

# ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS IN PUBLICLY TRADED COMPANIES

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



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## ISSUER IDENTIFICATION

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YEAR ENDING	31/12/2015
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**Registered Name:**

VISCOFAN SA

**Registered Address:**

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Navarra (Spain)

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS IN PUBLICLY TRADED COMPANIES

### A CORPORATE REMUNERATION POLICY FOR THE CURRENT YEAR

A,1 Explain the corporate remuneration policy. This section will include information on:

- General principles and foundations of the remuneration policy.
- Most significant changes in the remuneration policy applied during the previous year and changes made during the year to the conditions for the exercise of previously awarded options.
- Criteria used and composition of similar business groups whose remuneration policies were analysed to design the company's policy.
- Relative importance of variable remuneration items in comparison to fixed items and the criteria used to determine the components of the directors' remuneration package (*remuneration mix*).

#### Explain the remuneration policy

The remuneration policy for 2015 to 2017 was approved, by virtue of that stipulated in Articles 541 and 529r, according to the system included in the transitional provision of Act 31/2014 regarding improvements to corporative governance, upon approval of the Remunerations Report by consultative vote, presented at the General Shareholders Meeting, held on 7<sup>th</sup> May 2015.

#### Principles and Foundations

- Exclusive approval by the General Shareholders Meeting, as stipulated in the bylaws of the Company.
- Objectiveness. Formulated in accordance with objective criteria, even-handedly towards all Board members.
- Proportionality. Adapted to the importance of the company, its financial situation at all times and the market standards in comparable companies.
- Adequacy. In accordance with the Board composition, an amount considered as sufficient compensation for their qualifications, dedication and responsibility and for ensuring due loyalty and bonds with the company, as well as their independence.
- Transparency. Detail per concept, assignment criteria and individual breakdown is published in the annual remuneration report and submitted to the advisory vote of the General Shareholders Meeting.

#### Non-Executive Board Members

Shall receive a fixed salary for their role as Board Members.

Furthermore, attending Board meetings shall involve an allowance. They will not receive a variable salary.

President and Vice-Presidents of the Board.

Shall receive a fixed amount.  
Executive Committee.  
Its members shall receive a fixed salary.

Audit Committee and Appointment and Retribution Committee.  
Shall receive a fixed salary. Their presidents will receive 1.5 times said amount.

Executive Board Members. Shall receive:

-A fixed salary

-A variable annual salary and a variable quarterly salary.

Both taking the same criteria as those used for the senior management as a reference, set on a combination of parameters based on the completion of Group targets: financial aligned with the multi-year Strategic Plan and the annual completion targets, as well as non-financial strategic plans and personal performance.

For quarterly remuneration, the parameters considered are those aligned with the remuneration and creation of long-term value for shareholders.

The parameters that have been marked as objectives for the 2015 annual variable remuneration, through applying this remunerations policy, are: Incomes, EBITDA, Net Result, inventory over sales ratio, share value and greater EHS and CSR.

Determining the annual amount shall be approved by the Administrative Board based on evaluation by the executive board members, in accordance with the proposal from the Appointment and Retribution Committee.

- Furthermore, they may receive life and accident insurance and a medical check-up, just as the senior management, medical insurance and a company vehicle.

They shall not receive payment for belonging to the Board, the Board Committees or other Boards belonging to the Viscofan Group, nor allowances for attending Administrative Board meetings or other Committees.

The advanced notification conditions, pledge not to complete, severance pay and other conditions on the contracts are as follows:

In the Executive President's contract, compensation has been envisaged for the two yearly payments equal to the total of the last payment received, in the event that during the mandate there is an unjustified severance, with a non-competition pledge of two years once the contract ends. In the event of non-compliance with this non-competition pledge, the compensation received should be reinstated, plus a payment remitted to the value of three times its amount in damages.

The contract also includes a six-month prior notice period in the event of contract termination, which should be complied with by both parts. In the event of non-compliance, the non-complying part must compensate the other part with the salaries corresponding to the period of uncompleted prior notice.

