



REGULATIONS
OF THE APPOINTMENTS AND
REMUNERATION COMMITTEE OF
VISCOFAN SA

(Text endorsed by agreement of the Board of
Directors of 19 September 2019)

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

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CHAPTER I. PRELIMINARY

Article 1.- Legal scope and nature

1. The Appointments and Remunerations Committee (the "**Committee**") of Viscofan S.A. ("**Viscofan**" or the "**Company**") is a permanent, informative and advisory internal body of the Board of Directors, with powers of information, advice and proposal.
2. The Committee shall be governed by the rules contained in the Bylaws, in the Regulations of the Board of Directors and in these Regulations of the Appointments and Remuneration Committee (the "**Regulations**").
3. The Regulation aims to promote the independence of the Committee and determine the principles of action and the internal operating regime.

Article 2.- Interpretation

1. These Regulations will be interpreted in accordance with the law and internal corporate governance regulations. The Regulations develop and complement the rules of the Bylaws and the Regulations of the Board of Directors applicable to the Committee. These last two will prevail in the event of contradiction with the first.
2. It is up to the Committee to resolve the doubts raised by the interpretation and application of these Regulations.
3. The Board of Directors can amend the Regulations when the majority of the directors and all the members of the Committee attend the session that adopts the resolution for that purpose.

Article 3.- Amendment

1. At the proposal of its chairman or the majority of its members, the Committee may propose that these Regulations be amended.
2. The Regulations and, where appropriate, any amendments must be approved by resolution of the absolute majority of the Committee members, and be endorsed by the Viscofan Board of Directors. The Regulations and, where appropriate, its amendments will come into force on the date of their endorsement.

Article 4.- Dissemination

These Regulations and their subsequent amendments will be disseminated on the Company's corporate website.

CHAPTER II. SCOPE AND FUNCTIONS

Article 5.- Powers

1. The basic functions of the Committee are in regards to:
 - (i) the composition of the Board of Directors and its committees, selection, separation and dismissal of directors and the appointment of internal positions on the Board of Directors and members of senior management of the Company and the Viscofan Group.
 - (ii) the evaluation of the Board of Directors, its committees and its members
 - (iii) those related to the remuneration of directors and members of senior management as well as the basic conditions of their contracts.
2. The Committee will also have the following functions:
 - (i) those related to the supervision, development and improvement of the corporate governance rules of the Company
 - (ii) those related to the supervision, development and improvement of the sustainability policies of the Company
 - (iii) others that, where appropriate, are attributed by law, internal corporate governance regulations or the Board of Directors.

Article 6.- Powers relating to the composition of the Board of Directors and its committees, selection, separation and dismissal of directors and the appointment of internal positions on the Board of Directors and members of senior management of the Company and the Viscofan Group.

1. In relation to the structure and composition of the Board of Directors and its committees, the Committee will exercise the following powers:
 - a) periodically review the structure of the Board of Directors and its committees and advise the Board of Directors on the most suitable configuration in terms of size and balance between the different classes of directors.
 - b) evaluate the skills, knowledge and experience necessary in the Board of Directors, for which purpose: (i) it will develop a matrix of necessary powers of the Board of Directors that helps the Committee to analyse the powers, knowledge and experience of the directors who form part of the Board and of the candidates that must fill any vacancies; (ii) promote programmes to update the knowledge of the directors, when necessary.
 - c) Ensure that candidates are not directly or indirectly involved in any of the causes of incompatibility, prohibition, conflict or opposition of interests with the corporate interest provided for in the law or in corporate governance regulations.

