickness of our casing, bio-renewable and products made from recycled materials and biodegradable plastic casings.

- We have reduced the thickness of our multi-layer plastic casings, and at the factory in the Czech Republic we have generated 65% of production with this reduced thickness technique. In 2020, the first samples of bio-renewable plastics were manufactured and received well by customers.
- We have manufactured and tested the first bio casing samples, which have been received well by customers.
- We have extended the partnership agreements with raw material suppliers for the development of recycled plastic.
- We have been pioneers in the co-development of new materials for meat products, based on the advanced recycling of post-consumption plastic, together with other companies that include suppliers and customers which, otherwise, would be disposed of in landfills or lost due to incineration. With this project, Viscofan has formed part of an alliance that has mobilised knowledge, technology and shared financial resources to generate a new more sustainable material, in line with SDG 17, which promotes the creation of effective alliances in the public-private sphere to boost sustainability.

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Functional solutions

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

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

Brands

Vispice, Roast-E

Main raw material: plastic polymers

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

Sustainability commitment

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



Vegetable casings

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

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

Our brand

Viscofan Veggie.

Main raw material: vegetables

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

Sustainability commitment

Product launched commercially in 2019, free of allergens and GMOs.



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

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SELECTION OF SUPPLIERS

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At Viscofan, we are aware of the strategic importance and impact of an adequate supply of raw materials and services for the whole organisation, together with the optimum management of the supply chain.

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

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

The purchase of main (cellulose, collagen, abaca paper, polymers) and auxiliary raw materials (those used for chemical transformation, such as glycerine and caustic soda, among others) represents 39% of the Group's total consolidated raw material consumption cost (37% in 2019).

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

Due to the production characteristics of our main raw materials, in terms of our supply chain, there is a low risk of trafficking in human beings or of slavery. However, Viscofan, as a signatory of the Global Compact, requests a series of conduct requirements from its suppliers, in line with our human rights policy and our commitment to decent work and the eradication of child labour.

In 2020, it was expected to implement a system to monitor suppliers, which could not be carried out due to the travel limitations and restrictions imposed as a result of the pandemic. At Viscofan, we

are aware of the strategic importance and impact of an adequate supply of raw materials and services for the whole organisation, together with the optimum management of the supply chain. Thus, in the so-called "first wave" of the pandemic, one of the main challenges that it was necessary to face was that of salvaging deliveries: both of customers and suppliers. With respect to the latter, the main obstacle between April and June 2020 was the lack of availability of collagen, due to the stoppage of the car industry on a global basis, causing the tanneries to reduce their activity to a maximum and to cease to supply collagen. Faced with this difficulty, Viscofan's R&D teams succeeded in developing alternative channels to extract collagen from animal skins, which contributed enormously to avoiding that our production of casings with this raw material was affected.

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

In particular, our approval system for suppliers of raw materials and packaging includes a declaration of conformity on their performance commitments in accordance with internationally accepted ethical principles and human rights. In 2017, all companies of the Viscofan Group began to request this commitment in the

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area of human rights and environmental criteria from new suppliers of raw materials, and this commitment was ratified by all of them in 2020.

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

Likewise, Viscofan has the highest own production presence in the industry, enabling it to optimise the transportation of merchandise, both with respect to customers and suppliers. Through specialised transportation companies, it seeks the most optimum route to receive and distribute merchandise. Furthermore, Viscofan's products due not require special conservation conditions

during the distribution process, leading the transportation expense of the whole Group to be less than 3% of sales.

In addition, the Viscofan Group's activities in the countries in which it operates are geared towards value creation for all stakeholders, including suppliers. Thus, in 2020, the company allocated €472 million as a reflection of the distribution of value to suppliers of goods and services, with 54% of purchases of raw materials from local suppliers (56% in 2019), which favours the economic development of the communities in which Viscofan is present. In line with its economic importance, Viscofan has a solid anti-corruption policy, which includes the company's commitment to fight against bribery and corruption, and establishes the dealings and commercial relationship with third parties.

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

In compliance with this information requirement, the payment period for the Viscofan Group during 2020 was 24 days (2019: 23 days), which is lower than the maximum established by payment arrears regulations.

The average payment period calculations were performed as indicated in the Resolution of 29 January 2016 was published, approved by the Spanish Accounting and Audit Institute, is applicable to the information concerning late payment to suppliers in commercial transactions.

1. A local supplier is deemed to be that whose tax domicile is in the same country in which Viscofan makes its purchases.





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SALES TEAM AND TECHNICAL ASSISTANCE SERVICE



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Viscofan offers customers a Technical Support service, which is a competitive advantage and of great help to customers when deciding, from the wide range of casings, which one is adequate for the needs of each product.

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

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

Some 49% of the income comes from customers that have bought products in the four main casing technologies.

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

Maintaining our leadership position in the global market in an environment as dynamic as the current one would be impossible without Viscofan's excellent level of service and diversification; as a result of our presence in 19 countries we are able to offer suitable casing solutions to more than 2,091 customers in 110 different countries.



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PRODUCT SAFETY AND FOOD HYGIENE



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

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



- Viscofan has a hazard analysis and critical control point (HACCP) system in place. Hence, an inter-disciplinary team assesses every step of the production process to detect possible hazards (physical, chemical and microbiological pollution, including allergens), identify critical control points, establish relevant controls and take any required corrective action. The system is annually updated in line with any changes in the production process.



- Casings manufacturing is becoming more tightly regulated, in the area of food safety, by countries and supranational institutions, making up a growing and constantly changing battery of rules. This regulatory framework directly affects the activity of different production plants due to laws in the country of origin and requirements in the receiving countries, and internationally recognised standards. For this work it has a specific department of Patents and Regulatory Affairs.



- Viscofan operates a product traceability system that enables us to identify, at any time and in full detail, the history of every unit and even sub-unit sold, from receipt of raw materials to product use by our customers. In Europe, Viscofan fully implements a food traceability system under Regulation (CE) 178/2002.



- To ensure that our product safety and food hygiene systems comply with requirements, our production processes are audited internally on a regular basis. Our production facilities are also continuously audited by the health authorities, numerous customers and certification authorities.

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This year, due to the mobility restrictions linked to COVID-19, our teams of professionals – both corporate and local – have had to implement some of these processes by coordinating remotely, and to conduct most of their audits online.

What's more, Viscofan has internationally distributed certifications for meat processors to endorse their suppliers and market their products in the main distribution chains around the world.

This year, due to the mobility restrictions linked to COVID-19, our teams of professionals – both corporate and local – have had to implement some of these processes by coordinating remotely,

and to conduct most of their audits online. These new circumstances have undoubtedly represented a challenge, which our teams have dealt with and managed superbly.

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

CERTIFICATIONS OF THE VISCOFAN GROUP

Country	Plant	Certifications	
		Food safety	ISO 9001
Spain	Cáseda	BRC Pack BRC Food (Fibrosa previsto in 2021)	✓
	Urdiain	BRC Pack	✓
Czech Republic	Ceske Budejovice	BRC Pack BRC Food	✓
Germany	Weinheim Alfhausen	BRC Food BRC Pack	✓
Serbia	Novi Sad	BRC Pack BRC Food	✓
Belgium	Hasselt	BRC Pack	✓
China	Suzhou	BRC Pack BRC Food	✓
Canada	Montreal Moncton Toronto	BRC Pack BRC Food FSSC 22000	
	Danville	BRC Pack	
USA	Montgomery	BRC Pack BRC Food	✓
	Kentland	SQF Level 2	
	New Jersey	FSSC 22000	
Mexico	San Luis Zacapu	BRC Pack BRC Pack	✓
Uruguay	Pando	BRC Food	✓
Brazil	Itu	BRC Pack BRC Food	✓
	Ermelino	BRC Pack	
Australia/New Zealand	Sidney (Bankstown)	Expected in 2021	✓

The Viscofan Group also has Halal and Kosher certifications. These certifications, referring to food products, are based on regulations that are key to servicing different markets and exploring new growth

opportunities. The Halal certification is specifically designed for products sold in Muslim countries and Islamic communities, while Kosher certification is a requirement for food consumption by the Jewish community.

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CUSTOMER SATISFACTION

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In 2020, a year of enormous global difficulty caused by the pandemic, we can say with gratitude and recognition towards all our professionals, that we have managed to maintain the excellent level of customer care and service that characterises Viscofan.

In 2020, a year of enormous global difficulty caused by the pandemic, we can say with gratitude and recognition towards all our professionals, that we have managed to maintain the excellent level of customer care and service that characterises Viscofan. The impossibility of travelling to our customers throughout the world has moved us to seek other ways of being present and of providing them with the care and service they require at all times. This has proved the company's ability to adapt and has earned us the trust of our customers. Customer satisfaction is, along with service quality and product safety, a fundamental objective for Viscofan. A commitment backed by what is reflected in an estimated 37% share of the artificial casing market that has placed their trust in our products in 2020.

In this sense, the sales team has a satisfaction evaluation system that allows them to directly obtain the opinion of

the customers by measuring mainly four parameters (Product Quality, Delivery Service, Economic Competitiveness and Technical Assistance). In the last wave of the survey, a total of 348 questionnaires were sent out and a result reflecting an 82 per cent satisfaction rate was obtained.

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



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is returned as a result of the complaints and compensations paid to customers.

In 2020, a total of 3,610* complaints were registered in our systems, including both service and administrative or product complaints, compared to 3,373 complaints in the previous year, and none were registered regarding customer data protection. A large part of the increase in complaints compared to 2019 is due to the increase in the volume and range of products and, also, to greater discipline and efficiency in the registration of complaints - especially those relating to technical and commercial management - which are more systematically registered and are added to those that are strictly speaking technical and for which the corporate management tool continues to be improved.

In addition, the Code of Conduct of the Viscofan Group establishes that "relationships with customers will be based on respect and transparency". Therefore, commercial messages fall within principles of transparency and veracity where no subjective comparisons

are made nor is information given when it conflicts with third-party rights. These procedural policies extend to all geographical areas where the Viscofan Group has a commercial presence. It must be highlighted that in 2020 no penalties or complaints were filed for breaches relating to marketing notices or to the labelling of products and services, nor were there any incidents related to violations of customer privacy or the loss of data.

In 2020, we received recognition for the Group's sustainability commitment from one of the largest global food groups, Sigma Alimentación which, following a process of assessment involving the management policies and systems of approximately 300 non-meat suppliers in six dimensions of sustainability, including health and safety in the workplace, anti-corruption, certifications, environment and the relationship with the community, Sigma wished to distinguish the "excellent performance" of Viscofan, awarding it the 2020 Excellence Prize for suppliers.

* Does not include those third-party products converted and distributed by Viscofan Globus Australia and New Zealand.



2.5 WORK MANAGEMENT

People are the differential value on which the future of Viscofan is built. Nearly 5,000 employees in 19 countries constitute an extraordinary human wealth. People management is key to achieving our goals and that is why we want to attract and develop the best team in the industry.