In the Director General Manager's contract, compensation has been envisaged for the two yearly payments equal to the total of the last payment received, in the event that during the mandate there is an unjustified severance, with a non-competition pledge of two years once the contract ends. In the event of non-compliance with this non-competition pledge, the compensation received should be reinstated, plus a payment remitted to the value of three times its amount in damages.

The contract also includes a six-month prior notice period in the event of contract termination, which should be complied with by both parts. In the event of non-compliance, the non-complying part must compensate the other part with the salaries corresponding to the period of uncompleted prior notice.

#### Maximum limit

The remuneration of the Administrative Board and its Committees may not exceed 1.5% the net profit of the Viscofan Group. This established limit does not compute income from other functions originating from their work or professional relations.

#### Boards from other Viscofan Group societies

Board Members from the Viscofan parent company shall not receive remuneration in the Boards of the branches to which they belong. Except for the case of Industrias Alimentarias de Navarra, S.A.U., which due to its special commercial nature, Members may receive the remuneration established for the Board of this Company, which shall furthermore consist in a fixed amount. Viscofan S.A. Executive Board Members shall not receive any amount.

#### Most significant changes in comparison with the previous year.

Compare to last year, there have been not significant changes in the remuneration policy. The only changes that are included in the proposal presented at the General Shareholders Meeting are those corresponding to application of the principles established by Act 31/2014, by which the Spanish Companies Act (LSC) was modified, regarding improvements to corporate governance. The remunerations policy was approved at the General Shareholders Meeting held on 7<sup>th</sup> May 2015.

With the sale of Industrias Alimentarias de Navarra, S.A.U. on 10<sup>th</sup> March 2015, from that moment on the exception disappeared and the Viscofan S.A. Board Members shall no longer receive any remuneration for participating in the Boards of the branches to which they belong.

#### Criteria taken into consideration

The remuneration policy has been prepared by the Board based on the best international practices of corporate government and in collaboration with external expert Mr. Spencer Stuart. It is also based on the core principles and foundations of the Viscofan Group remuneration system.

Moreover, the Board and the Appointments and Remuneration Committee have also ensured that the policy does not imply significant changes to the amount of remuneration received by the various directors insofar as these sums are adapted to their responsibilities, dedication, position and type, taking into account the particular circumstances of the Company.

Relative significance of variable remuneration components and criteria for determining different components of the remuneration package.

Non-executive Board members do not receive variable remuneration.

Executive directors may receive a yearly variable remuneration and a three yearly variable remuneration. The variable remunerations of the executive directors shall be established by using as a reference point the same criteria determined for Viscofan senior management applying a combination of parameters based on achieving Group financial targets aligned with the multi-annual Strategic Plan and with the annual performance targets, and on strategic non-financial targets, as well as personal performance

The annual amount shall be decided on the basis of the evaluation of the Executive Directors by the Board of Directors, based on the Appointments and Remuneration Committee reports

A,2 Information on the preparatory work and decision-making process followed to determine the remuneration policy and role, if any, performed by the remuneration committee and other supervisory bodies in shaping the remuneration policy. This information will include, where appropriate, the mandate given to the remuneration committee, its composition and the identity of the external consultants whose services have been used to define the remuneration policy. Also describe the character of the directors, if any, who have been involved in the definition of the remuneration policy.

**Explain de process for determining the remuneration policy**

The Board of Directors unanimously approved the proposal of the Appointments and Remuneration Committee recommending that the remuneration policy should be reviewed by an external expert in this area, based on best corporate governance practices and that the results should be reported at the 2013 General Shareholders' Meeting. The shareholders were informed about this agreement at the General Shareholders' Meeting held on 23 May 2012.

To meet this commitment, the Appointments and Remuneration Committee headed by the Chairman and the Independent Board Member Mr. Ignacio Marco-Gardoqui, worked with input from Board Members and assessment and close collaboration from Mr. Spencer Stuart, to draw up a proposal that, was in line with his expert recommendations and included international corporate governance best practices while also adhering to the principles and foundations that must form the basis of the Viscofan Group remuneration system.