- d) ensure that when selecting new vacancies or appointing new directors, the selection procedures: (i) do not suffer from implicit biases that may imply any discrimination and, in particular, that may hinder the hiring of female directors and (ii) favour the diversity of the members of the Board of Directors, in particular as regards gender, professional experience, skills, personal abilities, sector knowledge and international experience.
- e) establish a representation target for the least represented sex on the Board of Directors and preparing guidelines on how to achieve this.
2. In relation to the selection, separation and dismissal of directors and the appointment of internal positions on the Board of Directors and members of senior management of the Company and the Viscofan Group, the Committee shall exercise the following powers:
- a) select the possible candidates to be appointed independent directors of the Company and ensure compliance with the Director Hiring Policy, which will include a policy for diversity in the composition of the Board of Directors, verifying it on an annual basis and reporting it in the Annual Corporate Governance Report of Viscofan. For these purposes, during the selection process, the chairman or one of the members of the Committee shall endeavour to meet with the director candidates before issuing his report or proposal and inform the candidate at that meeting about what is expected of him/her in terms of dedication, participation in specialised committees and commitment to Viscofan.
- b) examine, prior to the termination of the term for which a director had been appointed, the suitability of his/her re-election, as well as his/her permanence, where appropriate, on the committees of the Board of Directors of which he/she was a member and verify that the director to be re-elected continues to meet the general requirements for all Company directors, in accordance with the provisions of the law and corporate governance regulations, as well as assess the quality of work and dedication to the position of the director in question during the term of his/her previous office and, expressly, the honourability, suitability, solvency, competence, experience, qualification, availability and commitment to his/her job.
- c) Forward proposals to the Board of Directors on:
- i. the appointment, re-election or separation of independent directors for their appointment by co-option or for submission to the General Shareholders' Meeting. When the proposal for appointment has been submitted for evaluation by significant shareholders or other proprietary or executive directors, the Committee will reveal the identity of the person making the suggestion in its proposal to the Board.
 - ii. the assignment of a director to the corresponding category, or maintaining the position in the case of re-election or any changes, when appropriate
 - iii. the appointment, re-election or separation of independent directors from advisory committees.
 - iv. the appointment, re-election or separation of the coordinating director, in the event that the chairman of the Board of Directors exercises executive functions.
 - v. the separation of directors in case of incompatibility, structural conflict of interest or any other cause of resignation or termination, in accordance with the law or corporate governance regulations

- vi. the proposal so that the succession of the Chairman and the Managing Director of the Viscofan Group, if applicable, occurs in an orderly and planned manner. For these purposes, the Committee will prepare a succession plan that will be periodically reviewed to adapt it to the new needs and circumstances of the Company and the Group.
- d) Inform the Board of Directors about the proposals for:
- i. the appointment, re-election or separation of executive, proprietary and other external directors for their appointment by co-option or for submission to the decision of the General Shareholders' Meeting.
 - ii. appointment, re-election or separation of executive, proprietary and other external directors who must form part of each advisory committee.
 - iii. appointment, re-election or separation of the Chairman of the Board of Directors and its secretary, as well as, where appropriate, the Vice Chairman or Deputy Secretary and the CEO or the Managing Director of the Viscofan Group.
 - iv. appointment of natural persons representing a legal entity director. In this case, the Committee's evaluation must be carried out with reference to the natural person, without prejudice to the Committee analysing the suitability of the legal entity.
 - v. separation of directors due to a breach of the duties inherent to their position or due to having suddenly resigned or been terminated.
 - vi. authorisation or exemption granted to a director regarding their duties.
 - vii. definition and organisation of the organisational structure and the nomenclature of senior management.
 - viii. appointment, re-election or separation of senior management and the basic conditions of their contracts and of the Company's Internal Audit Director. Those persons determined by the Board of Directors for exercising management functions and reporting directly to the Board of Directors, any of its Committees, the Chairman or the Managing Director of the Viscofan Group shall have the status of senior management.
- e) Pursuant to Law, the Committee will also inform about the concurrent circumstances of the shareholder or shareholders that propose, require or determine the appointment of nominee directors.
- f) When a Director resigns, the Committee will assess the information contained, where appropriate, in the letter that the outgoing Director has sent to the Board of Directors and will ensure that publicity is given in a manner appropriate to the reasons and circumstances of the termination, including an explanation of the reasons for the termination in the annual corporate governance report.

Article 7.- Powers relating to the evaluation of the Board of Directors, its committees and its members

In this regard, the Committee will exercise the following main functions:

1. Promote and coordinate the annual evaluation of the performance of the Board of Directors and its Committees, the Chairman of the Board of Directors and the Managing Director of the Viscofan Group, and of the Coordinating Director.