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MATERIAL ASPECTS

- *Creation of stable employment and quality*
- *Health, safety and well-being of in-house staff*
- *Occupational training and development*
- *Diversity, equal opportunities and non-discrimination*
- *Salary gap*

OUR COMMITMENT TO SDG



Decent work and economic growth

- *Ensure decent working conditions for all company employees, with non-discriminative hiring. In a context of economic crisis, our commitment to create employment continues, with net growth of 7.3%.*
- *We back the promotion and professional development of our teams, especially among young people. We inform employees of the opportunities and processes that arise at the company so that they can opt for new goals and challenges.*
- *We guarantee freedom of association and collective bargaining*
- *We create a stable working environment, supporting full-time permanent contracts, in a climate of respect and non-discrimination. More than 90% of our workforce have permanent contracts.*
- *We encourage youth employment through recruitment and internship programmes. Almost a third of our workforce is under 35, while internship programmes have risen by 30% in 2020.*
- *We have occupational health and safety management systems at all the company's factories. We set the target of reducing the accident rate by 50% by 2030.*
- *We maintain public-private partnerships with universities to carry out projects that contribute to sustainable economic growth.*

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HUMAN TEAM

Viscofan is made up of a large group of people who are spread across 19 countries in which the company has a presence and that reflect its marked international character. An multicultural, competitive, qualified team in constant training, which shares solid values and common ethical principles, despite having different cultures. In short, a rich and complex multicultural environment, which is both a challenge and an opportunity for the international development for all employees.

People

The average workforce at December 2020 stood at 4,967 employees, up 7.3% (339 employees) if compared with the average workforce reported in the previous year. It must be stressed that 4.2 p.p. of this increase relates to the inclusion in the 2020 scope of the workforce of Viscofan Collagen USA Inc. and Viscofan Collagen Canada Inc., which were acquired effective from 31 December 2019 and which represent 196 employees, the remaining 3.1 p.p. (143 employees) relate to the

increased workforce at the remaining subsidiaries.

At 2020 year-end, the workforce comprised 5,128 employees (up 8.8% on the workforce at 2019 year-end), of which 3,621 are men (3,332 in 2019) and 1,507 women (1,381 in 2019).

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

BREAKDOWN OF THE AVERAGE WORKFORCE BY COUNTRY AND THEIR COVERAGE BY COLLECTIVE AGREEMENTS

Average workforce by country	2020				2019			
	Men	Female	TOTAL	% covered by collective agreement	Men	Female	TOTAL	% covered by collective agreement
Spain	614	202	816	68%	586	185	771	66%
Czech Republic	365	279	644	100%	363	273	636	100%
Germany	371	204	575	100%	317	178	495	100%
Serbia	473	73	546	82%	487	74	561	84%
Belgium	202	138	340	0%	206	136	342	0%
United Kingdom	59	15	74	30%	63	15	78	40%
France	63	10	73	100%	64	10	74	100%
Russia	11	6	17	0%	12	6	18	0%
China	10	3	13	0%	10	3	13	0%
Thailand	5	8	13	0%	4	8	12	0%
Australia	5	7	12	100%	6	3	9	100%
New Zealand	4	2	6	0%	4	2	6	0%
Europe and Asia	2,182	947	3,129	74%	2,122	893	3,015	74%
Canada	428	210	638	52%	311	178	489	46%
United States	429	84	513	73%	420	84	504	72%
Mexico	65	39	104	0%	34	9	43	0%
North America	922	333	1,255	56%	765	271	1,036	57%
Brazil	340	144	484	100%	340	143	483	100%
Uruguay	71	15	86	95%	67	13	80	95%
Costa Rica	7	6	13	0%	7	7	14	0%
Latin America	418	165	583	97%	414	163	577	97%
TOTAL	3,522	1,445	4,967	72%	3,301	1,327	4,628	73%

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

In 2020, however, the tendency to travel, characteristic of Viscofan, was conditioned by the global situation. International mobility within the Group remained stable, with an average of 43 employees that participated in international projects and which were posted abroad for a long duration (39 in 2019). Most short trips, however, were suspended or postponed, in line with the travel guidelines and the travel restrictions set by the company.

Faced with this scenario, Viscofan reinforced investment in technology and new digital tools to overcome the travel restrictions and reduce the risk and the economic and environmental costs associated therewith. Connectivity and remote working suddenly imposed on many companies in the industry due to the pandemic were successfully extended in the case of Viscofan to a significant number of employees, where possible, facilitating business continuity and factory operations.

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

Age

The potential of our team is based on young talent and experience. The average age of the workforce is 42 years, as in 2019. Of the total average workforce, 31% are people under 35 years old, 42% are between 35 and 50 years old, and 27% are over 50 years old.

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

AVERAGE WORKFORCE BY AGE

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Between 17 and 34 years	1,065	479	1,544	1,026	469	1,495
Between 35 and 50 years	1,440	642	2,082	1,341	569	1,910
More than 50 years	1,017	324	1,341	934	289	1,223
TOTAL	3,522	1,445	4,967	3,301	1,327	4,628

AVERAGE WORKFORCE BY AGE AND CONTRACT TYPE

	2020			2019		
	Perma- nent contract	Temporary contract	TOTAL	Perma- nent contract	Temporary contract	TOTAL
Between 17 and 34 years	1,273	271	1,544	1,278	217	1,495
Between 35 and 50 years	1,961	121	2,082	1,817	93	1,910
More than 50 years	1,312	29	1,341	1,202	21	1,223
TOTAL	4,546	421	4,967	4,297	331	4,628



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Recruitment

Our business model has a marked industrial character: about 51% of the people working in Viscofan are operators and 18% are specialised personnel. Within this industrial context, Viscofan

is committed to stable and quality employment, with nearly 92% of the workforce working on a permanent contract and over 98% on a full-time basis.

AVERAGE WORKFORCE. CONTRACT TYPE

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Permanent contract	3,238	1,308	4,546	3,083	1,214	4,297
Temporary contract	284	137	421	218	113	331
TOTAL	3,522	1,445	4,967	3,301	1,327	4,628

AVERAGE WORKFORCE. WORKDAY TYPE

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Full-time contract	3,480	1,407	4,887	3,255	1,300	4,555
Temporary contract	42	38	80	46	27	73
TOTAL	3,522	1,445	4,967	3,301	1,327	4,628

AVERAGE WORKFORCE BY CATEGORY

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Directors	104	18	122	99	18	117
Technicians and supervisors	875	333	1,208	824	299	1,123
Administratives	57	178	235	53	178	231
Specialists	670	216	886	637	209	846
Labourers	1,816	700	2,516	1,688	623	2,311
TOTAL	3,522	1,445	4,967	3,301	1,327	4,628



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AVERAGE WORKFORCE BY CATEGORY AND CONTRACT TYPE

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Directors	120	2	122	113	4	117
Technicians and supervisors	1,173	35	1,208	1,080	43	1,123
Administratives	223	12	235	217	14	231
Specialists	813	73	886	785	61	846
Labourers	2,217	299	2,516	2102	209	2,311
TOTAL	4,546	421	4,967	4,297	331	4,628

AVERAGE WORKFORCE BY CATEGORY AND TEMPORARY WORKDAY

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Directors	1	0	1	1	0	1
Technicians and supervisors	11	7	18	7	5	12
Administratives	2	9	11	1	5	6
Specialists	5	7	12	8	7	15
Labourers	23	15	38	29	10	39
TOTAL	42	38	80	46	27	73

AVERAGE WORKFORCE BY AGE AND TEMPORARY WORKDAY

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Between 17 and 34 years	6	8	14	9	4	13
Between 35 and 50 years	11	15	26	11	12	23
More than 50 years	25	15	40	26	11	37
TOTAL	42	38	80	46	27	73

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

Viscofan aspires to be a company where the talent of its employees can develop

and reach the highest level. In this sense, several of its corporate directors have been recognised with awards for the best professional career, as is the case of the Group's Financial Director and R&D Director.

Also, Viscofan has 985 employees with university degrees (959 in 2019), of which 42 had a doctorate (40 employees in 2019). A very high level of training that demonstrates Viscofan's rigorousness and the means used to achieve excellence in production and maintain the levels of innovation necessary in our activity.



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EQUALITY AND WORK-LIFE BALANCE

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

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

% AVERAGE WORKFORCE BY GENDER AND CATEGORY

	2020		2019	
	Men	Female	Men	Female
Directors	85.2%	14.8%	84.6%	15.4%
Technicians and supervisors	72.4%	27.6%	73.4%	26.6%
Administratives	24.3%	75.7%	22.9%	77.1%
Specialists	75.6%	24.4%	75.3%	24.7%
Labourers	72.2%	27.8%	73.0%	27.0%
TOTAL	70.9%	29.1%	71.3%	28.7%



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Promotion of female talent and professional development

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

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Viscofan's work centres contribute to human development, basing themselves on a culture and shared values, and where they offer conditions that facilitate collective talent, the exchange of ideas, innovation, contrasted opinions and shared initiatives

The Viscofan Group has formed a Corporate Conciliation Committee, reporting to the Appointments, Remuneration and Sustainability Committee, which aims to analyse opportunities and follow up initiatives that facilitate a work-life balance. This Committee met twice in 2020 (twice in 2019), where it has analysed the tendency of the workforce by gender, monitoring the universal leave approved last year for the birth of children and the death of spouses and children, even in countries whose legislation does not provide for this and in which no policies for work disconnection were approved last year.

In this area, in 2020, the II Equality Plan was extended at Viscofan, S.A., with which improvements are proposed and the objectives to achieve equality and a work-life balance are set. Through the GEW (Gender Equality in the Workplace) process, the plan has centred on four main areas: Leadership; Policy and Strategy; People; Process management and Relationship with the environment, so that a specific action plan is in place for each of them to date. For the diagnosis prior to the III Equality Plan (2021-2024), since the end of 2020, unbundled data is being collected by gender, in line with the new Spanish legislation in force RD901 and RD902.

Viscofan's work centres contribute to human development, basing themselves on a culture and shared values, and where they offer conditions that facilitate collective talent, the exchange of ideas, innovation, contrasted opinions and shared initiatives. However, the pandemic has led to a rapid transformation to ensure health and an adequate work-life balance in a strict lockdown situation; accordingly, in many countries, Viscofan adopted extraordinary flexibilisation and work-life balance measures, reducing working hours and providing leave to take care of minors or dependent people, among others.

In Germany, the work-life balance measures of Naturin Viscofan GmbH, were recognised with the "Berufundfamilie" certificate, which acknowledges the best family work-life balance policies at companies in that country.

In addition, in order to promote and improve management in this area, the Viscofan Group participates as a Collaborating entity and a member of the Management Committee of the Observatory of Conciliation and Joint Responsibility at Comillas Pontifical University.

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EMPLOYMENT AND REMUNERATION



Average workforce

+7.3%
in 2020

+339
people

Workers are a key part of the MORE TO BE strategic plan. Their commitment, constantly evolving work and improvement are a clear competitive advantage for the Group.

During the early years of MORE TO BE, the workforce was increased, due to the need to implement the new capacity and technology

at different plants, particularly plant 4 in Cáseda, Spain. In addition, improvements in efficiency and productivity have reduced the need for personnel at other Group plants. This year, in an adverse global context due to the impact of COVID-19 and an increased workforce following the company's latest acquisitions, company earnings remained stable.

AVERAGE WORKFORCE AND PRODUCTIVITY EVOLUTION

	2020	2019**	2018*
Average workforce	4,967	4,628	4,641
Revenue in Mn €	912	850	784
Revenue per employee (thousand €)	183.6	183.6	169.0

* Excludes Globus

** Excludes personnel of Viscofan Collagen USA Inc and Viscofan Collagen Canada Inc,

The average workforce increased by 7.3% in 2020 as opposed to 2019, situating the net variation in employment* at 339 people. The breakdown by category, age and gender in 2020 as opposed to 2019 is as follows:

AVERAGE WORKFORCE NET CHANGE

Breakdown by age	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Between 17 and 34 years	39	10	49	-20	-45	-65
Between 35 and 50 years	99	73	172	6	18	24
More than 50 years	83	35	118	22	6	28
TOTAL	221	118	339	8	-21	-13

Breakdown by category	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Directors	5	0	5	7	1	8
Technicians and supervisors	51	34	85	-8	36	28
Administratives	4	0	4	-2	2	0
Specialists	33	7	40	26	-3	23
Labourers	128	77	205	-15	-57	-72
TOTAL	221	118	339	8	-21	-13

*The net variation in employment is calculated as the difference between the 2020 average work force and 2019 average work force

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The importance of these stakeholders - the employees - can be seen in the generated and distributed resources table. In 2020, employees received €194 million of the total value generated by the Group (€180 million in 2019).