This proposal was presented to the Board of Directors and approved at the meeting held on 22 March 2013. It was approved by advisory vote at the General Shareholders' Meeting held on 30 April 2013.

For year 2014, the Appointments and Remuneration Committee, comprising the same members who prepared the initial proposal, made a review of the remunerations policy approved by the AGM, in addition to its principles and rationale and its application in year 2013, and concluded that there had been no changes in the company to justify a review of the said principles or the remunerations policy approved by the shareholders.

Consequently, the Annual Report on the Remuneration of Directors in Publicly Traded Companies proposed by the Board of Directors and approved by a non-binding vote of the AGM held on the 11th April 2014, maintained the same remuneration concepts, principles and rationale and proposed, for 2014, a policy with no significant changes to the one approved for 2013.

Following approval of Act 31/2014, by which the Spanish Companies Act (LSC) was modified regarding improvements to corporative governance, the Appointment and Retribution Committee implemented a new exhaustive review of the remunerations policy, also taking into consideration proposals from the Administrative Board to modify the articles of association in order to increase the maximum number of Board members to ten, and to appoint a new dominical director, Mr Juan March de la Lastra. The Committee established that, in view of the principles and bases that shape the Company's remuneration policy, and taking into account the criteria used for said policy, these changes did not justify the inclusion of significant modifications to the existing remunerations policy, and therefore at the General Shareholders Meeting, the Administrative Board proposed the approval of a policy without significant variations for 2015 to 2017, via the approval through consultative vote of the 2014 Remunerations Report, in accordance with the regulations established in the transitory provision of Act 31/2014 regarding improvements to corporate governance.

A,3 Indicate the amount and nature of the fixed components, with a breakdown where necessary, of the remuneration for the performance of senior management functions by the executive directors, the additional remuneration as chairman or member of any board committee, per diem payments for participation in the board and its committees and other fixed payments for the directorship and an estimate of the fixed annual remuneration to which they give rise. Identify other benefits not paid in cash and the basic parameters for which they are given

### **Explain the fixed components of the remuneration**

These are the fixed remuneration components and quantification for 2015 that compare to last year, there have been not changes.

#### Non-executive Board Members

Fixed remuneration: €80,000

Allowances for meeting attendance: €3,000/meeting

#### Chairman of the Board

Fixed remuneration: €350,000

#### Deputy Chairmen of the Board

First Deputy Chairman. Fixed remuneration: €250,000

Second Deputy Chairman. Fixed remuneration: €175,000

#### Executive or Delegated Committee

Fixed remuneration: €100,000

No fees for attending

#### Audit Committee

Members. Fixed remuneration: €30,000

Chairman. Fixed remuneration: €45,000

No fees for attending

#### Appointments and Remuneration Committee

Members. Fixed remuneration: €20,000

Chairman. Fixed remuneration: €30,000

No fees for attending

#### Chief Executive Officer

Fixed remuneration: €348,417

Life and accident insurance.

Healthcare.

Company car.

#### Director General Manager

Fixed remuneration: €307,785

Life and accident insurance.

Healthcare and health insurance

Company car.

#### Total maximum limit

Total remuneration of the Board < 1.5% net earnings of Viscofan Group.

Remuneration for other functions due to work-related or professional services is not included.

#### Boards of other Viscofan Group companies. IAN Board (until 10 March 2015)

Members: €25,000

Chairman: €50,000

The executive directors shall receive no remuneration or per diem allowance for being

a member of a commission or another board.

A,4 Explain the amount, nature and main characteristics of the variable components of the remuneration systems.