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2. Submit the results of the evaluation to the Board of Directors, together with a proposal for an action plan or with recommendations to correct the possible shortfalls detected or improve the operation of the Board of Directors or its committees.
3. In addition, as part of the evaluation, the Committee will monitor the directors' attendance at the meetings.
4. To carry out the evaluation, the Committee will have the internal means it deems appropriate in each case and, at least every three years, with the support of independent external consultants. The consultants who support the Committee in the exercise of its evaluation powers provided for in corporate governance regulations will be different from those who, where appropriate, advise the Company in the process of selecting directors or members of senior management, as well as in relation to their remuneration.

Article 8.- Powers related to the remuneration of directors and senior management of the Company and its Group

1. The Committee will propose the following to the Board of Directors:
 - a) the remuneration policies of the directors and members of the Senior Management and review them periodically, proposing, where appropriate, their modification and update to the Board of Directors. If the Committee uses external advisors to prepare the aforementioned Policy, it will properly assess the independence of said advisor.
 - b) The system and the amount of the directors' annual remuneration, as well as the individual compensation and the other basic conditions of the contracts of the executive directors, including any compensation that could be set in the event of separation, ensuring it is followed.

In particular, the Committee will ensure that the Board of Directors is able to approve, prior to its application, the objectives, criteria and metrics of the different remuneration concepts established for the current year, in accordance with the Directors' remuneration policy approved by the General Shareholders Meeting.

Likewise, the Committee will ensure that the Board of Directors is in a position to evaluate the attainment of the objectives, criteria and metrics established in the previous fiscal year, determining the variable remuneration accrued by the executive directors in said fiscal year. All before the date of publication of the Annual Report on the remuneration of directors.

- c) The Annual Report on the Remuneration of directors.
2. The Committee will inform about:
 - a) The proposal of the executive directors on the structure and amount of annual remuneration of senior management, as well as the individual compensation and other basic conditions of their contracts, including any compensation that could be set for the event of separation, and will submit them to the Board of Directors. When assessing the variable components, the Committee will assess in detail the degree of compliance with the criteria and objectives established for their attainment.

- b) General multi-year incentive systems and pension supplements.
 - c) Remuneration systems referenced to the listed value of the shares or that entail the issuance of shares or option rights over shares, intended for directors, members of senior management and other employees.
 - d) The documents to be approved by the Board of Directors for general disclosure regarding the information on remuneration. In particular, the corresponding sections of the Company's Annual Corporate Governance Report and the financial statements and management report.
3. The Committee will ensure compliance with the Directors' Remuneration Policy and will annually review its suitability and results, informing the Board of Directors of the result of said review. In particular, the Committee will verify that the remuneration policy is properly applied and that payments are not made to directors and members of senior management who are not included therein.
 4. The Committee will verify the coherence of the selection and remuneration policies with the Company's short, medium and long term situation and strategy and with market conditions, and to assess whether it contributes to the creation of long-term value and to an adequate risk control and management, informing the Board of Directors of the result of said review.
 5. The Committee will verify that the information published by the Company on its corporate website regarding remuneration is sufficient and adequate and follows the applicable recommendations of good corporate governance.

Article 9.- Functions related to corporate governance

The Committee will have the following main functions:

- a) Regularly oversee the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering to the legitimate interests of remaining stakeholders. To this end, it may propose to the Board of Directors the amendment of these Regulations or of the Regulations of the Board of Directors and will inform about the proposals for amending the latter, as well as the preparation and review of the basic policies on the matter.
- b) Inform the Board of Directors about the matters provided for by law and in the corporate governance regulations, including, prior to its approval by the Board of Directors, (i) the Annual Corporate Governance Report, without prejudice to the powers of the Audit Committee, and (ii) the matters within its competence in relation to the non-financial information statement.

Article 10. Functions related to corporate social responsibility

The Committee will have the following main functions:

- a) Monitor corporate social responsibility policy, strategy and practices and assess compliance in their respect. Likewise, if it deems necessary, it will propose to the Board of Directors the amendments of the Corporate Social Responsibility Policy, ensuring that it is aimed at creating value.

- b) Overseeing the processes of relationships with the different stakeholders, including the communication and relations strategy with shareholders and investors, and small and medium-sized shareholders.

