



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

**REPORT PREPARED BY THE BOARD OF DIRECTORS OF “VISCOFAN, SOCIEDAD ANÓNIMA” ON THE AMENDMENT OF ARTICLE 27 OF THE COMPANY BYLAWS, REGARDING THE DURATION OF THE TERM OF OFFICE OF DIRECTORS, TO BE PROPOSED TO THE GENERAL SHAREHOLDERS’ MEETING OF 10 AND 11 APRIL 2014**

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**A) PURPOSE OF THE REPORT**

This report has been issued by the Board of Directors to provide information about company bylaw amendments, consisting of amending article 27 of the bylaws, which is proposed to the shareholders for their approval.

The report is issued and approved by the Board of Directors in accordance with Article 286 of the Spanish Corporate Enterprise Act (Ley de Sociedades de Capital).

As part of the dynamic policy of adapting to best corporate governance practices, the Board of Directors considers it appropriate that directors have a shorter term of office, in line with European recommendations on this matter and the laws of other European countries.

The Board has considered the report of the Expert Committee on good corporate governance and the draft bill for the improvement of corporate governance, which also introduce a reduction, thereby adapting to legislative requirements.

**B) CONTENT OF THE PROPOSED AMENDMENT**

The Board of Directors proposes to the shareholders that the duration of the term of office of the company’s directors be reduced from six to four years, with the subsequent amendment of the first paragraph of article 27 of the company bylaws, which is now worded as follows:



“Art. 27. To be appointed to the position of director, the status of shareholder is not a requirement. The term of office for Directors is **four** years from the date they are appointed.

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

The General Shareholders Meeting, or the Board of Directors itself, may appoint from among the Directors a Chairman, a First Vice-Chairman, a Second Vice-Chairman, a Third Vice-Chairman and a Secretary (who need not be a Director) of the Board of Directors; they will also act as such at the General Shareholders Meeting. The Chairman and any of the Vice-Chairmen appointed by the Board itself must meet the requirements of article 249.3 of the Capital Companies Act for the intents and purposes of article 30 of these Bylaws”.

### **C) APPROVAL OF THE REPORT**

**This report has been issued and unanimously adopted by the Board of Director its meeting of 27th February 2014**

Tajonar (Navarra), 27<sup>th</sup> February 2014.



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

**REPORT PREPARED BY THE BOARD OF DIRECTORS OF “VISCOFAN, SOCIEDAD ANÓNIMA” ON THE AMENDMENT OF THE COMPANY BYLAWS TO INCLUDE THE FIGURE OF THE COORDINATING DIRECTOR, WITH THE SUBSEQUENT INCLUSION OF ARTICLE 27 TER AND THE RENUMBERING OF CURRENT ARTICLE 27 TER, WHICH IS NOW CALLED 27 QUATER, TO BE PROPOSED TO THE GENERAL SHAREHOLDERS MEETING OF 10 AND 11 APRIL 2014**

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**A) PURPOSE OF THE REPORT**

This report is issued by the Board of Directors to provide information about amendments to the company bylaws, consisting of including in the bylaws the figure of the coordinating director, which is proposed to the shareholders for their approval.

The report is issued and approved by the Board of Directors in accordance with Article 286 of the Spanish Corporate Enterprise Act (Ley de Sociedades de Capital).

As part of the dynamic policy of adapting to best corporate governance practices, the Board of Directors considers it appropriate that the figure of the coordinating director, which has been governed by Board Rules since 2011, should be included in the company bylaws, on prior approval of the shareholders.

For the proposed draft, which includes the independent situation of the coordinating director, the election procedure and duties, the Board has considered the Expert Committee’s report on good corporate governance and the draft bill for improving corporate governance.

**B) CONTENT OF THE PROPOSED AMENDMENT**

The Board of Directors proposes to shareholders the inclusion of a new article 27 ter which would replace the current article and be called article 27 quater:



**“Art. 27 ter: If the Chairman is an executive director, the Board of Directors, with the abstention of the executive directors, shall appoint from the independent directors a coordinating director, who will be entitled to call a meeting of the Board, including new items on the agenda in a meeting already called, coordinate and bring together non-executive directors and control, where appropriate, the periodic evaluation of the Chairman.**

**Art. 27º quáter:** The Directors will receive remuneration according to the exercise of their duties, which may vary in each individual case in accordance with their responsibilities and committee membership, and may include insurance and pensions. They may also receive sums accrued by attending meetings of the Board of Directors and their Committees.

