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REPORT ON ITEM TEN OF THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS ON THE APPROVAL OF A MULTI-YEAR INCENTIVE FOR THE COMPANY'S EXECUTIVE DIRECTORS, FOR 2019-2021, TO BE PAID IN CASH AND THROUGH THE DELIVERY OF COMPANY SHARES. DELEGATION OF POWERS TO THE BOARD OF DIRECTORS SO IT CAN DEVELOP AND IMPLEMENT RESOLUTIONS.

The Viscofan, S.A. Board of Directors ("**Viscofan**" or the "**Company**"), approved on 30 July 2019 (communicated to the Spanish National Securities Market Commission on that date, material event no. 280891), after a report from the Appointments and Remuneration Committee, a Long-Term Incentive Plan for 2019-2021 (the "Plan") intended for the Company's executive directors, managers and other key staff from the Viscofan Group which, subject to compliance with its objectives, will result in a cash payment and a payment in Company shares.

In accordance with the provisions of article 219 of the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and in article 29.2 of the Bylaws, as specified in the public communication of the Plan, it must be submitted, with regard to the Company's executive directors, to be approved by the General Shareholders' Meeting, under the terms provided for in current legislation and in the current Director Remuneration Policy.

At its meeting on 27 February 2020, at the proposal of the Appointments and Remuneration Committee, the Board of Directors issued this report for the General Shareholders' Meeting scheduled for 23 April 2020 at first call and 24 April 2020 at second call, proposing the application of the Plan for executive directors with the same basic features as those approved and communicated on 30 July 2019 for all the beneficiaries of the Plan, which are transcribed below:

“Objective and description of the Plan

Objective. - The Plan has been put in place to reinforce the commitment of the key management team and the alignment with the creation of value for shareholders in the period comprising 1 January 2019 to 31 December 2021. ("Measurement Period").

Description of the Plan.- The Plan consists of an extraordinary, multi-year and mixed incentive, payable in cash and in Company shares, in the percentages assigned according to the professional level of the Beneficiary, which may arise after the application of certain factors, based on the degree of attainment of certain targets, (i) the payment of a cash amount (ii) on the basis of an initial number of assigned shares, to the effective payment of shares in Viscofan S.A. on the scheduled payment date.

Beneficiaries

The Plan is intended for people who, due to their level of responsibility or their position within the Viscofan Group, decisively contribute to the attainment of the Company's targets. Specifically, the beneficiaries are:

- (i) *The Company's executive directors: the Company's Executive Chairman and the Managing Director of the Company and the Group.*
- (ii) *senior executives of the Company and subsidiaries,*
- (iii) *other directors and employees of Viscofan S.A. and subsidiaries.*

It has been estimated that the Bonus will have around 140 beneficiaries, notwithstanding the possibility that new beneficiaries may be included in the authorised limits during the measurement period as a result of new hires or changes the maximum authorised limit in both cash and shares.

Duration.

The Plan has a measurement period of three years, from 1 January 2019 to 31 December 2021.

The Plan will be due and paid within one month of the approval by the Company's General Shareholders' Meeting of the financial statements for 2021 ("Settlement Date"), i.e. within the first half of 2022. Beneficiaries who voluntarily withdraw before the Settlement Date will lose all rights arising from it.

Limits and origin of the shares

The Plan has the following limits:

- *With regard to the part to be paid in cash, the Plan anticipates a maximum cost or payment of 11.5 million euros in the event of 100% attainment of the Target, and 13 million euros if the Target is exceeded.*
- *With regard to the part to be paid in shares, the Plan provides for a maximum of 175,000 shares for all beneficiaries if the Target is achieved and 230,000 shares if the Target is exceeded.*

The amounts and maximum number of shares for executive directors, which are submitted to the General Meeting for approval, are as follows:

- *For the Executive Chairman a maximum of €374,850 and 17,853 shares for achieving the Target (€449,820 and 21,424 shares if the Target is exceeded).*
- *For the General Managing Director of the Viscofan Group a maximum of €288,540 and 13,742 shares for achieving the Target (€346,248 and 16,491 shares if the Target is exceeded)*

All of the shares to be paid from the Plan will come from the Company's treasury stock. No minimum value of the assigned shares is guaranteed.

Parameters and magnitudes of the Plan.