The importance of these stakeholders - the employees - can be seen in the generated and distributed resources table. In 2020, employees received €194 million of the total value generated by the Group (€180 million in 2019).

The necessary training in the production process, the strategies for creating long-term value, and the high level of commitment of the people who make up our team are

reflected in the voluntary redundancy rate of the average workforce for 2020, which stands at 2.9% (3.0% in 2019).

The Group's business activity requires adapting to various market needs in the different locations, under criteria of competitiveness and efficiency, which in some cases, requires workforce reductions. The breakdown of average dismissals by category, age and gender is as follows:

AVERAGE WORKFORCE DISMISSALS

Breakdown by category	2020	2019
Directors	1	1
Technicians and supervisors	10	7
Administratives	4	5
Specialists	9	10
Labourers	44	33
TOTAL	68	56

Breakdown by age	2020	2019
Between 17 and 34 years	32	29
Between 35 and 50 years	25	18
More than 50 years	11	9
TOTAL	68	56

Breakdown by gender	2020	2019
Men	18	46
Female	50	10
TOTAL	68	56



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Remuneration

The contracting policy of the Viscofan Group is based on objectivity, equal opportunities and training, and one of its aims is to favour gender diversity, among other aspects. This implies competitive remuneration, adapted to the capacities and competences of the different profiles

required according to the industrial or commercial process, and also according to the realities of the multitude of countries in which Viscofan is present.

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

AVERAGE COMPENSATION (€)

Breakdown by category	2020	2019
Directors	134,992	134,636
Technicians and supervisors	44,547	42,414
Administratives	31,125	30,933
Specialists	24,924	23,358
Labourers	24,217	22,418
TOTAL	32,338	30,712

Breakdown by age	2020	2019
Between 17 and 34 years	21,845	19,571
Between 35 and 50 years	30,173	30,328
More than 50 years	48,282	43,929
TOTAL	32,338	30,712

The contracting policy of the Viscofan Group is based on objectivity, equal opportunities and training, and one of its aims is to favour gender diversity, among other aspects.

Average remuneration increased by 5% over the previous year. This increase was due to a rise in the technical staff and workers in countries in which the Group has a presence that have a higher-than-average salary range, as is the case of Spain, Canada and the USA, from which 75% of the increase in the average workforce in 2020 originated.

wage gap, understood as the difference between the average hourly remuneration for men and women and the average hourly remuneration for men stands at 28.7% (27.4% in 2019), with the average remuneration for the Group being €32,338 (€30,712 in 2019): €35,453 for men (€33,531 in 2019) and €24,887 for women (€23,688 in 2019).

Within the area of remuneration, about 72% of the company's employees are covered by general collective bargaining agreements, therefore improving the minimum conditions set by different labour legislations. Collective Bargaining Agreements regulate the remuneration received by the workers who sign them, and in particular establish criteria of equity between similar jobs, thus avoiding gender discrimination and the wage gap between equivalent jobs. However, the mathematical calculation of the gross

This gross wage gap is similar to that of other industrial companies. The analysis of the reported gross wage gap identified a multitude of factors, from the gender composition of the Group, to its geographical presence, the different distribution among posts, their level of specialisation, the night shifts for a continuous production process of 24 hours, danger bonuses, seniority, etc. which are in line with the industrial context, the composition of the workforce and the historical trajectory of the Viscofan Group.

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COUNTRY MINIMUM WAGE VS. MINIMUM PAID IN COUNTRY (% DIFFERENCE OVER MINIMUM SALARY)

Spain	99%
Czech Republic	21%
Germany	82%
Serbia	6%
Belgium	50%
United Kingdom	49%
France	17%
Russia	1451%
China	51%
Tailand	168%
Australia	36%
New Zealand	7%
Canada	0%
USA	62%
Mexico	132%
Brazil	78%
Uruguay	10%
Costa Rica	34%

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

In 2020 Viscofan set up the adjusted wage gap spread KPI to monitor possible gender pay differences within the Group. This indicator is calculated as the weighted average of the mean of the difference in hourly wages received by men versus to the hourly wage received by women with respect to the hourly wage received by men in the different internal categories of the Viscofan Group in each of its companies, excluding those categories in which there is no representation of either of the two genders. This calculation places the Viscofan Group's adjusted wage gap at 10.9% in 2020.

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

or within a succession plan. In turn and in line with the new legislation in Spain, the calculation of the adjusted salary gap was developed considering equivalent posts. The expected process will conclude in mid-2021.

The individual remuneration of all members of the Board of Directors is detailed in note 23 of the company's consolidated financial statements, in accordance with the remuneration policy of the Board, as shown in the Remuneration Report available on the company's website, www.viscofan.com

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



*Remuneration Report
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Training

21.7
hours/employee
107,609
hours

PROFESSIONAL DEVELOPMENT

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

Continuous training is one of Viscofan's primordial goals for its personnel, thereby boosting personal and professional development. With this aim, the team received more than 107,609 training hours in 2020 (130,668 hours in 2019), an average of 21.7 hours per employee (28.2 hours in 2019). A considerable amount of the training was provided through e-learning platforms, both at corporate and local level, which enabled training activities to be continued that could not be provided on a face-to-face basis. Despite this, the total number of hours dropped by 17.6% with respect to the previous year.

For this commitment to human capital training, the group has invested €2.3 million (€2.6 million in 2019), of which €0.5 million (€0.8 million in 2019) correspond to training and explicit awareness in health and safety (more information in the workplace safety section).

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

TRAINING

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Number of hours	68,751	38,858	107,609	90,170	40,498	130,668
Average number	19.5	26.9	21.7	27.3	30.5	28.2
% employees who have received training	91.0%	91.3%	91.4%	92.4%	92.9%	92.5%



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Training in Human Rights

USE OF NON-SEXIST
LANGUAGE, CORPORATE
SOCIAL RESPONSIBILITY,
GENDER EQUALITY AND
SEXUAL HARASSMENT

4,056
hours

Within the training plan, subjects related to aspects of human rights have been addressed, such as the use of non-sexist language, corporate social responsibility, gender equality and sexual harassment, for a total of 4,056 hours, compared to the 2,163 hours invested in 2019.

Training is carried out according to the skills and abilities of the people who make up the Viscofan Group and the needs of the job, and there is no record of the professional category in all the Group's companies that carry out training.

TRAINING. NUMBER OF HOURS BY CATEGORY

	VISCOFAN GROUP 2020		
	Men	Female	TOTAL
Directors	1,254	317	1,571
Technicians and supervisors	14,338	5,216	19,554
Administratives	615	2,412	3,027
Specialists	6,146	3,489	9,635
Labourers	46,398	27,424	73,822
TOTAL	68,751	38,858	107,609

In order to assist in the comparability of the information below, the number of training hours by category that have been carried out in Spain, the headquarters of the corporate group, is broken down

as follows: It is observed that the fall in the number of training hours occurred in virtually all professional categories on a widespread basis due to the difficulties caused by the pandemic.

TRAINING. NUMBER OF HOURS BY CATEGORY

	Viscofan Spain - 2020			Viscofan Spain - 2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Directors	597	208	805	760	154	914
Technicians and supervisors	5,431	3,038	8,469	6,136	2,876	9,012
Administratives	103	907	1,010	13	1,283	1,296
Specialists	1,009	304	1,313	1,112	345	1,457
Labourers	2,723	712	3,435	2,504	638	3,142
TOTAL	9,863	5,169	15,032	10,525	5,296	15,821

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Looking towards promoting employment, the Group also fosters participation in the main universities of the countries in which it carries on its activities. in 2020 there were an average of

70
internships

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

Looking towards promoting employment, the Group also fosters participation in the main universities of the countries in which it carries on its activities. Within the objective of attracting and developing talent, in 2020, there were an average of 70 internships (55 in 2019).

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

In 2020, 41% of the Group's staff was subject to a performance assessment process, compared to 43% the previous year.

In line with the development of a high-performance culture, in 2020, Viscofan concluded the initial analysis within a project to define and implement a more digital and collaborative work space throughout the whole Group, Viscofan's "Modern Workplace". Through a global survey and multiple participative sessions, it was possible to identify a series of innovative solutions that adapt to the different user profiles at Viscofan (personnel at offices, at the factory or commuting), and which will enable the teams to work more effectively thanks to the adoption of new tools, platforms and work methodologies.

The Group promotes evaluation bilaterality through pluri-annual global opinion surveys (Viscofan Opinion Survey). In 2018, the third opinion poll of the Viscofan Group was conducted, with 70% of employees from around the world taking part, to learn more about our strengths and our areas of improvement. As strong points, workers pointed out quality and customer service and sustainable commitment. Certain aspects in need of improvement were also detected, such as remuneration, internal communication and the development of careers and training, on which the Group is developing initiatives, as mentioned above.

PERFORMANCE ASSESSMENT

	2020				2019			
	Men	Female	TOTAL	% average workforce	Men	Female	TOTAL	% average workforce
Directors	80	13	93	76%	95	15	110	94%
Technicians and supervisors	497	191	689	57%	479	168	647	58%
Administratives	27	72	99	42%	27	76	103	45%
Specialists	215	109	324	37%	209	92	301	36%
Labourers	576	274	850	34%	527	283	810	35%
TOTAL	1,395	660	2,055	41%	1,337	634	1,971	43%

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OCCUPATIONAL SAFETY

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Viscofan works with the belief that it is possible to avoid occupational accidents. Hence, it not only ensures that its facilities are safer, but also that its staff throughout the whole Group are aware of the fundamental importance of safety issues. A reality that was doubly imposed in 2020, due to the urgent need to protect the teams at all locations at which Viscofan is present and to ensure strict compliance with the prevailing safety measures with respect to COVID-19.

Corporate workplace safety policies are the responsibility of the Environment Health and Safety (EHS) department, working in close partnership with the corporate and local Human Resource departments. To a large extent, this coordination has enabled the immediate application at all subsidiaries of the safety measures and protocols to prevent and minimise cases of COVID-19 among the workforce, and which has permitted Viscofan to maintain its production activities at its factories, without ceasing to supply the food industry in a moment of special need.

As a highlightable aspect, in 2020, a Crisis Management Committee was created at corporate level, led by Management, which was subsequently replicated at all the factories to guarantee the health and safety of workers and the continuity of the supply chain. In addition, measures and investments continued to be made to improve the employment conditions of our workers and to obtain reliable and consistent indicators to measure and compare performance in the various countries in which the Group operates. The best health and safety practices are thereby extended to the production centres.

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

At the same time, the participation of workers in health and safety matters is guaranteed in all plants through health and safety committees - in which the company's actions in terms of risk prevention are regularly and periodically consulted - , suggestion boxes, as well as other established communication channels.

New occupational health and safety policy guidelines

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



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In 2020, two workers died in a blaze at an office area of our facilities in Novi Sad (Serbia). An investigation into the causes of the fire has been carried out and a report has been generated with proposals for improvements and recommendations on which work is ongoing. As a result of this accident, the safety protocols have been reviewed and the facilities have been checked.

