



2018 ANNUAL CORPORATE GOVERNANCE REPORT

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

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Company Tax ID No. (C.I.F.) **A31065501**

Registered Name: **Viscofan S.A.**

Registered Address:

**Polígono Industrial Berroa 15-4ª planta
31192 Tajonar. Navarra-Spain**



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A. OWNERSHIP STRUCTURE OF THE COMPANY

A.1 Fill in the following table on the company's share capital:

Date of last change	Share capital (euros)	Number of shares	Number of total voting rights
14/04/2011	32,622,577.40	46,603,682	46,603,682

Remarks:

In accordance with the Relevant Event reported to the CNMV with registration number 274147 and dated 25 January 2019, the Company's Board of Directors has agreed to execute a capital reduction for a nominal amount of 72.577.40 euros, through the amortisation of the 103.682 own shares in the portfolio acquired under the authorisation granted by the General Shareholders' Meeting held on 25 May 2018 under item five of the agenda.

The share capital remaining after the reduction is set at 32,550,000 euros represented by 46,500,000 shares with a par value of 0.70 euros per share.

Indicate if there are different classes of shares with different rights associated with them:

Yes No

Type	Number of shares	Par value per unit	Unitary number of voting rights	Rights and obligations conferred

Remarks:

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A.2 Detail the direct and indirect owners of significant holdings at year-end, excluding directors:

Name or company name of the Shareholder	% Voting rights attributed to the shares		% of voting rights from <i>financial instruments</i>		% total voting rights
	Direct	Indirect	Direct	Indirect	
CORPORACION FINANCIERA ALBA, S.A.	13.004%	0.000%	0.000%	0.000%	13.004%
APG ASSET MANAGEMENT N.V.	10.067%	0.000%	0.000%	0.000%	10.067%
NORGES BANK	5.201%	0.000%	0.000%	0.000%	5.201%
MARATHON ASSET MANAGEMENT, LLP	0.000%	4.928%	0.000%	0.000%	4.928%

Remarks:

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Details of the indirect investment:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% Voting rights attributed to the shares	% of voting rights from financial instruments	% total voting rights
MARATHON ASSET MANAGEMENT, LLP	OTHER COMPANY SHAREHOLDERS	4.928%	0.000%	4.928%

Remarks:

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Indicate the most significant movements in the shareholding structure during the year:

Name or company name of the shareholder	Date of the transaction	Description of the transaction
APG ASSET MANAGEMENT N.V.	10.12.18	10% of the share capital has been exceeded due to the acquisition of shares.
NORGES BANK	02.11.18	5% of the share capital has been exceeded due to the acquisition of shares.
NORGES BANK	22.03.18	3% of the share capital has been exceeded due to the acquisition of shares.
NORGES BANK	16.03.18	3% of the share capital has been reduced due to the sale of shares.

A.3 Fill in the following tables about members of the Board of Directors of the Company with voting rights on company shares:

Name of director (person or company)	% Voting rights attributed to the shares		% of voting rights from <i>financial instruments</i>		% total voting rights	% of voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
JOSE DOMINGO DE AMPUERO Y OSMA	0.131%	0.000%	0.000%	0.000%	0.131%	0.000%	0.000%
JOSÉ ANTONIO CANALES GARCÍA	0.037%	0.015%	0.000%	0.000%	0.052%	0.000%	0.000%
IGNACIO MARCO-GARDOQUI IBAÑEZ	0.065%	0.011%	0.000%	0.000%	0.076%	0.000%	0.000%
JOSÉ MARÍA ALDECOA SAGASTASOLOA	0.002%	0.000%	0.000%	0.000%	0.002%	0.000%	0.000%
NESTOR BASTERRA LARROUDÉ	0.456%	0.000%	0.000%	0.000%	0.456%	0.000%	0.000%
AGATHA ECHEVARRÍA CANALES	0.092%	0.000%	0.000%	0.000%	0.092%	0.000%	0.000%
JAIME REAL DE ASÚA ARTECHE	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
SANTIAGO DOMEQ BOHORQUEZ	0.000%	5.270%	0.000%	0.000%	5.270%	0.000%	0.000%
JUAN MARCH DE LA LASTRA	0.000%	0.039%	0.000%	0.000%	0.039%	0.000%	0.000%
LAURA GONZÁLEZ-MOLERO	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

% of voting rights of the Board of Directors:	6.12%
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Remarks

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Details of the indirect investment:

Name of director	Name or company name of	% voting	% of voting	% total	% of voting rights
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(person or company)	the direct shareholder	rights attributed to the shares	rights from financial instruments	voting rights	that can be transferred through financial instruments
JOSÉ ANTONIO CANALES GARCÍA	OTHER COMPANY SHAREHOLDERS	0.015%	0.000%	0.015%	
JUAN MARCH DE LA LASTRA	ATACAMPA S.A.	0.039%	0.000%	0.039%	
IGNACIO MARCO-GARDOQUI IBAÑEZ	PROMOCIONES GARDAL XXI, S.L.	0.011%	0.000%	0.011%	
SANTIAGO DOMEQC BOHORQUEZ	ANGUSTIAS Y SOL, S.L.	5.270%	0.000%	5.270%	

Remarks:

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A.4 Describe, if applicable, the family, commercial, contractual or corporate relationships between significant shareholders, to the extent known to the Company, unless they are immaterial or result from the ordinary course of business, except those shown in the section

Related name (person or company)	Type of relationship	Short description

A.5 Where applicable, indicate any commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary trading or exchange activities:

Related name (person or company)	Type of relationship	Short description

A.6 Describe the relationships, unless they are scarcely relevant to the two parties, between the significant shareholders or those represented on the board, and the directors, or their representatives, in the case of legal entity administrators.

Explain, if applicable, how significant shareholders are represented. Specifically, indicate the directors who have been appointed on behalf of significant shareholders, those whose appointment would have been encouraged by significant shareholders, or those who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such associating relationships. In particular, mention, where appropriate, the existence, identity and position of board members, or representatives of directors of the listed company who are, in turn, members of the administrative body, or their representatives, in companies that hold significant participations of the listed company or in entities of the group of said significant shareholders.

Name or company name of the associated director or representative	Name or company name of the associated significant shareholder	Company name of the significant shareholder's group company	Relationship / position description
JOSE DOMINGO DE AMPUERO Y OSMA	CORPORACION FINANCIERA ALBA S.A.		Corporate. José Domingo de Ampuero y Osma is a Member of the Board of Directors of Corporación Financiera Alba S.A.
JUAN MARCH DE LA LASTRA	CORPORACION FINANCIERA ALBA S.A.		Corporate. Juan March de Lastra is Vice Chairman of the Board of Directors of Corporación Financiera Alba S.A. and therefore holds the

			position of nominee director.
SANTIAGO DOMECQ BOHORQUEZ	ANGUSTIAS Y SOL S.L.		Corporate. Santiago Domecq holds 100% of the Share Capital of Angustias y Sol S.L. and therefore holds the position of nominee director.

A.7 Indicate whether the company has been informed of any shareholder agreements that may affect it as set out under articles 530 and 531 of the Corporate Enterprises Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

Yes No

Parties involved in the shareholders' agreement	Affected share capital	Short description of the agreement	Agreement maturity date, if any

Remarks:

Indicate whether the company is aware of the existence of concerted actions amongst its shareholders. If so, describe them briefly:

Yes No

Parties involved in the arranged action	% of the share capital affected	Short description of the agreement	Agreement maturity date, if any

Remarks:

Expressly indicate whether any of such agreements, arrangements or concerted actions have been modified or terminated during the fiscal year:

A.8 Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 5 of the Securities Exchange Act. If so, identify names:

Yes No

Name (person or company):

Remarks:

A.9 Fill in the following tables about the Company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
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103,682	0	0.222%
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Remarks:

In accordance with the Relevant Event reported to the CNMV with registration number 274147 and dated 25 January 2019, the Company's Board of Directors has agreed to execute a capital reduction for a nominal amount of 72,577.40 euros, through the amortisation of the 103,682 own shares in the portfolio acquired under the authorisation granted by the General Shareholders' Meeting held on 25 May 2018 under item five of the agenda.