In addition, directors may be remunerated through the delivery of shares, recognition of stock options, or remuneration indexed to the value of shares. The application of these methods of remuneration will require approval by the General Meeting which will express, when applicable, the number of shares to be delivered, the price of exercising stock options, the value of shares used as a reference and the time period for this remuneration system, which will have retroactive effect at the start of the relevant financial year.

The Board of Directors will agree on the distribution of remuneration among Directors.

The annual sum of remuneration to Directors, for all items, will not exceed the limit of 1.5% of annual net earnings before tax, without prejudice to other applicable legal limitations. For these purposes, where applicable, the premium or equivalent value of stock options or future entitlements conceded by the Directors, valued at the time of their delivery, will be calculated.

Remuneration related to the performance of work or professional duties in the Company that are different from those performed as board members will be considered to be independent from the remuneration system stated herein and will not be calculated for the purposes of the established limit.



The Company will contract civil responsibility insurance for Directors and senior management.”

### **C) APPROVAL OF THE REPORT**

**This report has been issued and unanimously adopted by the Board of Director its meeting of 27th February 2014**

Tajonar (Navarra), 27<sup>th</sup> February 2014.



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

**REPORT PREPARED BY THE BOARD OF DIRECTORS OF “VISCOFAN, SOCIEDAD ANÓNIMA” ON THE AMENDMENT OF THE COMPANY BYLAWS TO INCLUDE THE EVALUATION OF THE BOARD AND ITS COMMITTEES, WITH THE SUBSEQUENT INCLUSION OF ARTICLE 27 QUINQUIES, TO BE PROPOSED TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY ON 10 AND 11 APRIL 2014**

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**A) PURPOSE OF THE REPORT**

This report is issued by the Board of Directors to provide information about amendments to the company bylaws, consisting of including in the bylaws the annual evaluation of the Board and its committees, which is proposed to the shareholders for their approval.

The report is issued and approved by the Board of Directors in accordance with Article 286 of the Spanish Corporate Enterprise Act (Ley de Sociedades de Capital).

As part of the dynamic policy of adapting to best corporate governance practices, the Board of Directors considers it appropriate that the annual evaluation of the Board and its committees, which has been governed by Board Rules since 2008, should be included in the company bylaws, on prior approval of the shareholders.

To prepare this proposal, the Board has considered the report of the Expert Committee on good corporate governance and the draft bill for the improvement of corporate governance.

**B) CONTENT OF THE PROPOSED AMENDMENT**

The Board of Directors proposes to the shareholders that the new article 27 quinquies be included:



**“Art. 27 quinquies: The Board of Directors shall carry out an annual evaluation of its operations and that of its Committees and propose, based on the result of this evaluation, an action plan that rectifies any failings detected.”**

### **C) APPROVAL OF THE REPORT**

**This report has been issued and unanimously adopted by the Board of Director its meeting of 27th February 2014**

Tajonar (Navarra), 27<sup>th</sup> February 2014.



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

**REPORT PREPARED BY THE BOARD OF DIRECTORS OF “VISCOFAN, SOCIEDAD ANÓNIMA” ON THE AMENDMENT OF THE COMPANY BYLAWS TO INCLUDE THE SITUATION OF THE DIRECTORS IN THE AUDIT COMMITTEE, WITH THE SUBSEQUENT AMENDMENT OF ARTICLE 30, TO BE PROPOSED TO THE GENERAL SHAREHOLDERS' MEETING OF 10 AND 11 APRIL 2014**

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**A) PURPOSE OF THE REPORT**

This report is issued by the Board of Directors to provide information about amendments to the company bylaws, consisting of including in the bylaws the situation of the directors of the Audit Committee, which is proposed to the shareholders for their approval.

The report is issued and approved by the Board of Directors in accordance with Article 286 of the Spanish Corporate Enterprise Act (Ley de Sociedades de Capital).