A reduction in the ratio of the severity of accidents at work has also been set as an objective within the long-term variable remuneration plan for Viscofan's senior management and key personnel, reflecting the number of hours lost due to accidents among the total number of hours worked.

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

	2020	2019	2018
Hour lost per accident	31,257	20,682	32,864

HEALTH AND SAFETY INDICATORS OF THE VISCOFAN GROUP

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Hour lost per accident	116	31	147	129	23	152
Number of professional diseases	5	1	6	2	2	4
Work-related accidents. Frequency ¹	17.3	12.3	16.0	19.7	9.5	16.9
Accident rate ²	0.38%	0.18%	0.33%	0.23%	0.23%	0.23%
Absenteeism index ³	4.2%	5.2%	4.5%	3.3%	5.2%	3.8%
Severity index ⁴	0.47	0.23	0.41	0.29	0.29	0.29

1. Number of accidents occurred per million hours worked

2. Number of hours lost by accident divided by the total number of hours of work

3. Number of hours lost due to sick leave and accident divided by the total number of hours worked

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



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

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

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

includes basic prevention measures that have to be adopted in the workplace, or the importance of day-to-day heart-healthy habits, the role of middle-level management and the improvement of its leadership in safety.

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

HEALTH AND SAFETY TRAINING

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Number of hours	16,695	4,294	20,989	19,871	4,939	24,810
Average hours per employee	4.7	3.0	4.2	6.0	3.7	5.4
% of employees who have received training	75%	64%	72%	75%	67%	73%

Within the improvements in the area of occupational health and safety, noteworthy in 2020 was the commencement of a fire protection project in Pando (Uruguay) for 2020-2022, as well as the continuation of investments at plants in Weinheim (Germany) and Cáseda (Spain).

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

Viscofan, within a period of scarcely two years, almost half of our factories have been certified in line with these new regulations.

The process of migration to ISO 45001 certification continued in 2020, highly conditioned by the global pandemic. The success of this process in at least five of the remaining eleven plants and at another two that are awaiting an audit assessment demonstrate the high degree of commitment and effort by the work teams in the different countries in which the Group has a presence. Migration at the remaining plants is expected to end in the first months of 2021, while the certification process continues at the plants included in the latest acquisitions, in Bankstown (Australia) and Bridgewater (USA).



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The breakdown of the Group's plants that now have these certificates is as follows:

CERTIFICATIONS OF THE VISCOFAN GROUP

Country	Plant	Certification	
Spain	Cáteda	ISO 45001	✓
	Urdiáin	ISO 45001	✓
Czech Republic	Ceske Budejovice	ISO 45001	✓
Germany	Weinheim	ISO 45001	✓
Serbia	Novi Sad	ISO 45001	✓
Belgium	Hasselt	ISO 45001	✓
China	Suzhou	ISO 45001	✓
	Danville	ISO 45001* Expected certification in the third quarter 2021	*
	Montgomery	ISO 45001* Expected certification in the first quarter 2021	*
Mexico	Kentland	ISO 45001	✓
	San Luis	OHSAS 18001	✓
Uruguay	Zacapu	OHSAS 18001	✓
	Pando	ISO 45001	✓
Brazil	Itu	OHSAS 18001	✓
	Ermelino	OHSAS 18001	✓

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2.6 ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

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

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

MATERIAL ASPECTS

- *Greenhouse gas emissions*
- *Energy transition*
- *Responsible management of the end-to-end water cycle*
- *Circular economy*
- *Ecoefficiency of operations*
- *Climate change management*

OUR COMMITMENT TO SDG



Climate action

- *We invest in technologies in the search for decarbonisation, such as the installation of energy equipment with the capacity to use green hydrogen at Cáteda.*

Responsible consumption and production

- *Viscofan invests in technologies that enable production with less production waste, and it also seeks to reduce the intensity of waste at landfills.*

Clean water and sanitation

- *We carry out a sustainable management of water by investing in technology with reduced water withdrawal requirements.*
- *We invest in water purification facilities to improve discharge quality.*

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Environmental management

The Group has a Sustainability Action Plan for the period 2019-2021, which seeks to promote the development of a culture of best sustainability practices, especially in the area of environment, with commitments for 2030 to **reduce waste and CO₂ emissions per metre produced.**



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Governance and strategy

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

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

This Committee promotes and supervises compliance with environmental sustainability policies, overseeing their improvement and that they take into account the legitimate interests of the stakeholders.

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

It is a mainstream committee comprising the Group's CEO, the General Manager of Spain, the Chief Operations Officer, the Chief Commercial Officer, the Chief Human Resources Officer, the Chief Legal Officer and the Chief Investor Relations and Communication Officer.

Moreover, management of environmental matters at Group level is the responsibility of the Corporate Environment, Health and Safety (EHS) Department, which reports to the Operations Department

and is responsible for coordinating and supervising EHS matters at all the Group's production plants.

Climate change management is regulated in the Climate Change Policy, approved by the Board of Directors in 2020, and which demonstrates the Group's commitment to this huge environmental problem, establishing its undertaking to control greenhouse emissions, energy efficiency and to a business strategy related with the development of alternative energy sources.

Furthermore, the internal climate change regulations complemented by the Environmental Policy, approved by the Board of Directors in 2020, stipulate that the Group's measures must be adopted with respect for the environment, which means incorporating sustainable development criteria in all areas of activity, guaranteeing the efficient management of natural resources and minimising the undesirable effects of the Group's activities.

In addition, the Group has a Sustainability Action Plan for the period 2019-2021, which seeks to promote the development of a culture of best sustainability practices, especially in the area of environment, with commitments for 2030 to reduce waste, water withdrawal and CO₂ emissions per metre produced.

To attain long-term goals and control climate-related matters, Viscofan has quarterly environment indicators and each Group factory reports its main environmental indicators to central headquarters, such as energy, water and raw materials consumption and waste production. This information is used to calculate the whole Group's carbon footprint and compliance with its environmental objectives.

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Climate change risks

Climate change is a risk identified in the Global Risk Map, since its implications may hinder the achievement of long-term objectives and the creation of value for stakeholders.

The main climate change implications for Viscofan are as follows:

- Around 40% of the casing market is located in emerging countries, which have a huge dependence on agriculture, so climate change represents a risk that may cause economic crises and hunger, thereby hindering the development of Viscofan's market.
- Meteorological or climate phenomena as a result of climate change, such as droughts or floods, which hinder access to water in our production process or to other resources, increase raw material prices or affect Viscofan's infrastructures, transportation and installations in the world.
- Water quality crisis, which reduces the potential economic growth in highly polluted areas, and endangers human and environmental well-being.
- For an energy-intensive company such as Viscofan, the measures implemented in the fight against climate change as regulatory changes, the increased price of CO₂ emission allowances, taxes or energy legislation may affect the Group's earnings. Also, the intensity of Viscofan's emissions may generate a negative perception and reduce the Group's appeal among stakeholders such as customers, investors and employees.

Climate change opportunities

Viscofan's integral risk management system assesses and monitors the risks and their tendency, taking the necessary management measures which, aside from mitigating the risk, may generate opportunities. The main opportunities identified are as follows:

- The development and promotion of a circular economy may make the use of natural or recycled casings preferable, in which Viscofan is the market leader with respect to other synthetic casings.
- Possibility of being pioneers in an energy optimisation process in the quest towards decarbonisation. In this vein, Viscofan, in collaboration with energy companies and public bodies in Spain, is promoting the development of green hydrogen as a source of sustainable renewable energy for the industry.
- Promotion of a more sustainable food industry. Processes enabling the extension of the useful life of products and energy efficiency that reduces CO₂ emissions at customers.
- Use of our know-how in the diversification of products based on biomaterials for uses beyond the casing market.



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



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Resources allocated

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

Management systems

Environmental. ISO 14.001

We are working to attain this environmental management certification at all our production plants. Currently, more than 60% of the plants have this certificate (excluding the acquisitions

made in the strategic period, 86% of the Group's plants have this certificate).

In 2020, the Danville and Montgomery plants in the United States made progress in the certification process of their environmental management systems with regard to such regulation, with said certificate expected to be obtained in the first half of 2021. Likewise, the process at the New Jersey plant, acquired in December 2019, is expected to be performed in 2021.

The breakdown of the Group's plants with ISO 14001 certificate is the following:

CERTIFICATIONS OF THE VISCOFAN GROUP

Country	Plant	ISO 14.001
Spain	Cáseda	✓
	Urdiain	✓
Germany	Weinheim	✓
Serbia	Novi Sad	✓
Czech Republic	Ceske Budejovice	✓
Belgium	Hasselt	✓
	Kentland	✓
USA	Danville	2021e
	Montgomery	2021e
Mexico	Zacapu	✓
	San Luis Potosi	✓
Brazil	Itu	✓
	Matarazzo	✓
Uruguay	Pando	✓
China	Suzhou (2 Plants)	✓
Australia	Sydney	✓
New Zealand	Wellington	✓

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Environmental investment in 2020

9.2
million €

ISO 50.001 energy efficiency certificates

The Cáseda and Weinheim plants have an ISO 50.001 standard certificate, enabling the plants to improve their efficiency, energy costs and greenhouse emissions. In 2021, a project is envisaged at the Ceske Budejovice plant in the Czech Republic to obtain this certificate.

Other certificates

In 2020, the Ceske Budejovice plant in the Czech Republic obtained the ISCC Plus certificate for plastic casings. This certification system ensures the sustainability of raw materials and products for diverse markets.

Environmental investment

Part of Viscofan's industrial asset base relates to environmental management, seeking the best available technology in the management of water, energy and waste, among others. Hence, at the end of December 2020, the gross value of this type of asset was €57.3 million (€54.2 million at 31 December 2019).

Viscofan continues to improve environmental management and with this

objective in mind, in 2020, it increased investment in this area with €9.2 million (€6.5 million in 2019), representing 16% of the Group's total investment. The most relevant investments in this area in 2020 are: the installation of co-generation engines with green hydrogen capacity in Cáseda (Spain), the improvement of water purification in Cáseda and Pando (Uruguay), and the installation of a system for improved energy management in Weinheim (Germany).

There is more information about the economic resources allocated to the protection of the environment in note 25 of the consolidated annual accounts.

Environmental training

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



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RESPONSIBLE ENERGY MANAGEMENT

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



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Casing production is an on-going process all year round that requires a lot of heat, especially in the drying processes of casings. The main energy input used in the process is natural gas, electricity and steam. The reduction in energy consumption with new technologies and the availability of renewable energy sources are essential aspects of Viscofan's undertaking to contribute to climate change protection and, hence, Viscofan works on three main axes:

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- **Development and investment in more efficient production technologies:** As far as possible, Viscofan invests in improvements to reduce energy consumption and to make the most of the different ways in which this energy is present in our processes. Viscofan's strategy for reducing overall CO₂ emissions includes a more efficient heat use even in the effluents from our production processes, or replacing systems requiring high amounts of energy with more efficient systems. Specifically, the Viscofan Group has cogeneration plants that allow greater efficiency from an environmental point of view with savings in CO₂ emissions, cost savings and which ensure the continuity of the energy supply. These facilities are located in Cáseda (Spain), with an installed capacity of 48MW; in Weinheim (Germany), with 8.7MW and, in the case of Mexico, the 0.6MW turbine was withdrawn due to its reduced efficiency.