The share capital remaining after the reduction is set at 32,550,000 euros represented by 46,500,000 shares with a par value of 0.70 euros per share.

Explain the significant changes that occurred during the year:

Explain the significant changes
In 2018, the Company purchased 103,682 shares.

A.10 Describe the conditions and term of the current mandate from the general shareholders' meeting to the Board of Directors to issue, buy back and transfer treasury shares.

Extract of the Minutes of the General Shareholders Meeting held on 25 May 2018 on second call, the following resolution was adopted by majority:

The proposal is to authorise the Board of Directors to buy and sell on the market, through the person, Company or institution that it deems advisable, shares in the Company at the market price on the transaction date, for the maximum number of shares permitted by the Corporate Enterprises Act and related provisions, with the minimum price not being below the nominal value or more than 15% higher than the share price listed on the Spanish Automated Quotation System at the time of the acquisition.

The proposed authorisation has a maximum as established by law, from the date of the resolution and is granted to the Board subject to existing legal restrictions on the purchase of treasury shares and, more specifically, those restrictions contained in articles 146 and 509 of the Corporate Enterprises Act.

In the event of the Board needing to avail itself of the authorisation granted to it by the General Shareholders' Meeting, the shares in the Company's portfolio would be subject to the regime laid down by article 148 of the aforementioned law.

It is also proposed that the Board of Directors be delegated to carry out the redemption of the shares acquired by virtue of this authorisation, by means of a reduction in the Company's capital, determining their amount and their destination, all in accordance with the provisions established in current legislation.

It is expressly stated that this acquisition of treasury shares is also in accordance with the provisions established in current legislation with the possibility that the purpose of the acquisition, in addition to that indicated in the preceding paragraphs, is that they are to be granted directly to the Company's employees and/or Directors, or as a consequence of the option rights they hold, and therefore this resolution of the General Meeting states that the authorisation is also granted for this purpose, in accordance with the provisions of article 146.1.a), third paragraph of the aforementioned legal text.

A.11 Estimated floating capital:

	%
Estimated floating capital	60.46%

A.12 Indicate whether there is any restriction (statutory, legislative or of any other nature) on the transferability of securities and/or any restriction on voting rights. In particular, report the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as authorisation or prior notice systems that are applicable to the acquisitions or transfers of the company's financial instruments by sectorial regulations.

Yes No

Description of the restrictions

A.13 Indicate whether the General Meeting has agreed to adopt measures to neutralise a public takeover bid, pursuant to Act 6/2007.

Yes No

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

Describe the approved measures and the terms on which the restrictions will become ineffective.

A.14 Indicate whether the company has issued securities that are not traded on a regulated market in the EU.

Yes No

Where applicable, indicate the different types of shares, and what rights and obligations each share class confers.

Indicate the different types of shares

B. GENERAL SHAREHOLDERS' MEETING

B.1 Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the Corporate Enterprises Act ("CEA") in connection with the quorum needed to hold a valid General Shareholders' Meeting.

Yes No

	Quorum differing from that set forth in Article 193 of the CEA for general circumstances	Quorum differing from that set forth in Article 194 of the CEA for the special circumstances set forth in Article 194
Quorum required on first call		
Quorum required on second call		

Description of the differences

B.2 Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

Yes No

Describe any differences from the minimum standards established under the CEA.

	Quorum differing from that set forth in Article 201.2 of the CEA for the special circumstances set forth in Article 194.1	Other cases of reinforced majority
% established by the company for adopting agreements		

Description of the differences

B.3 Indicate the rules applicable to amendments to the company by-laws. In particular, report the majorities established for the modification of the Bylaws, and, if applicable, the rules established to safeguard member rights when modifying the Bylaws.

There is no specific regulation for amending the bylaws other than that provided for by applicable regulations concerning the requirements established by art. 194 of the Corporate Enterprise Act for a reinforced quorum and by the remaining provisions of section VIII of the aforementioned act.

The requirements for passing resolutions set forth in article 20 of the Bylaws and articles 18 and 22 of the Regulations of the General Shareholders' Meeting match those stated above

B.4 Indicate the data on attendance at the general shareholders' meetings held the year to which this report refers and the previous two years:

GSM date	% shareholders present	% Attending by proxy	% voting remotely		Total
			Electronic vote	Other	
21/04/2016	13.90%	18.08%	0.00%	48.10%	80.08%
Of floating capital	0.55%	18.08%	0.00%	33.70%	52.33%
27/04/2017	17.20%	21.53%	0.00%	40.39%	79.12%
Of floating capital	0.26%	21.53%	0.00%	24.82%	46.61%
25/05/2018	18.22%	53.83%	0.00%	8.31%	80.36%
Of floating capital	0.54%	44.62%	0.00%	5.10%	50.26%

Remarks

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B.5 Indicate whether there have been any items on the agenda at the general meetings held during the year that, for any reason, have not been approved by the shareholders.

Yes No

Items on the agenda that were not approved	% against (*)

(*) If the non-approval of the item is due to a cause other than the vote against it, please explain in the text part and enter n/a in the "vote against %" column.

B.6 Indicate if there is a statutory restriction that establishes a minimum number of shares necessary to attend the general shareholders' meeting, or to vote remotely:

Yes No

Number of shares necessary to attend the General Shareholders' meeting:	100
Number of shares necessary to vote remotely	1

Remarks:

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B.7 Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution of essential assets to another company or other similar corporate operations must be submitted for the approval of the general shareholders' meeting.

Yes No

Explanation of the decisions that must be submitted to the board, other than those established by Law

B.8 Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders on the company's website.

<p>The information is published on Viscofan's website whose address is: www.viscofan.com</p> <p>The information relating to Corporate Governance is available on the Corporate Responsibility tab, which can be found at the top of the website homepage. Once inside the tab, the information can be accessed by clicking on Corporate Governance to be found in the menu on the left.</p> <p>The information relating to the General Shareholders Meetings is permanently available on the Investor Relations tab, located at the top of the website homepage. Once inside the tab, the information can be accessed by selecting the General Shareholders' Meeting section. Moreover, as of the date of publication of the notice to hold a new General Meeting, a direct link is enabled on the company's Home Page to the notice of meeting. In accordance with the shareholders' right to information, there is also access to legally-required documentation and other documentation for information purposes.</p>
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C. CORPORATE GOVERNANCE STRUCTURE

C.1 BOARD OF ADMINISTRATORS

C.1.1 Maximum and minimum number of directors established in the bylaws and the number set by the general meeting:

Maximum number of Directors	12
Minimum number of Directors	5
Total number of Directors set by the board	10

Remarks:

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C.1.2 Fill in the following table on the Board members:

Name or company name of the director	Representative	Type of directorship	Position on the board	Date first elected	Date of last election	Election procedure
JOSE DOMINGO DE AMPUERO Y OSMA		EXECUTIVE	CHAIRMAN	27/02/2009	07/05/2015	GSM Agreement
JOSÉ ANTONIO CANALES GARCÍA		EXECUTIVE	GENERAL MANAGING DIRECTOR	11/04/2014	25/05/2018	GSM Agreement
IGNACIO MARCO-GARDOQUI IBAÑEZ		INDEPENDENT	VICE CHAIRMAN	01/01/2010	21/04/2016	GSM Agreement
JOSÉ MARÍA ALDECOA SAGASTASOLOA		INDEPENDENT	LEAD INDEPENDENT DIRECTOR	23/05/2012	25/05/2018	GSM Agreement
NESTOR BASTERRA LARROUDÉ		OTHER EXTERNAL	DIRECTOR	29/07/1997	25/05/2018	GSM Agreement
AGATHA ECHEVARRÍA CANALES		OTHER EXTERNAL	DIRECTOR	24/06/1998	25/05/2018	GSM Agreement
JAIME REAL DE ASUA Y ARTECHE		INDEPENDENT	DIRECTOR	11/04/2014	25/05/2018	GSM Agreement
JUAN MARCH DE LA LASTRA		NOMINEE	DIRECTOR	07/05/2015	07/05/2015	GSM Agreement
SANTIAGO DOMEcq BOHORQUEZ		NOMINEE	DIRECTOR	21/04/2016	21/04/2016	GSM Agreement
LAURA GONZÁLEZ-MOLERO		INDEPENDENT	DIRECTOR	25/05/2018	25/05/2018	GSM Agreement

Total number of Directors	10
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Remarks:

On 25 May 2018, Alejandro Legarda Zaragüeta, an independent director until that date, ended his term
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Indicate the severances that have occurred as a result of resignation, dismissal or any other cause on the Board of Directors during the reporting period:

Name of director (person or company)	Condition of director at time of severance	Date of last election	Date of leaving	Specialised committee's he/she belonged to	Indicate whether they left before the end of their term
ALEJANDRO LEGARDA ZARAGÜETA	Independent	23/05/2012	25/05/2018	Audit Committee	No

Reasons for leaving and other remarks

C.1.3 Fill in the following tables on the Board members and their different kinds of directorship:

EXECUTIVE BOARD MEMBERS

Name of director (person or company): JOSÉ DOMINGO AMPUERO OSMA

Position within company organisation: **EXECUTIVE CHAIRMAN**

PROFILE: JOSÉ DOMINGO AMPUERO OSMA

Industrial Engineer from Bilbao's Higher School of Industrial Engineers and Master of Business Administration from the 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, Vice-Chairman of Banco Bilbao Vizcaya Argentaria S.A., Vice-Chairman of Iberdrola, Chairman of Cementos Lemona S.A. and member of the Board of Directors of the Asociación para el Progreso de la Dirección.

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

Amongst other business activities, he is member of the Basque Business Circle, (formerly chairman), member of the Board of Caridad de la Santa y Real Casa de Misericordia of Bilbao, (formerly chairman).

He is the Executive Chairman of Viscofan S.A.

Name of director (person or company): JOSÉ ANTONIO CANALES GARCÍA

Position within company organisation: **CEO**

PROFILE: JOSÉ ANTONIO CANALES GARCIA

Degree in Economics and Business from Deusto Business School, Advanced course of studies in International Transport & Distribution at the London School of Foreign Trade.

He has in-depth knowledge of the casings business, thanks to his experience within the Viscofan Group, which he joined in 1996 as Managing Director of Viscofan do Brasil, where he led the expansion of the Viscofan Group in South America until his appointment in 2006 as Managing Director of Viscofan, S.A. and the Group of companies of which it is the parent company, a position he currently holds, and from which he has significantly contributed to strengthening Viscofan's leadership and its international expansion.

He is a board member of Maxam Corporation Holding, S.L., and board member of the Viscofan Group of the Cetena Foundation (CEMITEC).

He is also a member of the Board of Directors of Asociación Centro Rafaela María de Acción Social, for the integration of people with disabilities in Vizcaya.

In 2014, he joined the Viscofan S.A. Board of Directors as Executive Director

Total number of Executive Directors	2
% of total directors	20.00%

Remarks:

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NOMINEE DIRECTORS

Name of director (person or company): JUAN MARCH DE LA LASTRA

Name or business name of the significant shareholder represented or proposing nomination:
CORPORACIÓN FINANCIERA ALBA S.A.

PROFILE: JUAN MARCH DE LA LASTRA

Degree in Administration and Business Management from Universidad Carlos III of Madrid. He has completed the Global Markets Training Program of J. P. Morgan and the Owner/President Management Program of Harvard Business School.

He has developed his professional career at J.P. Morgan, London/Madrid.

He has been Managing Director and Chairman of March Gestión de Fondos SGIC, Madrid.

He is currently Executive Chairman of Banca March S.A, Vice Chairman of Corporación Financiera Alba S.A. and Board Member of the Juan March Foundation.

Likewise, he was member of the Board of Directors and the Executive Committee of ACS, of the Board of Directors of Acerinox, S.A and of the Strategic Committee of Indra Sistemas, S.A.

Nominee Director of Viscofan, S.A, representing Corporación Financiera Alba S.A. and member of its Appointments and Remuneration Committee.

Name of director (person or company): SANTIAGO DOMEQ BOHÓRQUEZ

Name or business name of the significant shareholder represented or proposing nomination: **ANGUSTIAS Y SOL S.L.**

PROFILE: SANTIAGO DOMEQ BOHORQUEZ

He has studies at the School of Economic and Business Sciences of Universidad Pontificia Comillas-ICADE (Madrid) and at the School of Economic and Business Sciences of the University of Cádiz (UCA). Specialisation course in Managing Agrifood Companies (DEA) at the International Institute San Telmo (Seville).

Throughout his broad professional experience as a businessman he was, among others, Director of Coca-Cola Iberian Partners, S.L. until 2015, and prior to that, from 1997 Director of Refrescos Envasados del Sur, S.A. (RENDELSUR), a company that joined Coca-Cola Iberian Partners S.L. in 2013.

Currently he is Director of Algar Aguas de Cádiz, S.A., Member of the Provincial Board of Cádiz, Member of the Natural Park of Los Alcornocales and Member of the Provincial Environment Council.

He is the Sole Administrator of Angustias y Sol, S.L and of its group of companies in the financial, agricultural and livestock sectors, among others.

Nominee Director at Viscofan representing Angustias and Sol S.L., and member of its Audit Committee.

Total number of Nominee Directors	2
% of total directors	20.00%

Remarks:

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EXTERNAL INDEPENDENT DIRECTORS

Name of director (person or company): IGNACIO MARCO-GARDOQUI IBAÑEZ

PROFILE: IGNACIO MARCO-GARDOQUI IBAÑEZ

Economics degree from Deusto University.

Marco-Gardoqui has a long professional career, he has worked for financial institutions, and his activities have covered teaching, consulting, and great recognition in the press world, where he has a strong reputation for his active contribution as an economic expert and columnist for Vocento Group.

He also has developed wide experience in several industrial companies, belonging to several Board of Directors. Currently he is director of Minerales y Productos Derivados and Teknia Group.

He was a director of Tubacex and Progénika Biopharma until 2018, and he used to be on the Boards of Directors, among others, of Técnicas Reunidas, Banco del Comercio, IBV, Local Credit Bank, Schneider Electric Spain, Iberdrola Ingeniería y Construcción (Iberinco SA) and Chairman of Naturgás.

He is the Vice Chairman of the Board of Directors of Viscofan SA and Chairman of its Audit Committee.

Name of director (person or company): JOSÉ MARÍA ALDECOA SAGASTASOLOA

PROFILE: JOSÉ MARÍA ALDECOA SAGASTASOLOA

Technical Engineer in Electronics from the University of Mondragón and Programa de Alta Dirección de Empresas (PADE) from IESE.

