



**Individual report regarding point 5 of the Agenda to the General Shareholders' Meeting on the re-election of Mr. José Domingo de Ampuero y Osma as executive director, prepared by the Board of Directors of "Viscofan, S.A."**

**1. Introduction**

This justifying report was prepared and approved by the Board of Directors of Viscofan, S.A. ("**Viscofan**" or the "**Company**") in the meeting held on 28 February 2019 as set forth in the provisions of Article 529 *decies* of the *Corporate Enterprises Act* and in Article 518.e) of the same act, regarding the proposal for re-election as director by the General Shareholders' Meeting scheduled for 11 April 2019, Thursday at first call and 12 April 2019, Friday at second call, of Mr. José Domingo de Ampuero y Osma as executive director for the statutory period of four years.

This report assesses the individual professional profile and biographical profile of the candidate and all other information required by current legislation and by the Company's governance regulations.

**2. Favourable report of the Remuneration and Appointments Committee**

As per Article 529 *decies*.6 of the *Corporate Enterprises Act* and the Company's corporate governance regulations, on 23 January 2019 the Remuneration and Appointments Committee of Viscofan (the "**Committee**") issued a favourable report on the re-election of Mr. José Domingo de Ampuero y Osma as member of the Board of Directors of the Company, in the position of executive director for the statutory period of four years.

The procedure resulting in the Committee's report on the re-election of Mr. José Domingo de Ampuero y Osma was launched by the coordinating director, Mr. José María Aldecoa Sagastasoloa who has the authority, as set forth in Article 18 of the Board of Directors Regulations, to head the periodic assessment of the Chairman of the Board of Directors.

For the purposes of this report, the Board of Directors has assessed the report issued by the Committee, which it endorses in its entirety and which includes the following in summarised form:

- The professional and biographical profile of Mr. José Domingo de Ampuero y Osma.
- The justification for the proposal for re-election as member of the Board of Directors.
- Category of director to which he is entitled.

Moreover, were Mr. Ampuero to be re-elected, the Board of Directors will submit his re-election as Chairman of the Board of Directors on the basis of the report issued by the Committee, due to his suitability, competence and experience in the position.

This is a free translation of the original Spanish document. In the event of any discrepancy between this translation and the original Spanish document, the original Spanish version shall prevail.



The Committee's report is attached as an annex.

### **3. Proposed resolution**

The Board of Directors has concluded that the knowledge, leadership, experience and performance of Mr. José Domingo de Ampuero y Osma justifies the proposal to the General Shareholders' Meeting that he be re-elected as member of the Company's Board of Directors in the category of executive director.

The proposed resolution submitted for the approval of the General Shareholders' Meeting is as follows:

**Five.- Re-election of Mr. José Domingo de Ampuero y Osma as director of Viscofan S.A., holding the position of Executive Director for the statutory period of four years.**

*To re-elect Mr. José Domingo de Ampuero y Osma as director for the statutory period of four years. The re-election of the director, holding the position of executive director, is submitted by the Board of Directors to the General Shareholders' Meeting after a favourable report from the Remuneration and Appointments Committee.*



## ANNEX

**Individual report regarding the re-election of José Domingo de Ampuero y Osma as executive director, prepared by the Appointments and Remuneration Committee of "Viscofan, S.A.", approved on 23 January 2019.**

### 1. Introduction

This justifying report has been prepared by the Appointments and Remunerations Committee (the "Committee") of Viscofan, S.A. ("Viscofan" or the "Company") in the meeting held on 23 January 2019 as set forth in the provisions of Article 529 decies.6 of the Corporate Enterprises Act and in Article 518.e) of the same act, regarding the proposal for re-election as director of Mr. José Domingo de Ampuero y Osma as executive director for the statutory period of four years.

This report assesses the individual professional profile and biographical profile of the candidate and all other information required by current legislation and by the Company's governance regulations.

The procedure for the preparation of the proposal was headed by the coordinating director, Mr. José María Aldecoa Sagastasoloa, who has the authority, as set forth in Article 18 of the Board of Directors Regulations, to head the periodic assessment of the Chairman of the Board of Directors.

### 2. Professional and biographical profile of Mr. José Domingo de Ampuero y Osma

Mr. José Domingo de Ampuero y Osma, current Chief Executive of Viscofan is an Industrial Engineer from Bilbao's Higher School of Industrial Engineers and holds a Master's Degree in Business Administration. University of Southern California. Los Angeles (USA).