- **Fostering the development of technologies that help to combat climate change:** In the current technological state, the most efficient way to generate energy to produce casings is on the basis of natural gas combustion. Within its decarbonisation plan, Viscofan boosts collaboration with public bodies and companies in the energy sector to develop green hydrogen capacities as a source of energy in the future casing production process. In this vein, the first investments of energy equipment with the capacity to use this renewable energy have already been made at the Cáseda plant.

- **Viscofan promotes the use of renewable energy:** In 2020, 100% of acquired electricity in Spain (Cáseda, Tajonar and Urdian), 100% at the San Luis Potosi plant in Mexico, and 50% at the Zacapu plant in Mexico, come from renewable sources.

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



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Energy consumption

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

Energy consumption	2020	2019	2018
Gigavatt-hour (GWh)	2,371	2,294	2,276

Energy intensity. Base 100 year 2018	2020	2019	2018
Consumption in GWh /Meters produced	94	102	100

In 2020, internal energy consumption increased by 3.4% with respect to 2019 in a context of increased production activity. Viscofan's energy consumption in 2020 was broken down into:

However, the consolidation of energy optimisation projects in previous years and the implementation of new projects enables Viscofan to grow in terms of revenue and production, reducing its energy intensity. Noteworthy is the new fibrous and cellulose casing production technology in Cáseda.

FOSSIL FUELS

2,008

GWh,
100% NATURAL GAS

ELECTRICITY ACQUIRED

359 GWh, OF THIS

34% ORIGINATES FROM
RENEWABLE ENERGY OR
FROM THE CONSUMPTION
OF IN-HOUSE
COGENERATION PLANTS.

STEAM
ACQUIRED

4
GWh

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Emissions

The breakdown of direct and indirect CO₂ emissions and their intensity is as follows:

CO ₂ Emissions Tn	2020	2019	2018
Direct	397,959	386,221	378,128
Indirect	165,228	154,580	164,138
TOTAL	563,188	540,801	542,266

Base 100 year 2018	2020	2019	2018
CO ₂ Emissions intensity	94	101	100

Others Emissions Tn	2020	2019	2018
NOX	713	657	643
SOX	29	32	n.d.

RELATIVE EMISSION INTENSITY ON REVENUES

Million €	2020	2019	2018
Revenue	912.2	849.7	786.0

	2020	2019	2018
CO ₂ Emissions	617.4	636.5	689.9
NOX	0.78	0.77	0.82
SOX	0.03	0.04	n.d.

Absolute CO₂ emissions may be affected by the variation in the product family and geographical production mix, and the inclusion of new companies in the consolidation scope.

They may also feel the impact of the availability and production of electricity from cogeneration engines. As a whole, the engines enable the company to avoid CO₂ emissions, since they enable electricity to be produced in a more

efficient fashion, and one part is used internally and another is sold in the grid.

In 2020, direct and indirect emissions increased due to the rise in production; however, their intensity on the extruded metres is reduced due to the consolidation of the energy optimisation projects carried out in previous years and the implementation of new projects. Noteworthy was the new fibrous and cellulose casing production technology in Cáseda.

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Main projects in 2020

Within the commitment to reduce the intensity of CO₂ emissions and the on-going search for efficient operations, the following projects were carried out:

In 2020, two cogeneration engines were installed in Cáseda with increased efficiency from an energy and environmental standpoint. The new energy equipment replaces part of the existing equipment and has the ability to use green hydrogen, a renewable energy that still cannot be employed in an efficient on-going manner. However, within its commitment to fight against climate change, Viscofan wishes to boost its development with investments and is cooperating with government entities and energy sector companies.

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

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

At the converting plant in Suzhou (China), a new boiler was installed which works with electricity as opposed to the former boiler that required fossil fuel, thereby enabling the plant's energy requirements to be met with fewer CO₂ emissions.

Within the Group's objective is to promote the use of renewable energy - in 2020, in Mexico, all energy consumed at the San Luis Potosí plant and 50% of the energy consumed at the Zacapu plant was generated from renewable sources. Likewise in 2020, electricity from the centres located in Tajonar, Cáseda and Urdiain, was classified as green energy, which means that 100% of this energy was of a renewable origin and of high efficiency co-generation. Also, in 2020, solar panels began to be installed at the Urdiain converting plant (Spain). Hence, in total, 34% of the electricity acquired by Viscofan originates from renewable energy sources.





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Emission savings:

Electricity production through co-generation

In 2020, Viscofan avoided the emission of CO₂ into the atmosphere by using cogeneration compared to that theoretically emitted to produce the steam obtained in cogeneration using conventional boilers, at the plants in Cáseda (Spain) and Weinheim (Germany). Below is a detail of the equivalent tonnes of CO₂ avoided:

Thanks to co-generation installed, it is worth noting that over the last 10 years, the Viscofan Group has managed to avoid the emission of nearly one million tonnes of CO₂ into the atmosphere.

1 million CO₂ tonnes avoided in 10 years thanks to co-generation

	2020	2019	2018
CO ₂ avoided by energy optimization	90,449	90,531	91,715

2030
Commitment

To reduce the intensity of CO₂ emissions

As signatory member of the United Nations Global Compact, Viscofan is committed to SDG 13. Climate action. This commitment has been materialized with a long term-target (2030) of a 30% reduction in scope 1 and 2 CO₂ emissions over a million extruded metres with respect to 2018.

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

Base 100 year 2018	Commitment 2030	2020	2019	2018
CO ₂ emissions scope 1 and 2 / Extruded meters	70	94	101	100



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RESPONSIBLE MANAGEMENT OF THE END-TO-END WATER CYCLE



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

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

At Viscofan, during the production of casings, 20% of the water withdrawal is evaporated, is incorporated into the product or is consumed, while the remaining 80% is taken to purification plants installed at Viscofan's production plants to be processed before being returned to freshwater surfaces, or is

discharged to municipal processing plants.

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

Withdrawal, responsible use of water

Intensity rate. Base 100 year 2018	2020	2019	2018
Water withdrawal in m ³ / Meters extruded	100	101	100

WATER WITHDRAWN BY SOURCE. M³

	2020	2019	2018
Surface water	4,107,250	3,849,469	3,755,026
Ground water	2,756,290	2,643,301	2,636,088
Local water supply	3,515,107	2,947,574	3,021,961
Rainwater	0	0	0
Waste water	0	0	0
TOTAL	10,378,646	9,440,345	9,413,076

WATER WITHDRAWN BY SOURCE. IN%

	2020	2019	2018
Surface water	39.6%	40.8%	39.9%
Ground water	26.6%	28.0%	28.0%
Local water supply	33.9%	31.2%	32.1%
Rainwater	0.0%	0.0%	0.0%
Waste water	0.0%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%

	2020	2019	2018
Water reused in m ³	15,172	1,069	26,635

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However, the water withdrawal intensity ratio per metre produced dropped by 1.6% in 2020 as opposed to 2019. The consolidation of projects to optimise the use of water and those performed in 2020 have helped to achieve this improvement

In 2020, Viscofan increased production activity to satisfy a greater demand in casings, requiring increased water withdrawal with 10.4 million metres³ as opposed to 9.4 million metres³ in 2019.

However, the water withdrawal intensity ratio per metre produced dropped by 1.6% in 2020 as opposed to 2019. The consolidation of projects to optimise the use of water and those performed in 2020 have helped to achieve this improvement. Of note:

- The installation of **dry-tech technology production lines** to produce collagen casings in Cáteda and in Serbia which require less water.
- The **new technology in Cáteda** which has a lower water requirement per metre produced.
- The commencement in 2020 of a **water re-use project at the Pando plant in Uruguay.**

To increase water optimisation, in 2018, a project was implemented to re-use

water in Suzhou (China), although the outcome did not meet expectations and the project was cancelled due to the decision to improve the discharge quality at the plant. In 2020, a new project was commenced at the Pando plant (Uruguay), enabling the volume of water reused at the Group to be increased with respect to 2019.

All captures are strictly regulated by the public sector, which assign permits and determine the maximum permitted withdrawal volumes to preclude significant effects. Hence, there was no record in 2020 of the organisation's water collection activities significantly affecting any water sources.

According to the World Resources Institute list, the plants in Belgium and Mexico are located in areas of high or extremely high water stress, a risk that the Group has identified. They account for 7% of total water withdrawal and 8% of the Viscofan Group's total water discharge in 2020. In the year, problems of water supply were not declared in these areas.



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Responsible discharge

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

Accordingly, Cáteda's purification plant is an example of best practices within the

Group. This facility allows the biological quality of the Aragón River as it passes by the plant to be improved. According to a study performed by a third party (Ekolur) in 2020, in June and August, the upstream waters (before the plant) of the river have the Class II rating or a good biological quality rating, and downstream (after the plant), the river improves its Class I or high biological rating.

Viscofan fosters investment in water treatment facilities. In 2020, a new ozone facility was implemented to reduce

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

Water discharge broken down by destination is as follows:

WATER DISCHARGE. M³

	2020	2019	2018
Surface freshwater	4,588,313	4,354,863	4,279,567
Local treatment plant	3,682,863	3,405,950	3,387,789
TOTAL	8,271,176	7,760,813	7,667,357

WATER DISCHARGE. %

	2020	2019	2018
Surface freshwater	55.5%	56.1%	55.8%
Local treatment plant	44.5%	43.9%	44.2%
TOTAL	100.0%	100.0%	100.0%

Reduce the intensity of water collection

As signatory member of the United Nations Global Compact, Viscofan is committed to SDG 6. Clean water and sanitation. This commitment has been materialized with a long term-target (2030) of a 10% reduction in water collection over a million extruded metres with respect to 2018.

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

Base 100 year 2018	Commitment 2030	2020	2019	2018
Water withdrawal in m ³ / Meters Extruded	90	100	101	100

2030

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RESPONSIBLE MANAGEMENT OF THE USE OF RAW MATERIALS AND MINIMISATION OF WASTE. CIRCULAR ECONOMY

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

Population growth influences the availability of the planet's resources, and the efficient use of such resources and the quest for a circular economy are essential. A global challenge that requires environmental criteria to be included throughout the whole value chain to minimise the impact of Viscofan's activities. The customized casing production process transforms raw materials by mechanical and chemical means, leading to waste generation. Working in conjunction with the whole value chain, Viscofan promotes the sustainable use of resources. Firstly, through the selection, search and approval of raw materials, which are then transformed by mechanical and chemical means, producing millions of metres of casing per year. In this process, Viscofan is constantly searching for more efficient technology, which involves a reduced generation of waste, encouraging its circularisation. Lastly, Viscofan's product innovation helps and encourages the innovation of meat producers in the search for more sustainable products.

Management of raw materials

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

- Cellulose and abaca pulp: To avoid deforestation and its impact on climate change, all our suppliers of abaca paper and cellulose have PFEC or FSC certification that ensures the sustainable management of trees and forests. In addition, our cellulose and fibrous casings are compostable, and economically viable alternatives are

being sought to take advantage of their properties, both in obtaining glucose and their use as biogas.

- Collagen skin: By obtaining this material there is a better use of cattle and pig hides. It is extracted from the layer of the hidden mid dermis through the mechanical elimination of layers of epidermis and meat.
- Plastic: It represents a significant technological challenge in the search for sustainable solutions. In this line, we work with the 4R (Reduce, Reuse, Recycle, Repair) model in plastics technology, with different initiatives where, noteworthy in 2020, was the reduction in the thickness of certain plastic casings equivalent to a saving of 5.1% in tonnes of plastic, the development of plastic casing from recycled materials, the development of new bioplastic products and sustainable ISCC certification at our plastics plant in the Czech Republic.