As part of the dynamic policy of adapting to best corporate governance practices, the Board of Directors considers it appropriate to regulate in the bylaws the practice which it has been observing whereby directors belonging to the Audit Committee are non-executive, with at least two being independent and at least one appointed based on his/her accounting and/or auditing training and experience. The chairman must also be an independent director.

This amendment ensures that said practice will be consolidated in any future changes in the Audit Committee.

For the proposed drafting, the Board has considered the report of the Expert Committee on good corporate governance and the draft bill for the improvement of corporate governance, thereby adapting to legislative requirements.

**A) CONTENT OF THE PROPOSED AMENDMENT**



The Board of Directors proposes to the shareholders the amendment of paragraph 2 of article 30 of the bylaws, which would be worded as follows:

Art. 30. Within the Board of Directors and by delegation thereof, there will be at least one Executive Committee or Executive Commission and one Audit Committee or Commission.

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

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

**2. The Audit Committee shall be exclusively composed of non-executive directors appointed by the Board of Directors, at least two of whom must be independent directors and one appointed according to his/her accounting and/or auditing knowledge and experience.**

The Audit Committee will comprise a minimum of three members appointed by the Board of Directors pursuant to legal requirements.

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



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

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

The Audit Committee will meet whenever convened by its Chairman, by decision of the Board of Directors, or upon the request of the majority of its members.

The Audit Committee will be quorate with the attendance in person or by proxy of the majority of its members.

Resolutions will be adopted by simple majority vote of the members attending the meeting and the Chairman will have the casting vote.

Resolutions will be recorded in the Audit Committee's Minutes Book, and will be signed by the Chairman of the Committee, as will any certificates issued for the adoption of resolutions.

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

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

a) To report to the shareholders at the General Shareholders Meeting on business brought forth by the shareholders with respect to matters within its competence.

b) To propose to the Board of Directors for submittal to the shareholders at the General Shareholders Meeting the appointment of the Auditor referred to in Article 264 of the Capital Companies Act.

c) To supervise, when appropriate, the internal audit services.



d) To become familiar with the Company's financial reporting process and its internal control systems.

e) To maintain a relationship with the Auditor to receive information on matters that may jeopardise the Auditor's independence and any other matters related to the process of performing the audit, as well as to receive information from and maintain with the Auditor the communications set forth in audit law and in technical audit standards.

In addition to the Executive Committee and the Audit Committee, the Board of Directors may appoint other commissions or committees whose powers and obligations will be established by the Board on a case-by-case basis.

Notwithstanding the provisions of this article, the Board of Directors may delegate all or part of its powers to one or more Chief Executive Officers with the legal requirements and limits, setting the appropriate remuneration for them for said position.

## **B) APPROVAL OF THE REPORT**

**This report has been issued and unanimously adopted by the Board of Director its meeting of 27th February 2014**

Tajonar (Navarra), 27<sup>th</sup> February 2014.



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

**REPORT PREPARED BY THE BOARD OF DIRECTORS OF “VISCOFAN, SOCIEDAD ANÓNIMA” ON THE AMENDMENT OF THE COMPANY BYLAWS TO INCLUDE THE APPOINTMENTS AND REMUNERATION COMMITTEE, WITH THE SUBSEQUENT AMENDMENT OF ARTICLE 30, TO BE PROPOSED TO THE GENERAL SHAREHOLDERS' MEETING OF 10 AND 11 APRIL 2014**

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**A) PURPOSE OF THE REPORT**

This report has been issued by the Board of Directors to provide information about company bylaw amendments, consisting of including in the bylaws the Appointments and Remuneration Committee, which is proposed to the shareholders for their approval.

The report is issued and approved by the Board of Directors in accordance with Article 286 of the Spanish Corporate Enterprise Act (Ley de Sociedades de Capital).

The Appointments and Remuneration Committee is currently governed by the Board Rules and its composition and functions comply with good corporate governance recommendations.

Furthermore, the Committee informs shareholders in the General Meeting of its activities, mainly those relating to the proposed appointments of independent directors and annually on the remuneration policy for the Board and senior management and its application.