In particular:

- Identify each remuneration plan of which directors are beneficiaries, their scope, approval date, implementation date, validity period and main features. For share option plans and other financial instruments, the general features of the plan will include information on the conditions for exercising such options or financial instruments for each plan.
- Indicate any payments made under profit-sharing or bonus schemes, and the reason why they were granted.
- Explain the basic parameters and grounds for any annual bonus scheme.
- The types of directors (executive directors, external directors, independent directors or other external directors) that are beneficiaries of remuneration systems or plans that incorporate a variable remuneration.
- The foundations of such variable remuneration systems or plans, the criteria chosen to assess performance as well as the components and assessment methods to determine whether the criteria have been met or not, and an estimate of the total amount of variable remuneration that would result from the current compensation plan, as a function of the degree to which targets or benchmarks have been met.
- Where appropriate, give information on deferral periods or deferral of payment established and/or holdback periods for shares or other financial instruments, if any

#### **Explain the variable components of the remuneration systems**

The only non-fixed remuneration item contained in the Policy corresponds to the Executive that may receive a yearly variable remuneration and a three yearly variable remuneration.

Both remunerations are established by using as a reference point the same criteria determined for Viscofan senior management.

The annual remunerations, applying a combination of parameters based on achieving Group targets, including financial targets in line with the multi-annual Strategic Plan and the annual performance targets, and on strategic non-financial targets, as well as personal performance. The parameters applied for variable remuneration were based on Revenues, EBITDA, Net Profit, Inventory over sales ratio, share value greater drive in EHS and Corporate Responsibility policies.

The three-year remuneration shall consider parameters aligned to remuneration and long-term value creation for shareholders.

In both cases, it shall be determined based on the proposal of the Appointment and

Retribution Committee approved by the Board of Directors.

A,5 Explain the main features of the systems of long-term savings, including retirement and any other survivor benefit, partly or wholly funded by the company, whether endowed internally or externally, with an estimate of their amount or annual equivalent cost, indicating the type of plan, whether defined contribution or defined benefit, the conditions for the vesting of the directors' economic rights and their compatibility with any type of severance payment for early cancellation or termination of the contractual relationship between the company and the director.

Also indicate payments made to any director's defined-benefit pension scheme; or any increase in the director's vested rights when linked to contributions to defined-benefit schemes.

### **Explain the long-term savings systems**

Not applicable. Not covered by the remuneration policy.

A,6 Indicate any indemnity payments agreed or paid in the event of termination of the directorship.

### **Explain the indemnity payments**

No indemnity payments have been agreed or paid in the event of the termination of duties as a director.

The only indemnity payments contemplated are those to be received by executive directors due to the termination of their contracts for the performance of senior management duties.

A,7 Indicate the conditions that the contracts of executive directors in senior management positions must respect. Among other aspects, give information on the duration, limits to the amounts of indemnity, tenure clauses, notice periods and payments that can replace such notice periods, and any other clauses regarding hiring bonuses, as well as severance payments or ring-fencing for early cancellation or termination of the contractual relationship between the company and the executive director. Include, inter alia, covenants or agreements regarding non-competition, exclusivity, tenure or loyalty and non-competition after termination of contract.

### **Explain the conditions of the contracts of executive directors**

The contracts of the Chief Executive Officers are governed by the stipulations of the remuneration policy approved by the General Shareholders Meeting, and approved by the Board of Directors as is determined in the actual regulation.

In the case of the Executive chairman the contract includes compensation equal to two yearly salaries at the last received rate, in case of termination without justifiable cause, while being subject to a non-compete obligation for the two years following the contract termination.

In the event of non-compliance of the above mentioned non-compete obligation, the received compensation must be returned, along with a payment equal to three times its value as damages.

Moreover, the contract stipulates a six-month advance notice in case of contract termination, which must be fulfilled by both parties. In the event of non-compliance, the defaulting party must provide compensation to the other party for the sum of salary payments corresponding to the unobserved advance notice period.

In the case of the Director General Manager, the contract includes compensation equal to two yearly salaries at the last received rate, in case of termination without justifiable cause, while being subject to a non-compete obligation for the two years following the contract termination.

In the event of non-compliance of the above mentioned non-compete obligation, the received compensation must be returned, along with a payment equal to three times its value as damages.

Moreover, the contract stipulates a six-month advance notice in case of contract termination, which must be fulfilled by both parties. In the event of non-compliance, the defaulting party must provide compensation to the other party for the sum of salary payments corresponding to the unobserved advance notice period.