- Efficient and circular waste management

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

In this regard, it must be stressed that in 2020, Cáseda's new technology contributed to reduce waste due to fewer remains in the production process in its first full year of production. Also, in the collagen casing business line acquired in 2019 in North America, Viscofan is installing a more efficient production

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technology which, among others, enables production with less waste.

In 2020, the tonnes of waste rose in a context of increased production activity, although the percentage of composted waste improved with respect to the previous year.

One of the goals established in the Sustainability Action Plan is to reduce the tonnes of waste at landfills, seeking circular alternatives. In this regard, in 2020, the landfill waste ratio fell with respect to production, and waste valorization improved with an increased percentage of composted discharges. In a context of improvement, different alternatives continue to be explored, especially in the area of waste valorization.

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

Moreover, the Viscofan Group has implemented an environmental management system with a view to preventing leaks, in which it has established management mechanisms and technical control elements. There were no leaks at Viscofan Group facilities in 2020 that had to be reported to the competent authorities, understood to be those that cause damage to the external area of the facility and must be reported to the corresponding administration.

In 2020, the tonnes of waste rose in a context of increased production activity, although the percentage of composted waste improved with respect to the previous year.

	2020	2019	2018
Waste in tonnes (tns)	57,344	49,307	53,423
Waste in tn./ Meters produced. Base 100, year 2018	97	93	100

WASTE AND BY-PRODUCT MANAGEMENT

	2020		
	Non-hazardous	Hazardous	TOTAL
Reused	5.8%	0.0%	5.8%
Recycled	8.6%	0.4%	9.0%
Composted	29.9%	0.0%	29.9%
Recovered	1.7%	0.0%	1.7%
Incinerated	6.6%	0.4%	7.0%
Landfill	34.5%	1.6%	36.1%
Other	2.9%	7.5%	10.4%
TOTAL	90.1%	9.9%	100.0%

	2019		
	Non-hazardous	Hazardous	TOTAL
Reused	5.9%	0.0%	6.0%
Recycled	7.8%	2.5%	10.2%
Composted	27.8%	0.0%	27.8%
Recovered	1.8%	0.2%	2.0%
Incinerated	7.7%	0.2%	7.9%
Landfill	36.6%	1.3%	37.9%
Other	1.6%	6.5%	8.2%
TOTAL	89.2%	10.8%	100.0%



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Reducing landfill waste

As signatory member of the United Nations Global Compact, Viscofan is committed to SDG 12. Responsible consumption and production. This commitment has been materialized with a long term-target (2030) of a 30% reduction in tonnes of landfill waste over a million extruded metres with respect to 2018.

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

Base 100 year 2018	Commitment 2030	2020	2019	2018
Landfill waste in tonnes / Extruded meters	70	90	91	100

Likewise, the reduction in the intensity of landfill waste was tied to the Long-Term Incentives Plan aimed at executive directors, executives and key personnel. It is proposed to apply 30% to the weighting ratio on attaining a minimum reduction in the indicator of 4 percentage points and to increase the weighting ratio up to 100% if the indicator is reduced to 10 percentage points in the measurement period.

ENVIRONMENTAL FINES AND PENALTIES

In 2020, the Viscofan Group had not received any environmental fines.

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2.7 HUMAN RIGHTS AND IMPACT ON SOCIETY

In its Sustainability policy, the Viscofan Group undertakes a firm commitment to Human Rights, undertaking to carry out its activity in a responsible manner and to generate positive impacts on the communities in which it operates. In this regard, and faced with an unprecedented health crisis due to COVID-19, Viscofan has carried out charity work through aid to different bodies and institutions of the communities in which it is present, through the donation of sanitary and individual protection material and of contributions to organisations in the fight against hunger. In line with the United Nations Agenda 2030, Viscofan is following an international roadmap to achieve a more sustainable world in social and environmental terms, since we wish to contribute to enable these objectives to achieve all their transformative power and ensure a better world for future generations.

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MATERIAL ASPECTS

- *Human rights and impact on society*

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS



Zero hunger

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

Health and well-being

- *Donation of sanitary equipment and individual protection material to fight against COVID-19 to hospitals, care homes for the elderly and public bodies, in the context of a health emergency.*

Decent work and economic growth

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

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OUR MAIN LINES OF ACTION IN HUMAN RIGHTS

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

SOME NOTEWORTHY MEASURES IN THE FIELD OF LABOUR LAW:



- **Promotion of the principle of non-discrimination.** The Code of Conduct stipulates that "the employees of the Viscofan Group, within their geographical compass and cultural diversity, will especially abstain from using any behaviour involving discrimination on the grounds of race, sex, nationality, language, religion, ideology or any other individual, social or personal circumstances (disability, economic position, trade union membership, etc.), and they will promote work in decent conditions, preventing any type of exploitation, with special care taken to prevent child labour".



- **Prohibition of forced labour.** Further, Viscofan promotes work in decent conditions, as well as the prevention of forced labour and consequently, as a control and monitoring measure, this risk has been specifically included in the risk matrix of the Global Risk Committee in order to detect any violation.



- **Rejection of any form of child labour.** As stated in the section on labour management in this report, there are no staff under the age of 17 hired at Viscofan. Likewise, the Viscofan Group requires suppliers to have a similar commitment in accordance with our Code of Ethics.



- **Promotion of diversity.** Likewise, with regard to promoting employability among diverse people, Viscofan has 78 differently abled people among its workers - 67 men and 7 women - and has signed contracts with special employment centres - in Spain and in other countries - to carry out certain tasks that contribute to our production activity,

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SOME NOTEWORTHY MEASURES IN THE FIELD OF LABOUR LAW



• Protection of the free association

of workers. 72% of the company's employees are covered by general collective bargaining agreements that regulate their employment activities, therefore improving the minimum conditions set by different labour legislation. Employees located at plants in the countries listed below have availed themselves of the following collective bargaining agreements: Spain, Czech Republic, Germany, Serbia, Belgium, France, Australia, United States, Mexico, Brazil and Uruguay,



• **Compliance training.** To raise the awareness of all company employees in the importance of respect and integrity in all employment and professional relations, Viscofan has implemented the first phase of training in "regulatory compliance" for all company employees in eight languages. Training has been designed in an attractive and multi-format manner that effectively trains employees in ethical standards that must be complied with and, at the same time, empowers all employees to combat any type of conduct that attacks the dignity of people in the employment environment (sexual harassment or harassment at work, etc.) or any corrupt procedures within the company (fraud, bribery, etc.).



• **Site accessibility.** With regard to the accessibility of people with disabilities, Viscofan does not have a global standard that regulates the accessibility of disabled people at its offices and other in the countries in which it operates.



• Salaries above the minimum wage of each country.

The minimum remuneration of employees is considered in accordance with the salary level and legal rules of each country where Viscofan carries out its activities. Given the training needs, the characteristics of the production process, and the internal policies of the Viscofan Group that respect the current legislation in each country, the minimum remuneration of the workforce is above the minimum wage established in the country.

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

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



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SUPERVISING COMPLIANCE

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

In its Code of Conduct, Viscofan establishes that all Group employees, within their scope of action, must contribute to respecting and protecting human rights, especially child exploitation, and must avoid any conduct detected on the job which is contrary to their tenets.

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

The company's **Human Rights Policy** is based on the principles of: universality, progressivity, integrity and complementarity, inalienability, transnationality and international protection. Through this policy, the Viscofan Group undertakes to respect human rights in all its activities, anywhere in the world.

In its **Code of Conduct**, Viscofan establishes that all Group employees, within their scope of action, must contribute to respecting and protecting human rights, especially child exploitation, and must avoid any conduct detected on the job which is contrary to their tenets.

To achieve these human rights objectives, Viscofan has an specific Ethics and Regulatory Compliance Committee that is responsible for opening, on its own account or at the request of a third party, the investigation of any situation that may give rise to a risk for the Group, as a result of a breach of the internal regulations or any other circumstance. Accordingly, the employees and any person with a legitimate interest can access the Complaints Channel on Viscofan's web page under the Corporate Governance section, on the employee's Intranet to notify any sign of conduct that they deem to be a possible risk, or by email to officeofethics@viscofan.com or by post to the Ethics Committee at Viscofan's central offices in Navarre. No cases of human rights violations were reported in 2020 and, specifically, nor has any case of forced labour or child exploitation been registered through the complaints channel.

Further, with a view to strengthening this defence and protection of human rights, this risk has been specifically included by the Global Risk Committee in its risk matrix so as to detect any breach thereof.

Also, Viscofan understands that training in human rights is a fundamental tool for raising employees' awareness in this area. In 2020, 4,056 hours were devoted to human rights training (compared to 2,163 hours the previous year).

TRAINING IN HUMAN RIGHTS

	2020			2019		
	Men	Female	TOTAL	Men	Female	TOTAL
Training hours	3,034	1,022	4,056	1,588	575	2,163
% over total hours of training	4.4%	2.6%	3.8%	1.8%	1.4%	1.7%

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

- **International Committee of Cellulose Film (CIPCEL)**. Based in Brussels, it comprises the leading producers of regenerated cellulose film products.
- **Collagen Casing Trade Association (CCTA)**. Association of the main collagen casing producers throughout the world that offer a forum to their members to examine the enactment of legislation and actively promote the use of collagen casing.
- **Spanish Plastics Centre (CEP)**. This is the Spanish association of entities relating to the manufacture and processing of plastics.
- **Gelatin Manufacturers of Germany (GMG)**. An organisation of German gelatine producers.
- **AINIA**. Food Technological Centre based in Spain that supports the R&D activities of its partners, especially in the areas of quality, food safety, sustainability, environment, design and industrial production.
- **ANICE**. The Spanish National Association of the Meat Sector is the biggest meat association in Spain to give advice, represent and defend the sector's interests.

- **National Centre for Technology and Food Safety (CNTA)**, the purpose of which is to provide advanced technological services to improve competitiveness in the food sector through quality and innovation and under the principle of food safety.

- **AIMPLAS**. The Plastics Technological Institute offers integral solutions to companies within the plastics sector, through the technical implementation of R&D&i projects.

- **NAITEC**. Multidisciplinary Technology Centre for the Industry.

Viscofan also collaborates with different universities and research centres:

- University of Navarre (Spain)
- Public University of Navarre (Spain)
- South Carolina University (USA)
- MORE Institute Research (Germany)
- Hochschule Manheim Fraunhofer Institute (Germany)
- Tübingen University (Germany)
- Sao Paulo University (Brazil)
- Universidad Tecnológica del Uruguay (UTEU)
- Suzhou University (China)

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

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

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RESPONSIBLE TAXATION

In 2020, income tax payments amounted to €35.9 million as a result of the Group's business activities in different countries.

As a result of some of these relationships, common projects are arising with which it collaborates and for which financial support has been received through grants and loans from official bodies. Viscofan is aware of the social impact its activity generates: from direct or indirect employment generated by its implementations, to the financial benefit that it obtains from its activities at each of the different companies at which it operates (note 7.1 of Viscofan S.A.'s financial statements) for which it contributes through the corresponding taxes. In 2020, income tax payments amounted to €35.9 million as a result of

the Group's business activities in different countries. There is more information about taxes in note 18 of the consolidated report. There is information about capital grants in note 13 of the consolidated annual accounts.

Likewise, at 31 December, the financial statements included loans with the CDTI and the Ministry of Economy and Competitiveness in Spain, amounting to €13 million, and a loan from COFIDES (Spanish Development Finance Company) for €0.8 million (note 16 to the consolidated financial statements).