Throughout his long professional career, he has held various posts at Copreci (1971-1982), Managing Director of Fagor Electrónica and member of the Board of Directors of Fagor, S. Coop. (1982-1991).

Between 1984 and 1991, he was Vice-Chairman of ANIEL (National Association of Electronic Industries) and Board member of Asociación Europea de Componentes Electrónicos (EECA)

Since 1992, he has been developing his professional career at MONDRAGON CORPORACION as Vice Chairman (1992-2006), managing the Components Division (1992-1999) and the Automotive Division (1999-2006). He was appointed Chairman in 2007, which is a position he held until July 2012.

He has a wealth of experience in the international industrial world, especially in Asia, including the creation of Fagor Electrónica in Hong Kong and Thailand, the integration of the production plants in the industrial park of Kunshan, China

He has sat on the Board of Directors of various automotive and components companies (Copreci in Czech Republic and Mexico, Fagor Ederlan in Brazil and Slovakia, Paranoa-Cicautxo in Brazil, FPK, Chairman of Vitorio Luzuriaga), and he was director (1992-2006) and Chairman (2007-2012) of MONDRAGON INVERSIONES.

He was an independent director and member of the Executive Committee of Gamesa Corporación Tecnológica, S.A. from 2012 to 2017.

He is member of the Board of Directors of Viscofan, S.A, of the Audit Committee and of the Appointments and Remuneration Committee. In 2014 he was appointed as Lead Independent Director.

Name of director (person or company): JAIME REAL DE ASÚA Y ARTECHE

PROFILE: JAIME REAL DE ASÚA Y ARTECHE

Industrial engineer, specialising in industrial organisation from the ETSII (Bilbao).

He is currently Non-executive Chairman of the Board of Directors of Elecnor S.A., Chairman of its Executive Committee and member of its Appointments and Remuneration Committee. He is also Chairman of the Committee of Elecnor Infraestructuras and Director of Enerfín Sociedad de Energía, S.L., and of Celeo Concesiones e Inversiones, S.L.U., belonging to the Elecnor Group, Director of Cantiles XXI, S.L, and Tasdey S.A. and member of the BBVA Advisory Board of the Northern Zone.

He has also been Chairman and Director of Adhorna Prefabricación S.A. until its takeover merger by Elecnor in 2015. He was also a director of Internacional de Desarrollo Energético, S.A. between 1987 and 2012. (IDDE).

At the same time, from 1981 until 2011 he was linked to Grupo Cementos Portland Valderrivas, where he held different management positions and was a member of the Board of Directors of various companies of this Group.

He is member of the Board of Directors of Viscofan, S.A, and Chairman of its Appointments and Remuneration Committee.

Name of director (person or company): LAURA GONZÁLEZ-MOLERO

PROFILE: LAURA GONZALEZ MOLERO

Degree in Pharmacy (industry specialisation) from the Complutense University of Madrid and Executive MBA from the IE Business School 1999.

She has held the responsibilities of CEO in large international corporations in the Health Care and Chemical sectors in Europe.

She has been the Chairman for Latin America at Merck Serono Biopharmaceuticals and Bayer Healthcare, having resided in Brazil and the United States, where she was in charge of more than two thousand five hundred employees, and managed business figures of over one billion dollars, which has made her an international benchmark in these sectors. Her work as an executive has been rewarded on numerous occasions.

He was an independent board member of Viscofan between 2010 and 2016, and a member of its Appointments and Remuneration Committee, where she carried out important work to promote and consolidate the functions of said Committee, as well as providing diversity to the Board's decision-making through her participation in the various debates and deliberations where her opinion has contributed to the development of the Viscofan Group until the end of her mandate as independent director in 2016, when her professional commitments prevented her from proposing her renewal as a director.

She is currently an independent director of Acerinox SA, of Ezentis SA and Bankia SA, a member of the ISS Advisory Board in Spain, a member of Women Corporate Director and of the International Women Forum and a member of the board of the Adecco Foundation, among others.

She is a member of the Board of Directors of Viscofan S.A and its Audit Committee

Total number of Independent Directors	4
% of total directors	40.00%

Remarks:

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Indicate whether any director considered an independent director is receiving from the company or from its group any amount or benefit under any item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the Board with the reasons why it deems that this director can perform his/her duties as an independent director.

Name of director (person or company)	Description of the relationship	Motivated declaration

OTHER EXTERNAL DIRECTORS

Identify all other external Directors and explain why these cannot be considered nominee or independent Directors and detail their relationships with the company, its executives or its shareholders:

Name of director (person or company): NÉSTOR BASTERRA LARROUDÉ

Reason: For having remained on the Board of Directors for more than 12 years

Company, officer or shareholder to which he has ties: None

PROFILE: NESTOR BASTERRA LARROUDÉ

Law degree and Economics graduate from the University of Deusto. He also holds an MBA from IESE.

He has developed his professional career in both international and Spanish banking, as head of Capital Markets and Corporate Banking departments at Bank of America and Banco Santander.

He is currently Vice President of Iberpapel Gestión S.A. and Board Member of Amistra SGIC S.A.

He is a member of the Board of Directors of Viscofan S.A. and the Appointments and Remuneration Committee

Name of director (person or company): ÁGATHA ECHEVARRIA CANALES

Reason: For having remained on the Board of Directors for more than 12 years

Company, officer or shareholder to which she has ties: None

PROFILE: ÁGATHA ECHEVARRIA CANALES

Law degree and Business Administration degree from Universidad Pontificia de Comillas (ICADE).

She has broad professional experience in a number of multi-nationals, including the audit firm Touche and Ross, S.A., British Petroleum España, S.A. and the investment bank Charterhouse Limited in which she was Managing Director and Director of its Spanish subsidiary and founder and director of D+A Documentación y Análisis S.A.

She has advised family businesses on their business strategies and is currently a Board Member of Papelera Guipuzcoana de Zicuñaga, SA and Banca March SA, forming part of its audit committee and the Global Risk and Technological Change Committee.

She is member of the Board of Directors of Viscofan SA and member of its Audit Committee.

Total number of other External Directors	2
% of total directors	20.00%

Remarks:

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Indicate any changes that may have occurred during the period in the type of directorship of each director:

Name of director (person or company)	Date of the change	Former category	Current category

Remarks:

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C.1.4 Fill in the following table with information regarding the number of female directors at year-end over the last 4 years, and the category of their directorships:

	Number of female directors				% of total female directors of each category			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
Female Executives	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Female Nominee Directors	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	1	0	0	1	25.00%	0.00%	0.00%	20.00%
Other external	1	1	1	1	50.00%	50.00%	50.00%	50.00%
Total	2	1	1	2	20.00%	10.00%	10.00%	20.00%

Remarks:

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C.1.5 Indicate whether the company has diversity policies in relation to the company's board of directors with regard to issues such as age, gender, disability, or professional training and experience. As a minimum, small and medium-sized companies, in accordance with the definition contained in the Accounts Auditing Law, will have to inform of the policy they have established in relation to gender diversity.

Yes No Partial Policies

If you have ticked yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results during the year. The specific measures adopted by the board of directors and the appointments and remuneration committee should also be indicated to achieve a balanced and diverse presence of directors.