We propose paying an incentive based on the following parameters in the Measurement Period:

1. Total Shareholder Return (80% weight)

We propose that the Total Shareholder Return ("TSR") that measures the return on investment for the shareholder as a sum of the variation in the share price in the Measurement Period plus dividends and other similar items received during this period are used as an essential criterion or parameter of the Plan.

Initial reference is taken to the average price of the share in December 2018 (48.99 euros per share). For the calculation of the development of the ATR at the end of the period shall also be considered as the average share price in December 2021. In accordance with these reference values, a minimum level of compliance is established from which the Plan begins to receive 4% of the Annual Rate of Joint Growth (ARJG) and is extended to 120% of the weight ratio if the ATR has a total increase in the Measurement Period of 11% CAGR ("Maximum ATR overage")¹.

2. Accident rate reduction (10% weight)

To achieve a greater level of awareness, monitoring and alignment of the management team with occupational health and safety, the improvement of the accident rate is established as a long-term non-financial indicator, understood as the reduction in the ratio of lost work hours as a consequence of accidents with leave versus the total theoretical hours of work in the Measurement Period. The starting point is set at the 2018 ratio of 0.38% and weighted at 100% if this indicator is reduced by an average of 7% in the Measurement Period.

3. Environmental sustainability (10% weight)

With the aim of promoting the development of the circular economy and reducing the environmental impact of productive activity, we propose using a new indicator that relates to the ratio of tonnes of waste managed in the landfill for every million metres extruded. Starting from the ratio. A minimum reduction of the ratio by 4 percentage points is proposed and weighted at 100% if the indicator is reduced to 10 percentage points in the Measurement Period.

Measurement of the performance and modifications of the Bonus:

As a condition for the payment of the Bonus, following a report from the Appointments and Remuneration Committee, the Viscofan Board of Directors has ratified the degree of compliance with the parameters and magnitudes thereof.

Under the Directors' Remuneration Policy, executive directors who are beneficiaries of the Plan may not transfer the shares delivered for a period of three years unless they hold, directly or indirectly, a number of shares equivalent to twice their fixed annual remuneration.

The provisions of the current Director Remuneration policy will also apply to the ex-post control of variable remuneration ("Clawback").

Implementation of the Plan

¹ In accordance with the current Director Remuneration Policy, which provides for the possibility that the annual variable remuneration recognises possible exceeded targets of up to 120% of the Annual Target Incentive.

Without prejudice and with regard to the competence of the General Shareholders' Meeting in the case of executive directors, the Board of Directors shall proceed with the implementation of the Plan for its full effects setting forth the terms and conditions thereof in all matters not provided for in this Agreement".

In relation to the implementation of the Plan, it is also submitted for the approval of the General Shareholders' Meeting, to delegate to the Board of Directors, with general powers of substitution, the necessary powers to implement, develop, formalise, execute and settle the Plan, adopting as many agreements and signing as many documents, public or private, as may be necessary or appropriate for its full effect, with the power to even correct, rectify, modify or complement this agreement. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with general powers of substitution:

- (a) To designate the beneficiaries of the Plan, either at the time of its establishment or subsequently, and to determine their allocations of "theoretical shares", as well as to revoke, where appropriate, the designations and allocations previously made.
- (b) To set the terms and conditions of the Plan in all matters not provided for in this agreement, within the framework of the contracts in force with the executive directors, senior managers and other beneficiaries.
- (c) To formalise and implement the Plan in the manner it considers appropriate, carrying out all the necessary actions for its proper execution.
- (d) Draft, sign and submit any communications and documents, public or private, that may be necessary or appropriate before any public or private body for the implementation and execution of the Plan.
- (e) Carry out any action, declaration or procedure before any public or private body, entity or registry to obtain any authorisation or verification necessary for the implementation and execution of the Plan.
- (f) To designate, where appropriate, the bank or banks that should provide their services to the Company in relation to the formalisation and administration of the Plan and to negotiate, agree and sign the corresponding contracts with the bank or banks selected in this manner, as well as those other contracts or agreements that are appropriate with any other entities and, if applicable, with the beneficiaries, for the implementation and execution of the Plan, under the terms and conditions it deems appropriate.
- (g) Evaluate the level of performance in relation to the parameters to which the Plan is linked and proceed to its settlement.
- (h) In general, to carry out as many actions and sign as many documents as necessary or appropriate for the validity, effectiveness, implementation, development, execution, settlement and success of the Plan. The Board of Directors is expressly authorised to delegate, under the provisions of Article 249.2 of the Capital Companies Act, the powers referred to in this resolution.