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COMMITMENT TO OUR COMMUNITIES

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

Throughout 2020, and due to the healthcare emergency throughout the world generated by COVID-19, the company has contributed to fighting against the pandemic by making contributions of sanitary and individual protection equipment to hospitals, health centres, care homes for the elderly and other public bodies, during the critical moments of the pandemic when there was a great scarcity of these materials to combat the virus, thereby contributing to SDG 3. Good health and well-being. Also, donations were made to various NGOs to fight against hunger and poverty, whose task in the communities most affected by the economic crisis as a result of the pandemic has been and continues to be essential.

These initiatives were carried out in various countries in which Viscofan has its own presence, thereby contributing to the achievement of these five priority SDGs and other closely related ones and, as a whole, the amount earmarked thereto is €426 thousand.

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

GOALS IDENTIFIED BY THE COMPANY AS A PRIORITY





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COMMITMENT TO OUR COMMUNITIES. SOCIAL PROJECTS AROUND THE WORLD

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Canada

Canadian Frontline Healthcare Professionals
Helping a fund established by Canadian hospital foundations to provide additional support to frontline healthcare workers during the COVID-19 crisis.



USA

OSF Sacred Heart Medical Center of Danville
Donation of individual protection masks for the fight against covid-19.



PV Young Lives

Help children and young people at risk of social exclusion.



Mexico

IMSS Instituto Mexicano del Seguro Social

Donation of health and individual protection material to the Mexican Institute of Social Security for the fight against the pandemic, as well as support for making videos to raise awareness of protective measures against COVID-19.



Costa Rica

University of Costa Rica Research Foundation

Donation for the development, production and clinical evaluation of a treatment for patients with COVID-19.



Brazil

Forma Cultural "Touching and Enchanting"

Project of social inclusion through music, which promotes values of coexistence and citizenship among vulnerable children and youth.



Social Fund "Ciudad de Itu"

Donation of food to needy families in the community.





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Spain

Donation of face masks

Donation of individual protection face masks to hospitals, nursing homes, health centers and other organizations for the fight against the pandemic. A large part of these donations were made during the most critical months of the fight against COVID-19 in Spain, in which said material was scarce due to lack of global supply.



Donation of medical equipment for vulnerable groups

Economic donation to finance the installation of medical gas equipment in the largest center-residence for the elderly in Pamplona (*Casa de la Misericordia*), for the assistance of COVID patients.



Aid to NGOs that fight hunger and poverty

Economic and food donation to various associations to combat hunger and the effects of poverty, in the context of an economic crisis generated by COVID-19.



"Impulso Emprendedor" (Entrepreneurial Impulse) "Proyecto Orizont" (Orizont Project) "SciencEkaitzza"

Providing support to different startups through mentoring, promotion and sponsoring of scientific projects in order to boost innovative companies within the region.



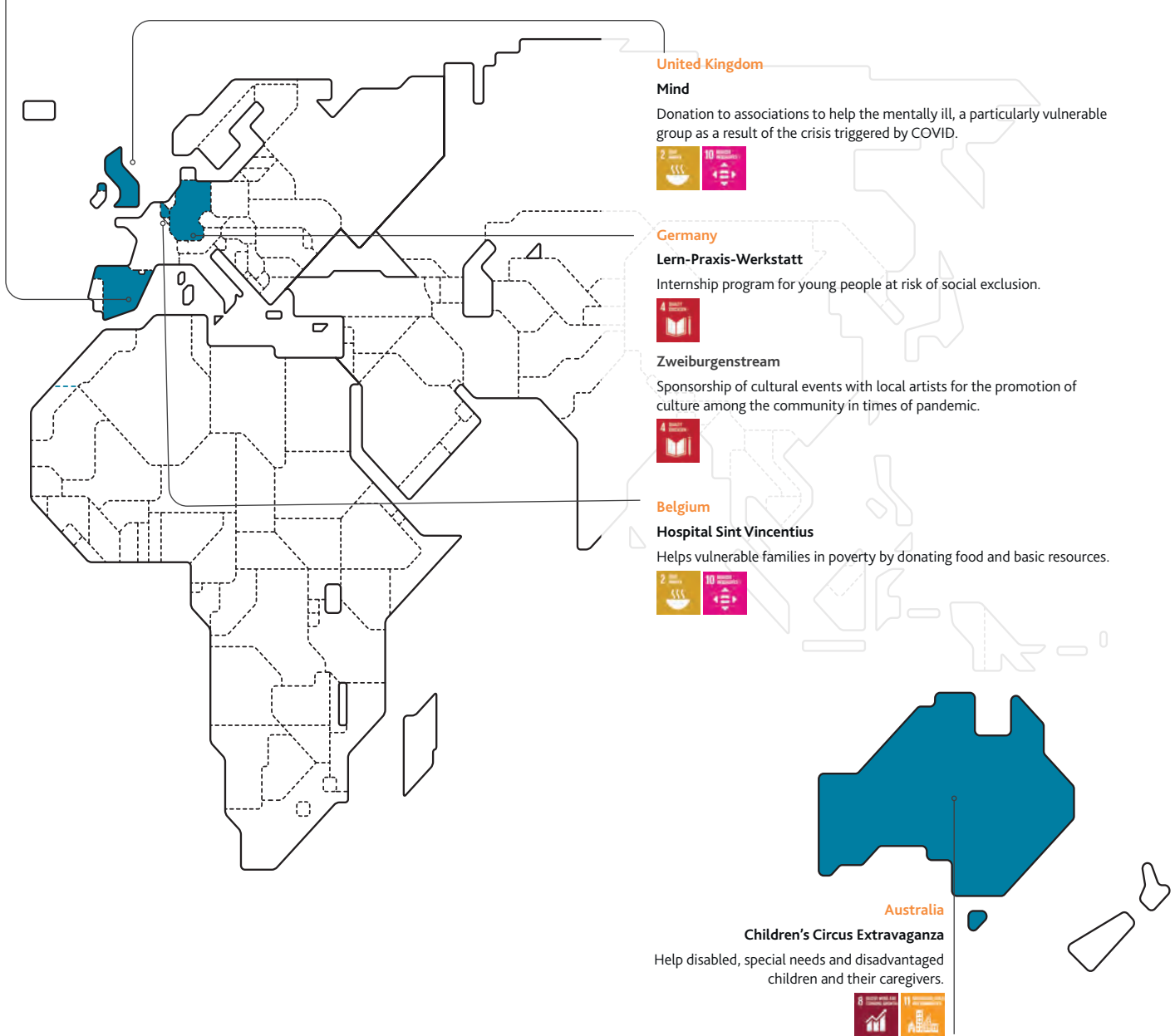
Promotion, conservation and dissemination of culture

Providing support to seminars for disseminating the culture and artistic heritage of Navarra, including the sponsorship of recovery of artistic works.



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

Support to foundations working on local and regional development, the promotion of knowledge and the support of international relations for the creation of employment and dissemination of knowledge among countries.



United Kingdom

Mind

Donation to associations to help the mentally ill, a particularly vulnerable group as a result of the crisis triggered by COVID.



Germany

Lern-Praxis-Werkstatt

Internship program for young people at risk of social exclusion.



Zweiburgenstream

Sponsorship of cultural events with local artists for the promotion of culture among the community in times of pandemic.



Belgium

Hospital Sint Vincentius

Helps vulnerable families in poverty by donating food and basic resources.



Australia

Children's Circus Extravaganza

Help disabled, special needs and disadvantaged children and their caregivers.



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2.8 VISCOFAN ON THE STOCK MARKET

STOCK MARKETS

In 2020, the stock markets faced a very uncertain volatile climate marked by the COVID-19 pandemic. The world entered an economic recession, due mainly to the activity stoppage in many sectors caused by the measures implemented by governments seeking to halt the extension of the virus. In this regard, the International Monetary Fund is projecting a fall in the global GDP of -3.5% for the whole of the year.

The virus, originating in China, and which extended throughout the whole world, triggered the decline of over -30% on the main stock market indexes, coinciding with the lockdown of a significant percentage of the global population.

Subsequently, the stock markets commenced a recovery phase faced with the historical economic stimulation

measures implemented by government and central banks.

Alongside this, on a global level, the search for and development of a vaccine against the virus commenced, which yielded its fruits in the last months of the year with the approval of the first vaccines. This represented a turning point in the fight against the pandemic, causing significant rises on the stock markets which, in some cases, ended the year with a positive balance.

Of note in the United States is the S&P 500 index, which closed with an appreciation of +16.3% in 2020 and, in Europe, the German DAX rose by +3.5%, as compared with the decrease of -15.5% on the Ibex 35 in Spain, of -7.1% on the French CAC and of -4.0% on the Euro Stoxx 600.



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**Viscofan share
Year end 2020**

€58.05
+23.2%

**Stock market capitalisation
Year end 2020**

€2,699
million

VISCOFAN SHARES

Viscofan shares are listed on the Spanish stock markets of Madrid, Barcelona and Bilbao. In addition, the shares that have traded on the continuous market since its flotation in December 1986 belong in Spain to the Ibex 35 index and to the Madrid Stock Exchange General Index (IGBM) and form part of the Consumer Goods segment of the food subsector, to the Ibex Top Dividendo index and, at European level, to the Euro Stoxx Food & Beverage index and to the Eurostoxx 600 index.

2020 performance

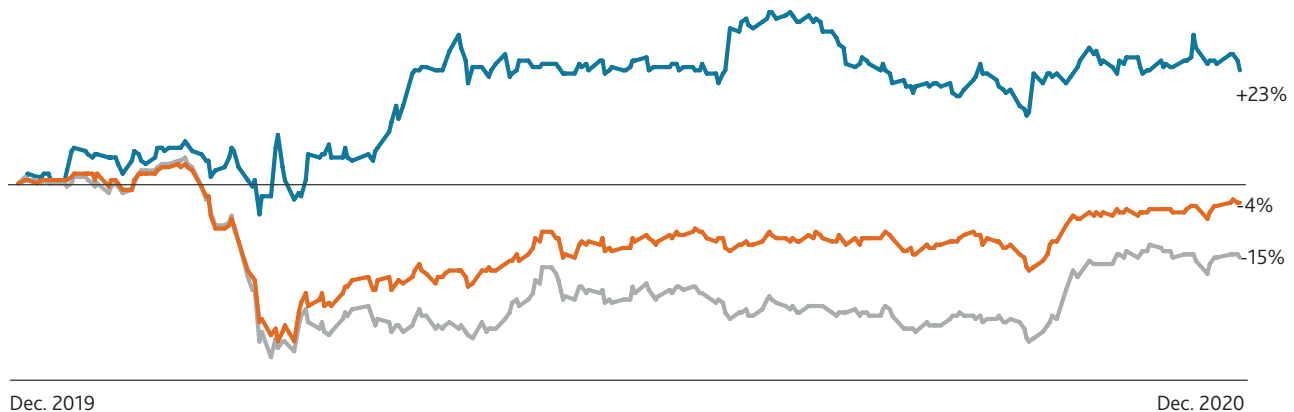
Viscofan shares closed 2020 at €58.05, an increase of 23.2%, which rose to 28.3% once the shareholder remuneration paid in the year was included. The securities market acknowledged the strength of the earnings published throughout the year in a climate of uncertainty caused by COVID-19.

Strong earnings in a year in which Viscofan enjoyed a significant level of commercial and operating activities. Since casings are an essential food item, Viscofan's rapid response of increasing the security measures of employees, maintaining the operating plants and ensuring supply was valued by customers, leading to a major leadership in a context of market growth. With this, the growth in sales was accompanied by improved profitability in all reported quarters with a higher level of production and use of installed capacity, together with improvements in plant efficiency.