In case the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained
<p>The Viscofan Group does not have a specific policy on diversity of the Board of Directors; however, this subject is regulated by the policy of Directors Selection and the Regulations of the Board of Directors.</p> <p>The Policy on Selection of Directors establishes the principle of equality. Based on this, all candidates shall have the right to be considered for any vacancy produced in the Board, in accordance with objective criteria avoiding any implicit bias that may imply some discrimination, due to nationality, race, sex, ideology or any other aspect beyond their competencies, knowledge and professional experience.</p> <p>It also establishes that in the process of finding candidates, the Appointments and Remuneration Committee will take into account the diversity and, more specifically, the objective of representation that has been established for the less represented gender on the Board of Directors, including people of that gender from among potential candidates who meet the professional profile sought.</p> <p>At the same time, the Board of Directors Regulations contains in article 8 that the Board shall ensure that the selection procedures for their members favour diversity of gender, experience and knowledge and do not have an implicit bias that may imply any discrimination and, in particular, that facilitates the selection of female directors.</p> <p>In this aspect the regulation includes the need for establishing an objective of representation for the least represented gender in the board of directors and the drafting on how to reach this objective, mission of the Appointments and Remuneration Committee.</p> <p>The Appointments and Remuneration Committee considers that there is a need to analyse the implementation of the Director Selection Policy on a yearly basis, and also in the longer term, taking account of any projected vacancies, based on the director term of appointment, in order to guarantee at all times the quality of the Board's decisions and its ability to effectively promote corporate interest. In this aspect, the Committee works keeping in mind the 2020 objective, which the number of Directors represents at least 30% of the total members of the Board of Directors.</p> <p>The Appointments and Remuneration Committee has taken account of the gender diversity in the analysis prior to proposing candidates to cover the vacancies created on the Board of Directors, as one of the relevant factors to be taken into account, although weighting these factors with the diversity of competencies, knowledge and experience, all in accordance with the principles of equality, transparency and legality, to benefit social interest.</p>

C.1.6 Explain the measures, if any, agreed by the Appointments Committee to ensure that selection procedures do not suffer from implicit biases that may hinder the selection of female directors, and that the company deliberately seeks and includes potential female candidates that meet the professional profile sought and that makes it possible to have a balanced number of men and women:

Explanation of measures
See previous point

When, despite any measures that might have been adopted, the number of female directors is low or zero, explain the reasons:

Explanation of reasons

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C.1.7 Explain the conclusions of the Appointments Committee regarding verification of compliance with the director selection policy. And, in particular, explain how this policy is fostering the goal for 2020 to have the number of female directors represent at least 30% of the total number of members of the board of directors.

The Appointments and Remuneration Committee considers that the director selection policy has been properly complied with, for a number of reasons: all the proposals made to the General Shareholders' Meeting were supported by a prior analysis of the needs of the Board, taking account of the competencies, knowledge and experience of the board members and candidates, valuing diversity, promoting the search for different alternatives for candidates that suit the profile, and performing the selection process in accordance with the principles set out in the said policy.

The Committee considers that there is a need to analyse the implementation of the policy on a yearly basis, and also in the longer term, taking account of any projected vacancies, based on the director term of appointment, in order to guarantee at all times the quality of the Board's decisions and its ability to effectively promote corporate interest. In this regard, the Committee works by taking into account the 2020 objective. In fact, in the appointment proposals for the 2018 General Meeting, Laura González-Molero was proposed and finally appointed as director, increasing the number of female directors to 20%.

C.1.8 Explain, where applicable, the reasons why nominee directors have been appointed at the behest of a shareholder whose holding is less than 3% of the capital:

Name or company name of the shareholder	Arguments in support

Indicate whether formal petitions have been ignored for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose behest nominee directors were appointed. Where applicable, explain why these petitions have been ignored:

Yes No

Name or company name of the shareholder	Explanation

C.1.9 Indicate, if any, the powers and faculties delegated by the board of directors to board members or board committees:

Name of director (person or company) or committee	Short description
JOSÉ ANTONIO CANALES GARCÍA	In his position as Managing Director, he has been granted powers of representation, powers relating to purchase or disposal, powers relating to personnel, collections, payments, contracts, tenders and transactions, Current accounts, credit and savings accounts, bills of exchange and promissory notes, securities and shares, bonds and guarantees, and complementary powers to the above.
JOSE DOMINGO DE AMPUERO Y OSMA	In his role as Chairman of the Board, he has granted powers of representation, powers relating to the purchase or sale, powers relating to personnel, to charges, payments, contracts, auctions and transactions, to checking accounts, credit or savings, to bills of exchange and promissory notes, securities, guarantees, and supplementary powers to the previous.

C.1.10 Identify any members of the Board holding positions as directors, representatives of directors or managers in other companies belonging to the listed company's group:

Name or corporate name of the directorship	Registered name of the group company	Position	Does he/she/it have executive functions?

JOSÉ ANTONIO CANALES GARCÍA	VECTOR USA INC	VICE CHAIRMAN	NO
JOSÉ ANTONIO CANALES GARCÍA	VECTOR PACKAGING EUROPE NV	VICE CHAIRMAN	NO
JOSÉ ANTONIO CANALES GARCÍA	VECTOR EUROPE NV	VICE CHAIRMAN	NO
JOSÉ ANTONIO CANALES GARCÍA	NANOPACK TECHNOLOGY & PACKAGING S.L.	CHAIRMAN	NO
JOSÉ ANTONIO CANALES GARCÍA	GAMEX CB S.R.O.	DIRECTOR	YES
JOSÉ ANTONIO CANALES GARCÍA	KOTEKS VISCOFAN D.O.O.	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	NATURIN VISCOFAN GMBH	DIRECTOR	YES
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CZ S.R.O.	DIRECTOR	YES
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	MEMBER OF THE ADVISORY BOARD	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN URUGUAY S.A.	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN USA INC	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN UK LIMITED	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CANADA INC	SECRETARY	NO
JOSÉ ANTONIO CANALES GARCÍA	ZACAPU POWER S. DE R.L. DE C.V.	VICE CHAIRMAN	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CENTROAMÉRICA COMERCIAL SOCIEDAD ANÓNIMA	SECRETARY	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DE MEXICO S. DE R.L. DE C.V.	VICE CHAIRMAN	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DE MEXICO SERVICIOS S. DE R.L. DE C.V.	VICE CHAIRMAN	NO
JOSÉ ANTONIO CANALES GARCÍA	SUPRALON INTERNATIONAL AG	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	SUPRALON FRANCE SARL	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	SUPRALON PRODUKTIONS UND VERTRIEBS GMBH	DIRECTOR	YES
JOSÉ ANTONIO CANALES GARCÍA	TRANSFORM PACK INC.	SECRETARY	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN GLOBUS AUSTRALIA PTY LTD	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN GLOBUS NEW ZEALAND LTD	DIRECTOR	NO
JOSÉ ANTONIO CANALES GARCÍA	JUPITER PTY LTD	DIRECTOR	NO
JOSE DOMINGO DE AMPUERO Y OSMA	GAMEX CB S.R.O.	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	KOTEKS VISCOFAN D.O.O.	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CANADA. INC	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR USA INC	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CENTROAMÉRICA COMERCIAL SOCIEDAD ANÓNIMA	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR PACKAGING EUROPE NV	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR EUROPE NV	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN USA INC.	CHAIRMAN	NO

JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL. LTDA	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CZ S.R.O.	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	NATURIN VISCOFAN GMBH	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN UK LIMITED	DIRECTOR	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MÉXICO S. DE R.L. DE C.V.	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	ZACAPU POWER S. DE R.L. DE C.V.	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MEXICO SERVICIOS S. DE R.L. DE C.V.	CHAIRMAN	NO
JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN URUGUAY S.A.	CHAIRMAN	NO
JOSÉ DOMINGO DE AMPUERO Y OSMA	SUPRALON INTERNATIONAL AG	DIRECTOR	NO
JOSÉ DOMINGO DE AMPUERO Y OSMA	SUPRALON VERPACKUNGS AG	CHAIRMAN	NO
JOSÉ DOMINGO DE AMPUERO Y OSMA	SUPRALON FRANCE SARL	DIRECTOR	NO
JOSÉ DOMINGO DE AMPUERO Y OSMA	TRANSFORM PACK INC.	CHAIRMAN	NO
JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS AUSTRALIA PTY LTD	DIRECTOR	NO
JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS NEW ZEALAND LTD	DIRECTOR	NO
JOSÉ DOMINGO DE AMPUERO Y OSMA	JUPITER PTY LTD	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	GAMEX CB S.R.O.	VICE CHAIRMAN	NO
NÉSTOR BASTERRA LARROUDÉ	KOTEKS VISCOFAN D.O.O.	VICE CHAIRMAN	NO
NÉSTOR BASTERRA LARROUDÉ	VECTOR USA INC	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	VECTOR UK LIMITED	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	VECTOR PACKAGING EUROPE NV	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	VECTOR EUROPE NV	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	VISCOFAN USA INC.	VICE CHAIRMAN	NO
NÉSTOR BASTERRA LARROUDÉ	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL. LTDA	MEMBER OF THE ADVISORY BOARD	NO

NÉSTOR BASTERRA LARROUDÉ	VISCOFAN CZ S.R.O.	VICE CHAIRMAN	NO
NÉSTOR BASTERRA LARROUDÉ	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	NATURIN VISCOFAN GMBH	VICE CHAIRMAN	NO
NÉSTOR BASTERRA LARROUDÉ	VISCOFAN URUGUAY S.A.	VICE CHAIRMAN	NO
NÉSTOR BASTERRA LARROUDÉ	SUPRALON INTERNATIONAL AG	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
NÉSTOR BASTERRA LARROUDÉ	SUPRALON FRANCE SARL	DIRECTOR	NO
ÁGATHA ECHEVARRÍA CANALES	SUPRALON VERPACKUNGS AG	DIRECTOR	NO

Remarks:

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C.1.11 Detail, where applicable, any company directors or representatives of legal entity directors that are members of the board of directors or representatives of legal entity directors of other companies publicly traded on regulated securities markets outside the company's own group, of which the company has been informed:

Name of director (person or company)	Company name of the listed company	Position
JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA S.A.	VICE CHAIRMAN
IGNACIO MARCO-GARDOQUI IBAÑEZ	MINERALES Y PRODUCTOS DERIVADOS S.A.	DIRECTOR
JOSÉ DOMINGO DE AMPUERO Y OSMA	TUBACEX S.A.	DIRECTOR
JOSÉ DOMINGO DE AMPUERO Y OSMA	CORPORACIÓN FINANCIERA ALBA S.A.	DIRECTOR
JAIME REAL DE ASÚA Y ARTECHE	ELECNOR S.A.	CHAIRMAN
NÉSTOR BASTERRA LARROUDÉ	IBERPAPEL GESTION. S.A.	VICE CHAIRMAN
LAURA GONZÁLEZ-MOLERO	ACERINOX S.A.	DIRECTOR
LAURA GONZÁLEZ-MOLERO	EZENTIS S.A.	DIRECTOR
LAURA GONZÁLEZ-MOLERO	BANKIA S.A.	DIRECTOR

Remarks:

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C.1.12 Indicate and, if applicable, explain whether the Company has established rules regarding the maximum number of boards of directors of which its directors may be members, identifying, if applicable, where this is regulated:

Yes No

Explanation of the rules and identification of the document where it is regulated

Pursuant to article 23 of the Board of Directors Regulations, Company directors cannot sit on more than three boards of directors of listed companies, in addition to the Board of Viscofan, S.A.

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the board of directors:

Remuneration accrued during the year in favour of the Board of Directors (thousands of euros)	3,349
Cumulative amount of rights of current Directors in pension scheme (thousands of euros)	

Cumulative amount of rights of former Directors in pension scheme (thousands of euros)	
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Remarks:

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C.1.14 Identify members of senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position(s)
CÉSAR ARRAIZA	CHIEF FINANCIAL OFFICER& IT OFFICER VISCOFAN GROUP
JOSE ANGEL ARRARÁS	R&D AND QUALITY CHIEF OFFICER VISCOFAN GROUP
ANDRES DÍAZ	CHIEF OPERATION OFFICER VISCOFAN GROUP
GABRIEL LARREA	CHIEF COMMERCIAL OFFICER VISCOFAN GROUP
ÓSCAR PONZ	CHIEF PLASTIC BUSINESS UNIT OFFICER VISCOFAN GROUP
ARMANDO ARES	CHIEF OF INVESTOR RELATIONS AND COMMUNICATION OFFICER VISCOFAN GROUP
ELENA CIORDIA	CHIEF LEGAL OFFICER VISCOFAN GROUP (UNTIL DEC. 2018)
JOSÉ ANTONIO CORTAJARENA	CHIEF LEGAL OFFICER VISCOFAN GROUP (FROM DEC 2018) AND VICE SECRETARY OF THE BOARD OF DIRECTORS
JAVIER GARCÍA	CHIEF OF INTERNAL AUDIT OFFICER
JOSÉ IGNACIO RECALDE	CHIEF OF DIVERSIFICATION AND TECHNOLOGY OFFICER VISCOFAN GROUP
JUAN JOSÉ ROTA	CHIEF OF HUMAN RESOURCES OFFICER VISCOFAN GROUP
RICARDO ROYO	CHIEF EUROPE BUSINESS OFFICER VISCOFAN GROUP
JESÚS CALAVIA	INDUSTRIAL MANAGER VISCOFAN S.A. (SPAIN)
MARÍA DEL CARMEN PEÑA	FINANCIAL MANAGER VISCOFAN S.A. (SPAIN)
BELÉN ALDAZ	HUMAN RESOURCES MANAGER VISCOFAN S.A. (SPAIN)
EDUARDO AGUIÑAGA	MANAGING DIRECTOR OF VISCOFAN DE MEXICO S.R.L. DE C.V.
LUIS BERTOLI	MANAGING DIRECTOR VISCOFAN DO BRASIL S. COM. E IND. LTDA.
DOMINGO GONZÁLEZ	MANAGING DIRECTOR VISCOFAN USA INC. AND CEO OF VECTOR USA
MILOSLAV KAMIS	MANAGING DIRECTOR GAMEX CB SRO, VISCOFAN CZ S.R.O.
ANGEL MAESTRO	MANAGING DIRECTOR VISCOFAN URUGUAY S.A.
IÑIGO MARTINEZ IRIARTE	MANAGING DIRECTOR KOTEKS VISCOFAN DO.O.
JUAN NEGRI	MANAGING DIRECTOR PACIFIC ASIA
BERTRAM TRAUTH	MANAGING DIRECTOR NATURIN VISCOFAN GMBH (UNTIL DEC 2018)
WILFRIED SCHOBEL	MANAGING DIRECTOR NATURIN VISCOFAN GMBH (FROM DEC 2018)

Total senior management remuneration (thousands of euros)	4,679
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Remarks:

Elena Ciordia held office until December 2018. José Antonio Cortajarena was appointed Chief Legal Officer and Vice Secretary of the Board of Directors in December 2018 (Relevant Event notified to the CNMV with registration number 272108 and dated 4 December 2018).

In accordance with the Relevant Event notified to the CNMV with registration number 269318 and dated 5 September 2018, César Arraiza was appointed Chief Strategy, Organization & Systems Officer on January 1, 2019, with responsibility in formulating strategies and supporting the business units in their execution, the organisational design and the management of the Group's information systems and Mrs. Mary Carmen Peña was appointed CFO of the Viscofan Group on 1 January 2019.

