

**REPORT OF THE BOARD OF DIRECTORS IN RELATION TO THE PROPOSED RESOLUTION ON THE AMENDMENT OF BYLAWS, WHICH ARE SUBMITTED AS POINT FOURTEEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF VISCOFAN, S.A. CONVENED FOR 28 AND 29 APRIL 2022.**

**1. INTRODUCTION.**

This Report is issued pursuant to article 286 and article 518 of the Corporate Enterprises Act, in relation to Point Fourteen of the Agenda of the General Shareholders' Meeting of Viscofan, S.A. (hereinafter, the "Company" or "Viscofan") on the proposed amendment of the Bylaws.

The main aim of the proposal is to adapt its contents to Law 5/2021, of 12 April, amending the consolidated Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010, of 2 July, and other financial rules, with regard to the promotion of the long-term engagement of the shareholders of the listed companies, to include the provisions of article 49.6 of the Code of Commerce, in the drafting introduced by Law 11/2018, of 28 December, regarding the approval of the report on non-financial information. ,

The proposed amendment of the Bylaws is complemented with the proposed amendment of the Regulations of the General Shareholders' Meeting of Viscofan, which is also proposed as Point Fifteen on the Agenda, for which purpose the Board of Directors has also drawn up a specific supporting report.

For greater clarity of the proposals contained in this report, the final text of the Bylaws, including the amendments proposed to the General Shareholders' Meeting for approval and detailed in this report, is attached as an annex to this report.

**14.1 .- Amendment of article 14 relating to the telematic attendance of the General Shareholders' Meeting and the holding of said meeting by exclusively telematic means.**

It is proposed to amend article 14 of the Bylaws to introduce the possibility of telematic attendance at the General Shareholders' Meeting and the holding of exclusively telematic meetings, regulated in article 182 bis of the Corporate Enterprises Act, in the drafting introduced by Law 5/2021, of 12 April.

By virtue of the foregoing, article 14 will have the proposed wording.

Below the amendments proposed are detailed and justified:

**Current wording:**

**ARTICLE 14.-** General Shareholders' Meetings may be either ordinary or extraordinary. The Company's General Shareholders' Meetings will be held in the municipal district of Pamplona.

**Proposed wording:**

**ARTICLE 14.-** General Shareholders' Meetings may be either ordinary or extraordinary. The Company's General Shareholders' Meetings will be held in the municipal district of Pamplona.

The General Shareholders' Meetings can be held by telematic means, which duly guarantee the identity of the attendees. The Board of Directors, when convening each General Shareholders' Meeting, will decide on the use of this form of meeting, and it will establish the deadlines, forms and methods to exercise the rights of the shareholders that enable the orderly performance of the Meeting.

Likewise, the Board of Directors may decide, upon the announcement of each General Shareholders' Meeting, that said meeting can be carried out by exclusively telematic means, without the physical attendance of the shareholders or their representatives. The Company will implement the means necessary so that the identity and legitimisation of the shareholders and their representatives are duly guaranteed and so that the attendees can effectively participate in the meeting and exercise the rights that correspond to them, in accordance with the legal provisions envisaged for this purpose. In the meeting announcement, the procedures and proceedings will be notified for the registration and formation of the list of attendees, the exercise by them of their rights and the adequate reflection in the minutes of the course of the Meeting.

**14.2.- Amendment of article 29 relating to directors' remuneration.**

It is proposed to amend article 29 of the Bylaws to, aside from introducing drafting improvements, include forecasts on directors' remuneration for the performance of executive functions, envisaged in article 529 octodecies of the Corporate Enterprises Act, in the drafting introduced by Law 5/2021, of 12 April.

By virtue of the foregoing, article 29 relating to the directors' remuneration will have the proposed wording.

Below the amendments proposed are detailed and justified:

**Current wording:**

**ARTICLE 29.-** The Directors will receive remuneration for discharging their duties, which may vary in each individual case in accordance with their responsibilities and committee membership, and may include insurance and the awarding of shares, the recognition of share option rights and share performance-indexed remuneration. Furthermore, they shall receive amounts for attending meetings of the Board of Directors and its Committees.

Whenever the directors' remuneration consists of awarding shares, the recognition of share option rights or share-performance-indexed remuneration, then the agreement of the General Shareholders' Meeting is required, which shall determine, where applicable, the number of shares to be given, the price of exercising the share option



rights, the value of the share taken as a reference and the duration of this remuneration system and this may be backdated to the start of the financial year to which it refers to.

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

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

Remuneration related to the performance of work or professional duties in the Company that are different from those performed as board members will be considered to be independent from the remuneration system stated herein and will not be calculated for the purposes of the established limit. The limit applicable to such remuneration shall be submitted for the approval of the Company's General Shareholders' Meeting.

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

**Proposed wording:**

**ARTICLE 29.**- The directors will receive remuneration for discharging their duties, which must correspond to the directors' remuneration policy approved by the General Shareholders' Meeting, which may vary in each individual case in accordance with their responsibilities and committee membership, and may include insurance and the awarding of shares, the recognition of share option rights and share performance-indexed remuneration. Furthermore, they shall receive amounts for attending meetings of the Board of Directors and its Committees.

Whenever the directors' remuneration consists of awarding shares, the recognition of share option rights or share-performance-indexed remuneration, then the agreement of the General Shareholders' Meeting is required, which shall determine, where applicable, the number of shares to be given, the price of exercising the share option rights, the value of the shares taken as a reference and the duration of this remuneration system and this may be backdated to the start of the financial year to which it refers to.

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

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

On a cumulative basis to that envisaged in previous paragraphs, the directors shall be entitled to receive remuneration from the performance of executive functions, from advisory services or any other type of service (whatever the nature of their relationship with the Company), other than those specific to their status of director.

When a member of the Board is appointed CEO or is attributed executive functions under another title, it will be necessary that a contract is signed between him/her and the Company. The contract will detail all the items for which he/she can obtain remuneration for the performance of executive functions, which will include: fixed remuneration and, where appropriate, variable, annual and/or multi-year remuneration. It will also include, where appropriate, the possible indemnity for early termination of these functions and the amounts to be paid by the Company for insurance premiums or contributions to savings systems. In any case, this contract must comply with these bylaws and the directors' remuneration policy approved by the General Shareholders' Meeting.

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

#### **14.3. Amendment of article 35 on the authorisation for issue of the financial statements by the Board of Directors.**

It is proposed to amend article 35 of the Bylaws to include the provisions on the powers of the Board of Directors in the area of non-financial information envisaged in article 529 ter.1. j) of the Corporate Enterprises Act and in article 49.6 of the Code of Commerce, in the drafting introduced by Law 11/2018, of 28 December.

By virtue of the foregoing, article 35 will have the proposed wording.

Below the amendments proposed are detailed and justified:

##### **Current wording:**

**ARTICLE 35.-** The Company's Directors are obliged to draw up the annual financial statements in the maximum term of three months after the date on which the business year is closed: the management report and the proposed distribution of the profit, as well as any other required by current legislation, which must be submitted to the Ordinary General Shareholders' Meeting, following a report from the auditors.

##### **Proposed wording:**

a) **ARTICLE 35.-** The Company's Directors are obliged to authorise for issue the financial statements, the management report, which will include, where appropriate, the mandatory non-financial information, and the proposed distribution of the profit, as well as any other report required by current legislation, within a maximum of three months from the end of the business year, and which must be submitted to the Ordinary General Shareholders' Meeting, following a report from the auditors.