The average daily market price in the year was €55.88 and Viscofan's market capitalisation stood at €2,699 million at the end of 2020.

Likewise, in the whole of the year, over 28.3 million shares in Viscofan were traded on the Spanish continuous market, with a trading volume of €1,562 million, which is equivalent to a daily average of €6.1 million.

EVOLUTION OF IBEX 35, EUROSTOXX 600 AND VISCOFAN IN 2020



Dec. 2019

Dec. 2020

*Graph on a baseline of 100 since 31 December 2019

Viscofan
Ibex 35
Euro Stoxx 600

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CREATING SHAREHOLDER VALUE

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

For example, in the period between 2016 and 2020, within the MORE TO BE Strategic Plan, Viscofan invested €384 million looking ahead in its value

creation proposal, with the objective of leading the main casing markets in terms of service, technology and costs. It represents the greatest investment period in Viscofan's history, which was combined with increased remuneration to shareholders, rising from €1.35 in 2015 to the €1.70 per share proposed in 2020, and which represents a total distribution of €374 million in the MORE TO BE period.

In this respect, the stock market continues to recognise the Viscofan Group's value creation, and is combined with the Group's commitment to shareholder

remuneration. Thus, in the last ten years the average annual return has been 7%, and 10% taking into account shareholder remuneration. Analysing the creation of value over time, this is greater for shareholders who have held shares in Viscofan for a longer period of time. For example:

A shareholder that invested €1,000 in Viscofan shares at the end of December 2010, and held them at 31 December 2020, was worth €2,032, and in these 10 years this individual also received €490 in dividends, a combined return of 152%.



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IBEX 35 PROFITABILITY COMPARED TO VISCOFAN

Year of purchase (31/12)		Year of sale (31/12)										TSR
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
2010	Viscofan	1.1%	51.0%	45.8%	55.4%	96.2%	65.2%	94.0%	69.7%	66.1%	104.7%	7.4%
2010	Ibex 35	-13.1%	-17.2%	0.6%	4.3%	-3.2%	-5.1%	1.9%	-13.4%	-3.1%	-18.1%	-2.0%
2011	Viscofan		49.4%	44.3%	53.8%	94.1%	63.5%	91.9%	67.9%	64.3%	102.5%	8.2%
2011	Ibex 35		-4.7%	15.8%	20.0%	11.4%	9.2%	17.2%	-0.3%	11.5%	-5.8%	-0.7%
2012	Viscofan			-3.4%	2.9%	30.0%	9.4%	28.5%	12.4%	10.0%	35.6%	3.9%
2012	Ibex 35			21.4%	25.9%	16.9%	14.5%	23.0%	4.6%	16.9%	-1.1%	-0.1%
2013	Viscofan				6.6%	34.6%	13.3%	33.0%	16.4%	13.9%	40.4%	5.0%
2013	Ibex 35				3.7%	-3.8%	-5.7%	1.3%	-13.9%	-3.7%	-18.6%	-2.9%
2014	Viscofan					26.3%	6.3%	24.8%	9.2%	6.9%	31.7%	4.7%
2014	Ibex 35					-7.2%	-9.0%	-2.3%	-16.9%	-7.1%	-21.5%	-3.9%
2015	Viscofan						-15.8%	-1.1%	-13.5%	-15.3%	4.3%	0.9%
2015	Ibex 35						-2.0%	5.2%	-10.5%	0.1%	-15.4%	-3.3%
2016	Viscofan							17.4%	2.7%	0.5%	23.9%	5.5%
2016	Ibex 35							7.4%	-8.7%	2.1%	-13.7%	-3.6%
2017	Viscofan								-12.5%	-14.4%	5.5%	1.8%
2017	Ibex 35								-15.0%	-4.9%	-19.6%	-7.0%
2018	Viscofan									-2.1%	20.6%	9.8%
2018	Ibex 35									11.8%	-5.5%	-2.8%
2019	Viscofan										23.2%	23.2%
2019	Ibex 35										-15.5%	-15.5%

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2020 dividend

The proposed total shareholder remuneration with a charge to 2020 profit stood at €1.70 per share and exceeds, by 4.9%, the ordinary remuneration per share of €1.62 approved in the previous year. This proposal means distributing a total of €78.8 million, equivalent to the distribution of 64.3% of the Group's net profit.

In terms of profitability, the total dividend proposed for 2020 is 3.0% of the average share price during the year.

THE INTERIM DIVIDEND OF €1.40 per share (paid on 22 December 2020) was **UP ON THE €0.65** per share of the previous year, due to the Board of Director's decision to bring forward to December 2020, as an interim dividend, part of the amount which, in other circumstances, would have been distributed in complementary dividends in June 2021. For this decision, the Board of Directors considered, among other factors, the decline in savings which occurred throughout the world as a result of the COVID-19 pandemic, especially at minority shareholders.

A bonus for attending the General Meeting of **€0.01** per share

The **PROPOSED FINAL DIVIDEND OF €0.29** per share (payable on 3 June 2021), which the Board of Directors has resolved to propose to the General Shareholders' Meeting. In 2019, the final dividend was €0.96 per share.

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VISCOFAN, ITS SHAREHOLDERS AND INVESTORS

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

To ensure this information flow and to grant certainty to shareholders, markets and other stakeholders on the transparency and access to information, Viscofan has a Communication policy with shareholders, institutional investors, proxy advisors on voting and economic-financial, non-financial and corporate information, updated and approved by the Board of Directors in 2020, is defined in conformity with the good governance practices and recommendations applicable to listed companies

Communication channels

Viscofan provides the investment community with a multitude of communication channels: presentations at seminars and events organised by the financial community, road shows with institutional investors, whether they be promoted by the company or by brokers, earnings presentations, the General Shareholders' Meeting, organised visits to Viscofan's head office, telephone calls to a dedicated investor and shareholder helpline, a special e-mail address, the notifications and regular public information submitted to the CNMV, as well as the information published on the website www.viscofan.com, especially

in the Investor Relations section in which Viscofan makes the latest news, reports and quarterly presentations of results, annual report, share price performance, among others.

Likewise, Viscofan maintains fluid communication with the financial markets, hence, at 2020 year-end, a total of 16 analysis companies, Spanish and international alike, covered Viscofan on a recurring basis.

At the same time, Viscofan encourages direct contact with face-to-face meetings with investors, both shareholders and non-shareholders interested in the company. However, since March 2020, mobility restrictions and social distancing as a result of the COVID-19 pandemic has led meetings to be held virtually.

Accordingly, in 2020, Viscofan held 214 face-to-face or video-call meetings with both shareholders and non-shareholders interested in the company, in the framework of seminars and events held by the financial community. In 2019, 223 face-to-face meetings were held.

The communication effort carried out throughout all these years has been recognised by the investment community. In 2020, the newspaper The Economist awarded Viscofan its "Value Creation for the Shareholder" prize. Also, in the XIX edition of the Business Transparency Prizes, the Spanish Accounting and Business Administration Association granted Viscofan the "Most significant improvement" award for Ibex 35 companies.

Previously in 2019, "Institutional Investor" in its "All European Executive Team" awarded the prize to Viscofan for the 1st Best investor Relations Programme for Sell-Side of the Paper & Packaging sector and, in 2016, the 1st CEO for Sell-Side and 2nd Best CEO combined, and the 3rd IR for Sell-Side of the Paper & Packaging sector, in 2015, the 2nd Best IR for Sell-Side and, in 2012, the 1st Best IR professional for the Sell-Side in the packaging and food sector.

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

In 2020, the most frequently asked questions related to the management of the COVID-19 pandemic, its risk for the business, its impact on casing demand, the savings from the new technology installed at Cáseda, the strategy and sustainability projects at Viscofan, shareholder remuneration, the influence of the vegan and vegetarian trend on the business, the impact of exchange rate variations, the acquisition of Nitta Casings, among others.



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Share price €	Strategy MORE TO BE					Strategy Be MORE period				Strategy Be One Period		
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Year-end price	58.05	47.10	48.12	55.01	46.85	55.64	44.07	41.35	42.81	28.66	28.36	17.76
Year high	64.35	56.55	66.20	56.33	56.06	60.93	48.36	43.70	42.81	30.59	29.65	18.20
Year low	43.28	40.12	46.20	46.75	41.84	43.04	36.24	35.65	28.45	22.51	17.64	12.81

Viscofan in the stock market evolution	Year end 2020	Year end 2019	Year end 2018	Year end 2017	Year end 2016	Year end 2015	Year end 2014	Year end 2013	Year end 2012	Year end 2011	Year end 2010	Year end 2009
% annual change Viscofan	23.2%	-2.1%	-12.5%	17.4%	-15.8%	26.3%	6.6%	-3.4%	49.4%	1.1%	59.7%	26.3%
% annual change IGBM	-15.4%	10.2%	-15.0%	7.6%	-2.2%	-7.4%	3.0%	22.7%	-3.8%	-14.6%	-19.2%	27.2%
% annual change IBEX 35	-15.5%	11.8%	-15.0%	7.4%	-2.0%	-7.2%	3.7%	21.4%	-4.7%	-13.1%	-17.4%	29.8%
% annual change Euro STOXX 600	-4.0%	23.2%	-13.2%	7.7%	-1.2%	6.8%	4.4%	17.4%	14.4%	-11.3%	8.6%	28.0%
% annual change IBEX Medium Caps	-9.7%	8.4%	-13.7%	4.0%	-6.6%	13.7%	-1.8%	52.0%	13.8%	-20.7%	-5.6%	13.8%
% annual change Sub sector Food and beverages IGBM	10.6%	1.8%	-8.4%	5.2%	-5.4%	26.4%	-5.2%	4.7%	25.0%	-6.3%	25.3%	7.0%

Stock market trading data	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Market capitalization at year-end (millions of €)	2,699.3	2,699.3	2,242.6	2,563.7	2,183.4	2,593.0	2,053.6	1,927.1	1,995.1	1,335.7	1,321.7	827.7
Traded volume (million of €)	1,561.8	1,561.8	1,669.1	1,995.2	2,707.1	3,179.9	3,233.0	2,506.4	1,426.9	1,274.1	925.4	663.1
Daily average trading volume (million of €)	6.1	6.1	6.5	7.8	10.5	12.3	12.6	9.8	5.6	5.0	3.6	2.6
Traded shares	28,338,888	28,338,888	29,807,220	38,658,041	54,701,597	58,329,352	78,062,343	63,212,344	41,360,939	47,049,517	41,668,063	42,112,723
Daily average of traded shares	110,268	110,268	116,891	151,600	212,022	225,210	304,931	247,892	161,566	183,787	162,766	165,798

Share ratios	Year end 2020	Year end 2019	Year end 2018	Year end 2017	Year end 2016	Year end 2015	Year end 2014	Year end 2013	Year end 2012	Year end 2011	Year end 2010	Year end 2009
Listed shares	46,500,000	46,500,000	46,603,682	46,603,682	46,603,682	46,603,682	46,603,682	46,603,682	46,603,682	46,603,682	46,603,682	46,603,682
Earnings per share ⁽¹⁾	2.635	2.273	2.658	2.620	2.684	2.575	2.284	2.178	2.254	2.172	1.745	1.379
Remuneration per share ⁽²⁾	1.700	1.620	1.600	1.550	1.450	1.350	1.180	1.120	1.100	1.000	0.800	0.623

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

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