Mr Bertram Trauth held office until December 2018 when he retired and Mr Wilfried Schobel was appointed Managing Director of Naturin Viscofan GmgH in Germany.

C.1.15 Indicate whether there has been any change in the Board regulations during the year:

Yes No

Description of amendments:
<p>The amendments made in 2018 to the Regulations of the Board of Directors are as follows:</p> <p><u>Article 4. Function of the Board of Directors:</u></p> <p>"The Board shall perform its duties in accordance with the applicable laws and regulations, adhering to the principles of good faith, ethics and respect for commonly accepted customs and good practices, and also strive to reconcile its own interests with the legitimate interests of its stakeholders, and with the impact of its activities on the environment and the broader community", was added.</p> <p><u>Article 5: Non-delegable functions.</u></p> <p>The following is added as a matter of exclusive knowledge of the Board of Directors in full: "Any directors who are involved, or who represent/are associated with the shareholders involved, must refrain from taking part in the deliberation and voting on the resolution in question.</p> <p><u>Article 7: Operation of the Board</u></p> <p>The following has been added: "Resolutions may only be adopted through voting by ballot and with no meeting if none of the directors opposes such a procedure."</p> <p><u>Article 8: Appointment of board members.</u></p> <p>Following paragraph has been deleted: "The independent directors who reach the limit of twelve (12) years provided in the foregoing paragraph while their term of office is in progress may continue in their post and maintain their classification as independent until the completion of their term of office"</p> <p><u>Article 8 bis (moved to art. 9). Categories of directors.</u></p> <p><u>CHAPTER IV. The Board's bodies.</u></p> <p>The wording is updated with regard to the Vice-Chairpersons and includes the possibility of appointing a Vice-Secretary, who does not have to be a director.</p> <p><u>Article 9 (moved to art. 10). Office of Chairman.</u></p> <p>The following requirement has been added: "The appointment of an executive director as the Chair shall require a favourable vote by two-thirds of the members of the Board of Directors."</p> <p>The following powers, <i>in italics</i>, have also been added to the Chairman of the Board of Directors:</p> <p>"a) Convening and chairing the meetings of the Board of Directors, setting the agenda for the meetings and leading the discussions and deliberations. b) <i>Preparing a schedule of dates and matters to be discussed and submitting them to the Board.</i> c) Chairing the General Shareholders' Meeting. d) Ensuring that the directors receive enough information in advance to deliberate on the items on the agenda. e) Encouraging debate and the active participation of the directors during the meetings, safeguarding their freedom of opinion and ensuring that enough time is devoted to discussing strategic matters. f) <i>Informing the directors of movements in share ownership and of the views of major shareholders, investors and rating agencies on the Company and its group.</i> g) <i>Organising and coordinating the regular assessment of the Board and, where appropriate, the Company's top executive.</i> h) <i>Approving and reviewing the refresher training programmes for each director.</i> i) Any other powers that they are granted by the law and the bylaws."</p>

Article 9. bis (moved to art. 11). The Lead independent Director.

The following powers have been added:

- "d) Chair the Board of Directors in the absence of the Chair and Vice-Chairs, if any;
- e) Maintain contact with investors and shareholders to find out their perspectives, for the purpose of forming an opinion regarding their concerns, in particular with regards to the corporate governance of the Company;
- f) Coordinate the Chair's succession plan."

Article 10 (moved to art. 12). The Vice Chairman.

The text has been amended to adapt it to the new wording, as there are now several vice chairmen (not just three as previously established).

Article 11 (moved to art. 13). Office of Secretary.

The office of secretary has been removed from the Executive Committee

CHAPTER V - The Committees

The executive committee regulated in **article 12 of the former Regulation of the Board of Directors** has been decommissioned.

Article 14 - Board Committees has been added to the new Regulation of the Board of Directors, which establishes the following:

"The Board may set up specialised committees within it, determining their composition, appointing their members and establishing the powers and functions assumed by each of them, based on the provisions of the company bylaws.

Within the Board of Directors and by delegation thereof, there shall be at least one Audit Committee, and one or two separate Appointments and Remuneration Committees."

Article 13 (moved to art. 15). Audit Committee.

This article of the new regulation establishes that it shall be composed of a minimum of three and a maximum of six members (previously five). Moreover, the majority of the directors on this committee must be independent (previously two).

The following has been added in regards to its operation:

"The Audit Committee will meet every time the Chairman calls a meeting, through decision of the Board of Directors or following the request of the majority of its members.

The Audit Committee shall be quorate with the attendance in person or by proxy of the majority of its members.

Resolutions will be adopted by simple majority vote of the members attending the meeting and the Chairman will have the casting vote."

Certain functions have also been outlined and added. *The changes to each point have been italicised:*

Point A Reporting to the General Shareholders' Meeting regarding matters that fall within its remit *and, in particular, regarding the result of the audit, explaining how this has helped to ensure the integrity of the financial information and the function that the Committee has performed in that process.*

Point C) (a) *Monitoring the efficiency of the Company's internal control, internal auditing and its risk management.*

Point C) (b) *Overseeing the process of preparing and presenting the compulsory financial information relating to the Company and its group, ensuring that the financial information internal control system (SCIIF) is correctly designed and that all legal requirements have been met, and defining an appropriate consolidation perimeter, taking into account, among other aspects, possible complex corporate structures, instrumental or special purpose entities, the correct application of accounting criteria and presenting recommendations or proposals to the administrative body, designed to safeguard their integrity.*

Point C) (c) above has been split into:

- Point C) (c) *Overseeing the process devised by the senior management for instituting lawsuits, making assessments and reaching significant estimates, and the impact thereof on the financial statements.*
- Point C) (d) *Reviewing, analysing and discussing the financial statements and other relevant financial*

information with the senior management team and the internal and external auditors so as to ensure that the information is reliable, understandable and relevant, and that the accounting standards used for the preceding year have been duly followed.

Point C) (d) has been moved to point C) (e), deleting the following content: "Monitoring the suitability of the control policies and procedures in place."

Point C) (e) has been moved to point C), (f) adding the following content: "without undermining their independence. For such purposes, where appropriate, they may submit recommendations or proposals to the administrative body and respective period for their follow-up."

Point C) (f) has been moved to point C) (g). Within it, the following content has been added in italics (ii) "Approving the annual internal audit work plan, *ensuring that their activity focuses primarily on the main risks the Company is exposed to*; and receiving periodic information on the results of the work performed, including any incidents that may arise. Likewise, receiving an annual activities report and action plan to correct any deficiencies detected;

Point D) In relation to the external auditor.

The following has been added:

D) (a) Referring to the Board of Directors the proposals for selecting, appointing, re-electing and replacing the auditor, being responsible for the selection process, pursuant to the provisions of the current regulations and the terms of their recruitment, regularly gathering information from them about the audit plan and its implementation, and preserving their independence in the exercise of their duties.

D) (e) The following content in italics has been added:

Safeguarding the independence of the auditor, paying particular attention to any circumstances or issues that could jeopardise such independence, *including that their remuneration does not compromise their quality or independence*, and any others relating to the process of auditing the accounts:

(i) It shall be ensured that the Company publicly discloses to the CNMV (*National Securities Market Commission*), as a *relevant event*, any replacement of the auditor and includes a statement regarding any possible disagreement with the outgoing auditor and the details thereof. If the auditor resigns, then it shall explore the underlying causes.

iii) It shall establish a suitable relationship with the auditor to receive information on matters that may jeopardise the auditor's independence, *so that it may be examined by the Committee*, and any other matters related to the process of performing the audit, *and, where necessary, authorise services that are not forbidden by the provisions of the current regulations*.