A,8 Explain any additional remuneration paid to directors for services rendered other than those inherent to their directorship.

#### **Explain supplementary remuneration items**

No other supplementary remuneration items exist, except for the remunerations of the Executive Chairman and the Director General Manager detailed above.

A,9 Indicate any remuneration granted in the form of advances, credits and guarantees, indicating the interest rate, key features and any amounts finally repaid, as well as the obligations against them by way of guarantee

#### **Explain the advances, credits and guarantees granted.**

Not applicable. Not granted.

A,10 Explain the main features of remuneration in kind.

#### **Explain any remuneration in kind.**

The only types of in-kind remuneration that may be received by the Executive

Directors shall be life and accident insurance and healthcare, similarly to that of senior management, a health insurance for the Director General Manager and a company vehicle.

A,11 Indicate the remuneration accruing to the director by virtue of payments made by the listed company to a third party in which the director provides services, when such payments are intended to remunerate the director's services in the company.

**Explain the remuneration accruing to the director by virtue of payments made by the listed company to a third party in which the director provides services**

Not applicable.

A,12 Any kind of remuneration item other than those listed above, regardless of their nature or the group entity paying them, especially when it may be considered a related-party transaction or when its issuance would distort the true picture of the total remuneration received by the director.

**Explain other remuneration items.**

Not applicable. There are no further pay items other than those described in the preceding points.

A.13 Explain the actions taken by the company in connection with the remuneration system to reduce excessive risk exposure and match it to the long-term targets, values and interests of the company. Include, where appropriate, a reference to: measures designed to ensure that the remuneration policy is aligned with the long-term performance of the company; measures establishing an appropriate balance between fixed and variable compensation; measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the entity; clawback formulae or clauses to reclaim variable components of performance-based remuneration when such components have been paid on the basis of data that is subsequently proven to be wholly inaccurate; and measures designed to prevent conflicts of interest, where applicable

**Explain the actions taken to reduce the risks**

Non-executive Board members do not receive variable remuneration, thereby ensuring that most of the Board receives remuneration in line with responsibility and dedication, differentiated from the company's short term evolution.

The only variable remuneration contemplated is the one that may be paid to executive directors with regard to their senior management duties.

Variable remuneration of the Executive Directors, similarly to that of senior management, is linked to the targets of the Group to which this Company belongs,

both from a short-term and long-term perspective, by means of an annual and three-year remuneration schedule. Both remunerations are established by using as a reference point the same criteria determined for Viscofan senior management.

The Appointment and Retribution Committee submits a proposal to the Board of Directors in relation to the remuneration and maximum amount to be received by the executive directors for their senior management duties.

Annual remuneration is established applying a combination of parameters based on achieving Group targets, including financial targets in line with the multi-annual Strategic Plan and the annual performance targets, and on strategic non-financial targets, as well as personal performance

The three-year remuneration considers parameters linked to remuneration and long term value creation for shareholders. The three-year remuneration plan in force sets a 40% fixed remuneration limit in order to avoid exposure to excessive risks.

In both cases, it shall be determined based on the proposal of the Appointment and Retribution Committee approved by the Board of Directors, once, where appropriate, the requisites established in accordance with the parameters set at all times have been completed.

Moreover, in order to reduce exposure to excessive risk, the Company has established a maximum amount of remuneration for the Board; total remuneration received by the Board of Directors and its committees may not exceed 1.5% of Viscofan Group net earnings.

## B - REMUNERATION POLICY FORECAST FOR FUTURE YEARS

Revoked

## C - GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY HAS BEEN APPLIED DURING THE FINANCIAL YEAR ENDING

C,1 Give a brief explanation of the main features of the structure and remuneration items of the remuneration policy applied during the last financial year, resulting in the breakdown of the individual remuneration accrued by each of the directors listed in Section D of this report, and a summary of the resolutions passed by the board to implement these items.