In particular, the Appointments and Remuneration Committee has considered the TSR weight. Firstly, the weight of the objective in that it guarantees a substantial alignment of the plan with the shareholders; secondly, with regard to the reference values, in addition to establishing elements to prevent short-term volatility from having an excessive influence, a minimum level of compliance is established from which the Plan begins to receive 4% of the Annual Rate of Joint Growth, which is the average reference for the generation of value for the shareholder in the long term.

In conclusion, considering the features of the Plan described above, following a report by the Appointments and Remuneration Committee whose conclusions it adopts, the Board of Directors believes that the Plan meets the needs of the Company and aligns the interests of the beneficiaries with those of the shareholders, and therefore the following proposed resolution is put forward to the General Shareholders' Meeting:

"POINT REGARDING LONG-TERM REMUNERATION

Ten. Approval of a multi-year incentive for the Company's executive directors, Executive Chairman and General Managing Director, for 2019-2021, payable in cash and through the delivery of Company shares. Delegation of powers to the Board of Directors so it can develop and implement resolutions.

To approve for the Company's executive directors, Executive Chairman and General Managing Director, a Long-Term Incentive Plan for 2019-2021 (hereinafter the "Plan") in compliance with the provisions of Article 219 of the Corporate Enterprises Act and Article 29.2 of the Articles of Association of Viscofan.

The Plan for the directors is approved with the same basic features as those that were approved and communicated by the Board of Directors on 30 July 2019 for all the beneficiaries of the Plan (Relevant Event with registration number 280891) and which are transcribed below.

"Objective and description of the Plan

Objective.- *The Plan has been put in place in order to reinforce the commitment of the key management team and the alignment with the creation of value for shareholders in the period comprising 1 January 2019 to 31 December 2021. ("Measurement Period").*

Description of the Plan.- *The Plan consists of an extraordinary, multi-year and mixed incentive, payable in cash and in Company shares, in the percentages assigned according to the professional level of the Beneficiary, which may arise after the application of certain factors, based on the degree of attainment of certain targets, (i) the payment of a cash amount (ii) on the basis of an initial number of assigned shares, to the effective payment of shares in Viscofan S.A. on the scheduled payment date.*

Beneficiaries

The Plan is intended for people who, due to their level of responsibility or their position within the Viscofan Group, decisively contribute to the attainment of the Company's targets. Specifically, the beneficiaries are:

- (i) The Company's executive directors: the Company's Executive Chairman and the Managing Director.*
- (ii) senior executives of the Company and subsidiaries,*
- (iii) other directors and employees of Viscofan S.A. and subsidiaries.*

It has been estimated that the Bonus will have around 140 beneficiaries, notwithstanding the possibility that new beneficiaries may be included in the authorised limits during the measurement period as a result of new hires or changes, with respect to the maximum authorised limit in both cash and shares.

Duration.

The Plan has a measurement period of three years, from 1 January 2019 to 31 December 2021.

The Plan will be due and paid within one month of the approval by the Company's General Shareholders' Meeting of the financial statements for 2021 ("Settlement Date"), i.e. within the first half of 2022. Beneficiaries who voluntarily withdraw before the Settlement Date will lose all rights arising from it.

Limits and origin of the shares

The Plan has the following limits:

- *With regard to the part to be paid in cash, the Plan anticipates a maximum cost or payment of 11.5 million euros in the event of 100% attainment of the Target, and 13 million euros if the Target is exceeded.*
- *With regard to the part to be paid in shares, the Plan provides for a maximum of 175,000 shares for all beneficiaries if the Target is achieved and 230,000 shares if the Target is exceeded.*

The amounts and maximum number of shares for executive directors, which are submitted to the General Meeting for approval, are as follows:

- *For the Executive Chairman a maximum of €374,850 and 17,853 shares for achieving the Target (€449,820 and 21,424 shares if the Target is exceeded).*
- *For the General Managing Director of the Viscofan Group a maximum of €288,540 and 13,742 shares for achieving the Target (€346,248 and 16,491 shares if the Target is exceeded).*
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All of the shares to be paid from the Plan will come from the Company's treasury stock. No minimum value of the assigned shares is guaranteed.

Parameters and magnitudes of the Plan.

We propose paying an incentive based on the following parameters in the Measurement Period:

2. Total Shareholder Return (weight ratio = 0.8)

We propose that the Total Shareholder Return ("TSR") that measures the return on investment for the shareholder as a sum of the variation in the share price in the Measurement Period plus dividends and other similar items received during this period are used as an essential criterion or parameter of the Plan.