CHAPTER III. STRUCTURE AND OPERATION

Article 11.- Structure

1. The Committee shall consist of a minimum of three and a maximum of six non-executive directors, and at least two of them must be independent directors.
2. The Board of Directors will determine the number of members on its own initiative, following a report or a proposal from the Committee.
3. It will be taken into account whether or not Committee members have the knowledge and experience in corporate governance, analysis and strategic evaluation of human resources, selection of directors and managers, as well as in the performance of senior management functions and the design of director and senior management remuneration policies and plans.
4. Diversity will be sought in its structure, particularly in relation to gender, professional experience, skills and sector knowledge.

Article 12.- Appointment and term of office

1. Committee members will be appointed and dismissed by the Board of Directors at the proposal of the Committee itself.
2. Committee members will be appointed for a maximum period of four years, and may be re-elected one or more times for periods of equal duration.
3. Committee members who are re-elected as Company directors will continue to serve on the Committee, unless the Board of Directors agrees otherwise.

Article 13.- Committee Chairman and Secretary

1. The Committee will elect its chairman from among the independent directors. The Committee will also appoint a secretary, who does not have to be a director.
2. The Committee chairman, or in case of impossibility, the person appointed by the Committee, must act as its spokesperson in Board of Directors meetings and, where appropriate, the company's general shareholders' meeting.
3. The secretary will have the following functions:
 - a) Keep the Committee documentation, recording the sessions in the books, attesting to the resolutions and taking care of the formal and material legality of the actions of the Committee.
 - b) In accordance with the instructions of the Committee Chairman, channel and coordinate its relations with the other bodies or divisions of the Viscofan Group or with third parties.

Article 14.- Welcome programmes and training

1. New members of the Committee will receive a welcome program that will cover the following aspects, as a minimum: a) its corporate governance system and the role of the Committee, its responsibilities and objectives; b) an overview of the Company's business and organisational model and its strategy, as well as c) information obligations of the Company.
2. The Committee will have a regular training plan that ensures the updating of knowledge in relation to its competences.

Article 15.- Participation and right to information

1. The Committee may freely access, through the secretary of the Board of Directors, any type of information or documentation available to the Company regarding matters that are the competence of the Committee and that it considers necessary for the fulfilment of its functions.
2. In order to favour the diversity of opinions that enrich the analysis and proposals of the Committee, the Committee Chairman will ensure that its members participate freely in the deliberations, without being affected by internal or third-party pressures, and will promote constructive dialogue among its members, promoting free expression and critical attitude.
3. The Committee will maintain an effective communication channel with the Chairman of the Board of Directors, the Managing Director, senior management, the Human Resources Department and any other relevant internal liaisons, in order to ensure a proper exercise of its powers and attain its purpose, always safeguarding its independence

Article 16.- Duties of the Committee members

Committee members must act independently of judgement and action with respect to the rest of the organisation and execute their work with the utmost diligence and professional competence. In particular, attendance at Committee meetings will be preceded by the sufficient dedication of its members to analyse and evaluate the information received.

Article 17.- Termination

Committee members will be terminated from their position:

- a) when they lose their title of non-executive Company directors;
- b) when independent directors lose their status, if this places the number of independent directors on the Committee below the necessary majority according to law; and
- c) by resolution of the Board of Directors.

Article 18.- Annual work plan

Every year, the Committee will approve an annual work plan that includes the following activities, as a minimum:

- a) Setting specific objectives in relation to each of the powers of the Committee, especially for those that may be new or refer to the most relevant matters.

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- b) Establishing an annual meetings schedule that takes into account, among other aspects, the schedule of meetings of the Board of Directors and the General Shareholders' Meeting.
- c) Planning the training deemed appropriate for the correct performance of the functions and the need for experts to advise on the development of any of their tasks.

Article 19.- Meetings

- 1. The Committee will meet as many times as necessary for the exercise of its powers by indication of its chairman, and in any case, it will hold a minimum of four annual meetings. . Likewise, at least two of its members will meet when requested.
- 2. The chairman shall convene the Committee whenever the Board of Directors so requests and will ensure that meetings are held well in advance of the Board of Directors meetings.