**Explain the structure and remuneration items of the remuneration policy applied during the year.**

The remuneration items and structure of the policy applied during the year finishing 31.12.2015 are:

Non-executive Board Members

Fixed remuneration as Board members. €80,000

Allowances for attendance of each Board meeting: €3,000

Chairman of the Board

Fixed remuneration: €350,000

Deputy Chairmen of the Board

First Deputy Chairman: €250,000

Second Deputy Chairman: €175,000

Executive Committee

Fixed remuneration: €100,000

Audit Committee

Fixed remuneration: €30,000

Chairman: €45,000

Appointments and Remuneration Committee

Fixed remuneration: €20,000

Chairman: €30,000

Chief Executive Officer

Fixed remuneration: €348,417

Annual variable remuneration: €156,600 as a consequence of the proposal of the Appointments and Remuneration Committee.

Variable three-yearly remuneration: 139.367€ as a consequence of the proposal of the Appointments and Remuneration Committee.

Furthermore, the Chief Executive received life and accident insurance and healthcare, and a company vehicle.

Director General Manager

Receives no remuneration as a director. The remuneration solely corresponds to his senior management duties.

Fixed remuneration: €307,785

Annual variable remuneration: €311,900 as a consequence of the proposal of the Appointments and Remuneration Committee.

Variable three-yearly remuneration: 139.367€ as a consequence of the proposal of the Appointments and Remuneration Committee.

Life and accident insurance, healthcare and health insurance, and a company vehicle.

Boards of other Viscofan Group companies: IAN (until 10 March 2015)

Chairman. 8,333 €

Total maximum limit.

Total remuneration of the Board of Directors and its committees did not exceed 1.5% of Viscofan Group net earnings.

Remunerations for other professional or work relationships are not taken into account.

## D- BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

NAME	TYPE	ACCRUAL PERIOD 2015
JOSE DOMINGO DE EMPUERO Y OSMA	EXECUTIVE	FROM 01/01/2015 TO 31/12/2015
NESTOR BASTERRA LARROUDE	OTHER EXTERNAL	FROM 01/01/2015 TO 31/12/2015
AGATHA ECHEVARRIA CANALES	OTHER EXTERNAL	FROM 01/01/2015 TO 31/12/2015
LAURA GONZALEZ MOLERO	INDEPENDIENT	FROM 01/01/2015 TO 31/12/2015
IGNACIO MARCO-GARDOQUI IBAÑEZ	INDEPENDIENT	FROM 01/01/2015 TO 31/12/2015
JOSE ANTONIO CANALES GARCIA	EXECUTIVE	FROM 01/01/2015 TO 31/12/2015
ALEJANDRO LEGARDA ZARAGÜETA	INDEPENDIENT	FROM 01/01/2015 TO 31/12/2015
JUAN MARCH DE LA LASTRA	DOMINICAL	FROM 07/05/2015 TO 31/12/2015
LAURA GONZALEZ MOLERO	INDEPENDIENT	FROM 01/01/2015 TO 31/12/2015
JOSE MARIA ALDECOA SAGASTASOLOA	INDEPENDIENT	FROM 01/01/2015 TO 31/12/2015
JAIME REAL DE ASUA Y ARTECHE	INDEPENDENT	FROM 01/01/2015 TO 31/12/2015

D,1 Complete the following tables on the individual remuneration of each of the directors (including remuneration for carrying out executive functions) accrued during the year.

**a) Remuneration accrued in the company covered by this report:**

**i) Cash remuneration (000'€)**

Name	Salary	Fixed Remuneration	Allowances	Compensation Variable in short-term	Compensation Variable in long-term	Remuneration for positions on Board committees	Penalties	Others	2015 Total	2014 Total
Agatha Echevarria Canales	0	255	33	0	0	100	0	0	388	397
Alejandro Legarda Zaragüeta	0	80	33	0	0	45	0	0	158	152
Ignacio Marco-Gardoqui Ibañez	0	80	30	0	0	60	0	0	170	164
Jaime Real de Asúa y Arteché	0	80	33	10	0	20	0	0	133	92
José María Aldecoa Sagastasoloa	0	80	33	0	0	30	0	0	143	143
Juan March de la Lastra	0	51	21	0	0	12	0	0	84	0
Laura Gonzalez Molero	0	80	24	0	0	8	0	0	112	127
Nestor Basterra Larroudé	0	330	33	0	0	100	0	0	463	463
Jose Antonio Canales García	308	0	0	312	139	0	0	0	759	649
José Domingo de Ampuero y Osma	348	350	0	157	139	0	0	0	994	868