As part of the dynamic policy of adapting to best corporate governance practices, the Board of Directors considers it appropriate to include in the company bylaws the Appointments and Remuneration Committee as a mandatory committee of the Board, along with the Executive Committee and Audit Committee, on prior approval of the shareholders, also regulating its composition and functions, but maintaining the possibility that in the future said committee could be split into two separate committees: Appointments on the one hand and Remuneration on the other.



For the proposed drafting, the Board has considered the report of the Expert Committee on good corporate governance and the draft bill for the improvement of corporate governance, thereby adapting to legislative requirements.

## **B) CONTENT OF THE PROPOSED AMENDMENT**

The Board of Directors proposes to shareholders the amendment of article 30 of the company bylaws, which would be worded as follows (consolidated text if shareholders approve the proposed amendment of the bylaws to include the condition of directors in the Audit Committee, which the Board proposes in this General Meeting in a previous item on the agenda):

“Art. 30. Within the Board of Directors and by delegation thereof, there will be at least one Executive Committee or Executive Commission and one Audit Committee or Commission **and a Committee, or two separate Committees, for Appointments and Remuneration.**

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

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

2. The Audit Committee will comprise a minimum of three members appointed by the Board of Directors pursuant to legal requirements, at least two of



whom will be independent directors and one appointed bearing in mind his/her accounting and/or auditing knowledge and experience.

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

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

The Audit Committee will meet whenever convened by its Chairman, by decision of the Board of Directors, or upon the request of the majority of its members.

The Audit Committee will be quorate with the attendance in person or by proxy of the majority of its members.

Resolutions will be adopted by simple majority vote of the members attending the meeting and the Chairman will have the casting vote.

Resolutions will be recorded in the Audit Committee's Minutes Book, and will be signed by the Chairman of the Committee, as will any certificates issued for the adoption of resolutions.

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

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

- a) To report to the shareholders at the General Shareholders Meeting on business brought forth by the shareholders with respect to matters within its competence.



b) To propose to the Board of Directors for submittal to the shareholders at the General Shareholders Meeting the appointment of the Auditor referred to in Article 264 of the Capital Companies Act.

c) To supervise, when appropriate, the internal audit services.

d) To become familiar with the Company's financial reporting process and its internal control systems.

e) To maintain a relationship with the Auditor to receive information on matters that may jeopardise the Auditor's independence and any other matters related to the process of performing the audit, as well as to receive information from and maintain with the Auditor the communications set forth in audit law and in technical audit standards.

**3. The Appointments and Remuneration Committee or, where appropriate, Committees, will consist exclusively of non-executive directors appointed by the Board, at least two of whom will be independent directors.**

**The Chairman of the Committee will be appointed from among its independent directors.**

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

a) **a) To assess the qualifications, background knowledge and experience necessary to sit on the Board, and to define, accordingly, the duties and qualifications required of the candidates to fill each position, and decide the time and dedication necessary for them to properly perform their duties.**

b) **Submit to the Board of Directors the proposed appointments of independent directors for their appointment by co-option or for submission to the decision of the General Shareholders Meeting, as well as proposals for the re-election or removal of these directors.**

c) **Submit the proposed appointments of the remaining directors for their appointment by co-option or for submission to the decision of the General Shareholders Meeting, as well as proposals for their re-election or removal by the General Shareholders Meeting.**



d) **Report the proposed appointments and removals of senior managers and basic conditions of their contracts.**

e) **Examine or organise the succession of the Chairman of the Board of Directors and the CEO of the company and, where appropriate, make proposals to the Board so that this succession occurs in an orderly and planned manner.**

f) **Propose to the Board of Directors the remuneration policy for directors and senior managers, and individual remuneration and other contractual conditions of executive directors, and ensure they are observed.**

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

In addition to the Executive Committee, the Audit Committee **and the Appointments and Remuneration Committee or, where appropriate, Committees**, the Board of Directors may appoint other committees whose powers and obligations shall be established by the Board on a case-by-case basis.

Notwithstanding the provisions of this article, the Board of Directors may delegate all or part of its powers to one or more Chief Executive Officers with the legal requirements and limits, setting the appropriate remuneration for them for said position”.

### **C) APPROVAL OF THE REPORT**

**This report has been issued and unanimously adopted by the Board of Director its meeting of 27th February 2014**

Tajonar (Navarra), 27<sup>th</sup> February 2014.