His extensive professional career has led him to hold various important positions, such as Vice-Chairman of Naviera Vizcaína, Chairman of S.A. de Alimentación, Vice-Chairman of BBVA Bancomer (México), Chairman of Bodegas y Bebidas S.A., Vice-Chairman of Banco Bilbao Vizcaya Argentaria S.A., Vice-Chairman of Iberdrola, Chairman of Cementos Leona S.A. and member of the Board of Directors of the Asociación para el Progreso de la Dirección.

Mr. Ampuero is currently Chairman of Autopista Vasco-Aragonesa S.A. and director of Corporación Financiera Alba S.A. and Tubacex S.A.

Among other business activities, he is member of the Basque Business Circle, and its former chairman, member of the Board of Caridad de la Santa y Real Casa de Misericordia of Bilbao.



### **3. Justification for the proposal for re-election as member of the Board of Directors**

Mr. Ampuero was named Company director by co-optation on 27 February 2009, ratified by the General Shareholders' Meeting on 3 June 2009 and re-elected on 7 May 2015. He initially held the position of independent director, but was appointed Chairman of the Board of Directors and the Delegated Commission on 1 January 2010, position which he has held since that time.

At the time, the Committee verified that Mr. José Domingo de Ampuero y Osma met the requirements set forth in legislation and in the Company's governance regulations to hold the position of director, first as independent director and then as executive director. In particular the Committee considered that the candidate met the requirements of well-known competence, experience and merits set forth in the Company's governance regulations.

The Committee also verified that the candidate was neither directly or indirectly affected by any incompatibilities, prohibitions or conflicts of interest with the corporate interest set forth in the general provisions or regulations of the Company. Moreover, it verified the candidate's effective availability to provide the dedication required to perform the duties of the position.

All these circumstances have been verified and ratified by the Committee for the submission of this report.

The favourable report for the re-election of Mr. José Domingo de Ampuero y Osma are essentially based on the following considerations:

a) Efficient performance by the Board of Directors.- Over the last 9 years, he has carried out intense work, highlighted in the strengthening of the Company's good governance, proper supervision of senior management and leadership by the Board of Directors in the implementation of the various strategic plans. Thus, the assessment reports on his performance as Chairman of the Board of Directors has been rated as highly satisfactory. Specifically, as Chairman of the Board of Directors, Mr. Ampuero has been present at 100% of the Board and Executive Committee meetings (in force until 25 May 2015) and has shown effective leadership by encouraging debate and participation of all board members as well as senior management when their presence at the meetings has been required.

b) Very satisfactory economic results and financial indicators.- Over this period, Viscofan earnings have continued to grow, with maximum historical operational results and a very positive increase in share values; new milestones in the international development of the Viscofan Group have also been reached. Under this candidate's leadership, the implementation of the MORE TO BE 2016-2020 strategic plan has consolidated the Company as a more global leader in the casings market, with greater presence in markets and an improvement in the competitiveness of all its product families. This organic and inorganic growth, which includes value-generating acquisitions for the shareholder, has been carried out with strict financial discipline and appropriate shareholder remuneration. The assessment reports on his performance as the Company's Chief Executive has also received outstanding ratings, highlighting his leadership in the execution of the Group's strategy, his knowledge of the business, the



coordination with senior management and his dedication and commitment with the business project, among other noteworthy features.

c) As explained in the framework report issued on the joint assessment for the re-election of directors, a Chief Executive of the Company combined with a General Director/CEO of the Viscofan Group is the appropriate model of governance and management for the Group's current internationalisation, decentralisation and complexity, combining the leadership, coordination and general oversight of businesses that the Chief Executive is responsible for and the general function of effective management that is the responsibility of the General Director/CEO of the Group.

d) The presence of counterbalances in the corporate governance model, evidenced by the function of the coordinating director and the composition of the Board of Directors.

In sum, the commitment of Viscofan to creating value for its shareholders makes it convenient to continue the project currently headed by Mr. Ampuero and the Committee has therefore reported favourably in his re-election as director.

#### **4. Category of director to which he is entitled**

In the event of his re-election, Mr. José Domingo de Ampuero y Osma shall continue holding the position of executive director, as this is the duty that he will continue performing.

Moreover, were Mr. Ampuero to be re-elected, as regards the distribution of positions to be carried out by the Board of Directors, the Committee has also verified the suitability, competence and experience of Mr. José Domingo de Ampuero y Osma as Chairman of the Board of Directors, insofar as he has contributed to its efficient performance during the time he has held that position and has issued a favourable report for his re-election to that position.