**ii) Share-based remuneration systems**

**iii) Long-term savings systems**

**b) Remuneration accruing to company directors for membership of boards in other group companies:**

**i) Cash remuneration (000'€)**

Name	Salary	Fixed Remuneration	Allowances	Compensation Variable in short-term	Compensation Variable in long-term	Remuneration for positions on Board committees	Penalties	Others	2015 Total	2014 Total
Nestor Basterra Larroudé	0	8	0	0	0	0	0	0	8	50

**ii) Share-based remuneration systems**

**iii) Long-term savings systems**

### c) Summary of remuneration (thousands €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to the director, in thousand euros .  
Where there are long-term Saving Systems, include contributions or endowments made to such systems:

Name	Remuneration accruing to the company				Remuneration accruing to group companies				Totals		
	Total Cash remuner.	Value of Shares granted	Gross profit on options exercised	2015 Total	Total Cash remuner.	Value of Shares granted	Gross profit on options exercised	2015 Total	2015 Total	2014 Total	Contrib. To saving systems /year
Agatha Echevarria Canales	388	0	0	388	0	0	0	0	388	397	0
Alejandro Legarda Zaragüeta	158	0	0	158	0	0	0	0	158	152	0
Ignacio Marco-Gardoqui Ibañez	170	0	0	170	0	0	0	0	170	164	0
Jaime Real de Asúa y Arteche	133	0	0	133	0	0	0	0	133	92	0
José Antonio Canales García	759	0	0	759	0	0	0	0	759	649	0
José Domingo de Ampuero y Osma	994	0	0	994	0	0	0	0	994	868	0
José María Aldecoa Sagastasoloa	143	0	0	143	0	0	0	0	143	143	0
Juan March de la Lastra	84	0	0	84	0	0	0	0	84	0	0
Laura Gonzalez Molero	112	0	0	112	0	0	0	0	112	127	0
Nestor Basterra Larroudé	463	0	0	463	8	0	0	8	471	513	0
<b>TOTAL</b>	<b>3,404</b>	<b>0</b>	<b>0</b>	<b>3,404</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>3,412</b>	<b>3,105</b>	<b>0</b>

D,2 Give information on the relationship between the remuneration received by the directors and the earnings or other performance indicators of the entity, explaining, where appropriate, how variations in the company's performance may have influenced the variation in directors' remunerations

The Company's results and performance are directly related to the following aspects of remuneration of the Board Members:

Remuneration of the Executive Directors.

Remuneration of the Executive Directors consists of the following:

- Annual variable remuneration and variable remuneration every three years.

Both shall be established by using as a reference point the same criteria determined for Viscofan senior management, applying a combination of parameters based on achieving Group targets linked to results and share price growth, as well as personal performance.

The amount of 2015 variable annual remuneration is established based on data corresponding to, turnover, EBITDA, net earnings, ratio of inventories, share price and greater drive in EHS and Corporate Responsibility policies.

The amount shall be decided on the basis of the evaluation of the Executive Directors by the Board of Directors, based on the Appointments and Remuneration Committee reports.

In this year the period established to attain the long-term variable has been completed. For the three-yearly remuneration, parameters that align with the remuneration and creation of long-term value will be considered. These parameters have been set within the framework of the encouraged initiatives in accordance with the Be MORE strategy plan.

40% of this quarterly remuneration depends on the growth of the TSR (Total Shareholder Return) in three years, defining, as an objective in order to obtain the totality of this period, a TSH growth of more than 17%. This objective was achieved completely upon closing 2015.