Initial reference is taken to the average price of the share in December 2018 (48.99 euros per share). For the calculation of the development of the ATR at the end of the period shall

also be considered as the average share price in December 2021. In accordance with these reference values, a minimum level of compliance is established from which the Plan begins to receive 4% of the Annual Rate of Joint Growth (ARJG) and is extended to 120% of the weight ratio if the ATR has a total increase in the Measurement Period of 11% CAGR ("Maximum ATR overage").

4. Accident rate reduction (Weighting ratio: = 0.1)

To achieve a greater level of awareness, monitoring and alignment of the management team with occupational health and safety, the improvement of the accident rate is established as a long-term non-financial indicator, understood as the reduction in the ratio of lost work hours as a consequence of accidents with leave versus the total theoretical hours of work in the Measurement Period. The starting point is set at the 2018 figure of 0.38%, a minimum reduction of the indicator's average of 3% is proposed and an increase for the weighting ratio of up to 100% if this indicator is reduced by an average of 7% in the Measurement Period.

5. Environmental sustainability (Weighting ratio: = 0.1)

With the aim of promoting the development of the circular economy and reducing the environmental impact of productive activity, we propose using a new indicator that relates to the ratio of tonnes of waste managed in the landfill for every million metres extruded. From the figure of 1.27 it is proposed to reduce the indicator by a minimum 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.

Measurement of the performance and modifications of the Bonus:

As a condition for the payment of the Bonus, following a report from the Appointments and Remuneration Committee, the Viscofan Board of Directors has ratified the degree of compliance with the parameters and magnitudes thereof.

Under the Directors' Remuneration Policy, executive directors who are beneficiaries of the Plan may not transfer the shares delivered for a period of three years unless they hold, directly or indirectly, a number of shares equivalent to twice their fixed annual remuneration. The provisions of the current Director Remuneration policy will also apply to the ex post control of variable remuneration ("Clawback").

Without prejudice and with regard to the competence of the General Shareholders' Meeting in the case of executive directors, the Board of Directors shall proceed with the implementation of the Plan for its full effects setting forth the terms and conditions thereof in all matters not provided for in this Agreement.

Implementation of the Plan

Without prejudice and with regard to the competence of the General Shareholders' Meeting in the case of executive directors, the Board of Directors shall proceed with the implementation of the Plan for its full effects setting forth the terms and conditions thereof in all matters not provided for in this Agreement".

Consequently, it is agreed to delegate to the Board of Directors, with general powers of substitution, the necessary powers to implement, develop, formalise, execute and settle the

Plan, adopting as many agreements and signing as many documents, public or private, as may be necessary or appropriate for its full effect, with the power to even correct, rectify, modify or complement this agreement. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with general powers of substitution:

- (i) To designate the beneficiaries of the Plan, either at the time of its establishment or subsequently, and to determine their allocations of "theoretical shares", as well as to revoke, where appropriate, the designations and allocations previously made.*
- (j) To set the terms and conditions of the Plan in all matters not provided for in this agreement, within the framework of the contracts in force with the executive directors, senior managers and other beneficiaries.*
- (k) To formalise and implement the Plan in the manner it considers appropriate, carrying out all the necessary actions for its proper execution.*
- (l) Draft, sign and submit any communications and documents, public or private, that may be necessary or appropriate before any public or private body for the implementation and execution of the Plan.*
- (m) Carry out any action, declaration or procedure before any public or private body, entity or registry to obtain any authorisation or verification necessary for the implementation and execution of the Plan.*
- (n) To designate, where appropriate, the bank or banks that should provide their services to the Company in relation to the formalisation and administration of the Plan and to negotiate, agree and sign the corresponding contracts with the bank or banks selected in this manner, as well as those other contracts or agreements that are appropriate with any other entities and, if applicable, with the beneficiaries, for the implementation and execution of the Plan, under the terms and conditions it deems appropriate.*
- (o) Evaluate the level of performance in relation to the parameters to which the Plan is linked and proceed to its settlement.*
- (p) In general, to carry out as many actions and sign as many documents as necessary or appropriate for the validity, effectiveness, implementation, development, execution, settlement and success of the Plan. The Board of Directors is expressly authorised to delegate, under the provisions of Article 249.2 of the Capital Companies Act, the powers referred to in this resolution".*