Article 20.- Convening Meetings

- 1. The Committee will be convened using any means necessary to ensure the notification is received by the recipient.
- 2. Meetings will be called at least three days in advance, with the exception of urgent meetings, and the notification shall include the agenda.
- 3. The chairman shall prepare the agenda, passing it on to the Committee secretary, so that its members receive the necessary documentation sufficiently in advance. Committee members may request that the chairman includes matters, and he will be obliged to include them when the request has been made by at least two directors.
- 4. It will not be necessary to convene the Committee when all its members are present and they unanimously agree to hold the meeting.

Article 21.- Quorum

- 1. The Committee shall meet at the place indicated in the call.
- 2. The Committee shall be quorate with the attendance in person or by proxy of more than half of its members.
- 3. The chairman will manage the discussion and the votes.
- 4. In case of vacancy, illness or impossibility of the chairman or the secretary, the session will be presided by, or the secretary will be, as applicable, the persons agreed by the directors present.
- 5. The Committee may also accept resolutions in writing, without having to hold a meeting, in accordance with the provisions of the Law. Committee meetings can also be held by video conference or telephone conference call, so one or more of its members may attend said meeting through the indicated system. The Committee Secretary must make a record in the minutes if the Committee meetings are held in this way, in addition to the directors who physically attend and, where appropriate, who are represented by another director, and those who attend the meeting through the conference call system telephone, video conference or similar system.

Article 22.- Resolutions

1. Resolutions will be adopted by simple majority vote of the members attending the meeting and the Chairman will have the casting vote. .
2. The deliberations and resolutions of the Committee shall be recorded in a document that will be signed by the secretary with the approval of the chairman, or by those who are taking their place. The documents will be approved by the Committee at the end of the meeting or at the start of the next meeting.

Article 23.- Conflicts of interest

When the issues to be addressed in the Committee meetings directly affect any of its members or persons associated with it and, in general, when said member incurs a situation of conflict of interest, he/she must be absent from the meeting until the decision is taken, being removed from the number of Committee members for the purpose of calculating quorum and majorities in relation to the matter in question.

Article 24.- Attendance

Attendance of any member of the Board of Directors, director or employee of the Company or of the Group or expert at Committee meetings shall be occasional and only when necessary, upon invitation from the Committee chairman, limiting the people who are summoned in accordance with their relationship with the items on the agenda, and they will not be able to attend the decision-making part of the Committee meetings without adequate justification. The secretary will note when the people invited to meetings enter and leave in the document.

CHAPTER IV. RELATIONSHIPS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

Article 25.- Relationships with the General Shareholders' Meeting.

The Committee will prepare a report on its activities that will be made available to shareholders and investors upon approval by the Board of Directors when convening the ordinary General Shareholders' Meeting.

Article 26.- Relationships with the Board of Directors.

1. The Committee Chairman will inform the Board of Directors of its activity in the first BoD meeting that is held after each Committee meeting. He will also provide all Board members with minutes from the meetings.
2. If the report or proposal of the Committee is required by the bodies or delegates of the Board of Directors to adopt a decision, it can be sent to them.
3. The Board of Directors shall perform an annual evaluation of its operations and that of its committees and propose an action plan to correct any shortfalls detected.

Article 27.- Relationships with companies from the Viscofan Group

1. The Committee, through its chairman, may collect information and request the collaboration of any director or employee of the Company and its Group. Therefore, directors or employees will be obliged to attend Committee meetings and to provide their collaboration and access to the information they have when they are required for this purpose.
2. In any case, the Committee chairman shall notify the Chairman of the Board of Directors and the Managing Director of the Viscofan Group of the requirements for attending the Committee meeting.

CHAPTER V. CONSULTATION

Article 28.- Consultation

1. In order to be assisted in the exercise of its functions, the Committee may request that the Company hires legal advisors or other experts. Once a year, the Committee will inform the Board of Directors of the expenses incurred that will be subject, if the Board of Directors deems it appropriate, to the review of the Audit Committee, with the support, where appropriate, of the internal auditors.
2. The Committee will ensure that possible conflicts of interest of external professionals do not prejudice the independence of the external advice received.