The remaining 60% depends on the improvement of operative results and company balance sheet strength. To do this, a formula was established to unite both criteria, equivalent to eight times the EBITDA minus the net debt before paying dividends. It was defined as an objective to obtain the full amount of this period of growth of 17% in the result of this formula upon closing the third financial year. This objective was achieved completely upon closing 2015.

In both annual and quarterly variables, payment only occurs once the Appointment and Retribution Committee has approved completion of all the customised objectives in accordance with those established when fixed.

Therefore, company performance is directly related to the amount of annual variable remuneration of the Executive Directors.

Maximum limit.

It is established that the maximum amount of total remuneration received by the Board of Directors and its committees may not exceed 1.5% of Viscofan Group net earnings.

Remuneration related to the performance of work or professional duties in the Company that are different from those performed as Board members will not be calculated for the purposes of the established limit.

Therefore, the application of the proportionality principle avoids exposure to excessive risks, ensuring that remunerations are in line with the company's financial situation at all times.

D,3 Give information on the outcome of the consultative vote of the annual general meeting on the annual remuneration report of the previous year, indicating the number of votes cast against, if any

	Number	% of total
Votes cast	34,048,073	100%

	Number	% of votes cast
Votes against	5,906,536	17.35%
Votes in favour	28,128,260	82.61%
Abstentions	13.277	0.04%

#### E- OTHER INFORMATION OF INTEREST

If there are any relevant aspects relating to directors' remuneration that you have not been able to describe in other sections of this report but that are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

Section D.1.C. shows the total remuneration figures for 2014 as 3,186 thousand euros.

The difference is due to the two board members that left the board in 2014 and received 81 thousand euros.

The total cost of the Board in 2015 compared to 2014 has fallen by 52 thousand euros, from 3,186 to 3,123, after deducting the multi-year variable remunerations.

A comparative Excel is attached showing the board remunerations in 2014 and 2015, taking these factors into consideration.

This annual report on the remuneration of directors has been approved by the company's board of directors on the 29<sup>th</sup> February 2016.

Indicate whether any board members have voted against or abstained with respect to the approval of this report.

Yes

No

## 2015-2015 Total Board Remuneration

Name	Salary	Fixed Remuneration	Allowances	Compensation Variable in short-term	Compensation Variable in long-term	Remuneration for positions on Board committees	Penalties	Others	Other Boards (IAN until March 2015)	2015 Total	2015 Total (ex-three annual variable)	2014 (*)Total
Agatha Echevarria Canales	0	255	33	0	0	100	0	0	0	388		397
Alejandro Legarda Zaragüeta	0	80	33	0	0	45	0	0	0	158	158	152
Ignacio Marco-Gardoqui Ibañez	0	80	30	0	0	60	0	0	0	170	170	164
Jaime Real de Asúa y Arteché	0	80	33	0	0	20	0	0	0	133	133	92
José María Aldecoa Sagastasoloa	0	80	33	0	0	30	0	0	0	143	143	143
Juan March de la Lastra	0	51	21	0	0	12	0	0	0	84	84	0
Laura Gonzalez Molero	0	80	24	0	0	8	0	0	0	112	112	127
Nestor Basterra Larroudé	0	330	33	0	0	100	0	0	8	471	471	513
Jose Antonio Canales García	308	0	0	312	139	0	0	0	0	759	620	649
José Domingo de Ampuero y Osma	348	350	0	157	139	0	0	0	0	994	855	868
Jose Cruz Pérez Lapazarán	-	-	-	-	-	-	-	-	-	-	-	41
Gregorio Marañón Bertran de Lis	-	-	-	-	-	-	-	-	-	-	-	40
<b>Total Annual Board Remuneration</b>									<b>8</b>	<b>3,412</b>	<b>3,134</b>	<b>3,186</b>
<b>Difference 2015-2014</b>	<b>-52</b>											

(\*) Total 2014 includes board members that left on 07 May 2015. It is the total reported on the 2014 Remuneration Report