(iv) *It shall ensure that the external auditor has a yearly meeting with the Board of Directors in a plenary session, to inform it of the work undertaken and developments in the Company's risk and accounting positions.*

Point E) The following content in italics has been added:

Reporting to the Board, prior to the latter making any respective decisions *provided for in current regulations, in the bylaws and in these Regulations, particularly with regards to:*

(c) *Any structural and corporate modification procedures that are planned by the Company and, specifically, their economic conditions and accounting impact and, where applicable, the proposed exchange ratio.*

(d) *The related-party transactions.*

Point H) The following content in italics has been added:

The duties of the Audit Committee shall be:

I) *Periodically evaluating the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the interests of the company and catering, as appropriate, to the legitimate interests of remaining stakeholders.*

J) *Reviewing the Company's corporate social responsibility policy, ensuring that it is geared towards value creation.*

K) *Monitoring the corporate social responsibility strategy and practices and assessing their compliance.*

L) *Evaluating all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.*

M) *Coordinating non-financial and diversity reporting processes in accordance with applicable legislation and international reporting standards.*

N) *Overseeing the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.*

Ñ) *Monitoring and evaluating the company's interaction with its various stakeholders.*

Article 14 (moved to art. 16). Appointments and Remuneration Committee or Committees.

May comprise up to six members (previously 5).

The content *in italics* has been added to the second and third paragraph:

"The members thereof shall be appointed ensuring that they have the right balance of knowledge, skills and experience for the functions they are called on to discharge and they shall automatically step down when they cease to serve as Company directors or at the discretion of the Board of Directors.

The Committee's Chairman shall be selected from the independent directors who sit on the Committee *or, as the case may be, each of the Committees.*"

The following content in italics has been added to the end of the part regarding the Appointments Committee:

"The Appointments Committee shall consult with the Chairman of the Board of Directors and the top executive of the Company, especially on matters relating to executive directors.

Any director may request that the Appointments Committee consider any potential candidates who they believe to be suitable to cover vacancies on the Board.

The purpose of the Remuneration Committee shall be as follows:

- a) Proposing a policy to the Board of Directors for the remuneration of directors and senior management, as well as individual remuneration and other contractual conditions corresponding to executive directors, and overseeing adherence to this policy.
- b) Propose to the Board the standard conditions for senior officer contracts.
- c) Monitoring compliance with the remuneration policy set by the Company.
- d) Periodically reviewing the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensuring that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the Company.
- e) Ensuring that conflicts of interest do not undermine the independence of any external advice received by the Committee.
- f) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

The Remuneration Committee shall consult with the Company's Chairman and top executive, especially on matters relating to executive directors and senior managers."

Article 15 (moved to art. 17). Board and Committee Meetings

The following content *in italics* has been added to paragraph two, followed by a new paragraph:

"In any event, the Board of Directors must meet at least once a quarter, following the schedule of dates and matters established at the beginning of the year, notwithstanding any others that may arise during the year.

Each member may individually propose other items for the agenda that were not originally included therein."

Article 16 (moved to art. 18). Assessment of the Board and Committees

The following content *in italics* has been added:

Each year the Board of Directors shall assess:

- a) the quality and efficiency of the Board's operation, *based on a report drawn up by the Appointments Committee.*
- b) *the diversity of board membership and competences;*
- c) the performance of their duties by the Chairman of the Board and the company's top executive, based on the report drawn up by the Appointments Committee. If the Chair is an executive director, the Lead Director shall conduct the regular assessment of the Chair of the Board of Directors.
- d) *The performance and contribution of individual directors, with particular attention to the Chairmen of the committees.*
- e) the functioning *and composition* of the Board's committees, based on a report drawn up by each Committee.

Article 17 (moved to art. 19). Right to information.

The following content has been added:

"The notice of meetings shall indicate the items on the agenda upon which the directors must arrive at a decision or

resolution or, in urgent cases, the prior consent of the majority of those present shall be required."

Article 18 (moved to art. 20). Right to external advice.

No amendments

Article 19 (moved to art. 21). Guidance for directors.

No amendments

Article 20 (moved to art. 22). Duties of the directors.

No amendments

Article 21 (moved to art. 23). The name has been changed from Due administration diligence to **Due diligence**

The following crossed out content has been deleted

"The Company's directors shall act with the due diligence of a prudent businessperson and loyal representative in the fulfilment of their obligations pursuant to the provisions of the law, the bylaws and director regulations ~~and so must attend and participate in the Board and Committee meetings they attend,~~"

Moreover, the following content in italics has been added:

"The Company's directors shall act with the due diligence of a prudent businessperson and loyal representative in the fulfilment of their obligations pursuant to the provisions of the law, the bylaws and the applicable regulations, *bearing in mind the nature of the position and the duties assigned to them.*

Directors shall devote sufficient time and adopt the necessary measures for the proper management and control of the Company, for which purpose they must attend and participate in the meetings of the Board and the committees to which they belong."

There are no substantial amendments in the following articles. However, due to the amendments mentioned above, the numbering of the articles has changed, moving each one down by two. For example: Article 22 is now article 24, and so on.

C.1.16 Indicate procedures for selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

The selection, appointment, re-election, assessment and removal processes of the Directors are regulated in the Bylaws, the Board Regulation and the Director's Selection Policy. In their respective competencies, the General Shareholder's Meeting, the Board of Directors and the Appointments and Remunerations Committee intervene in the different procedures.

The Board of Directors Selection Policy establishes that the Appointments and Remunerations Committee will be responsible for analysing the composition and structural needs of the Company's Board of Directors at all times, and for regulating the procedure to follow whenever there is a vacancy within the Board of Directors to ensure a search for candidates that is based on the principles of equality, transparency and legality, in order to provide the Board of Directors with candidates that can offer the competencies, knowledge and experience required for the Board at all times, taking account of the vacancies to be covered and the structure and composition of the Board, avoiding any implicit bias that may involve some type of discrimination and taking account of diversity, particularly the measures to be applied in order to meet the representation target for the least-represented gender on the Board of Directors and to facilitate the inclusion of female directors on the board.

Pursuant to Article 25 of the Articles of Association: Their appointment of directors will correspond to the General Shareholders meeting in accordance with article 242 of the Capital Companies Act.

Article 26 of the Bylaws states that:

To be appointed to the position of director, the status of shareholder is not a requirement. The term of office for board member Directors is four years from the date they are appointed.

The appointment of Directors will cease when their term of office has ended and the next General Shareholders' Meeting has been held or the period stipulated by law for holding the Shareholders' Meeting to resolve on the approval of the prior year's accounts has passed.

Article 27 establishes limits on the re-election of Independent Directors:

Independent Directors may not be re-elected or appointed for a new term of office under the same classification when they have sat on the Company's Board for a term of twelve (12) years as from the date on which they were first appointed.

Article 8 of the Regulations of the Board of Directors states that: The shareholders at the General Shareholders' Meeting or the Board of Directors itself shall appoint the directors in accordance with the provisions of the law.

The Board of Directors must ensure that the procedures to select its members favour the diversity of gender, experience and knowledge and that there is no implicit bias that may involve any type of discrimination, and, in particular, they should facilitate the selection of female directors.

The proposals relating to the appointment or re-election of directors, within the limits set out in the articles of incorporation, shall be made by the Appointment and Remuneration Committee in the case of independent directors and by the Board itself, subject to a report by the Committee, in the case of the other directors.

Any proposals must be accompanied, in any case, by an explanatory report from the Board, assessing the competence, experience and merits of the candidate proposed, and shall include the presence on the Board of a reasonable number of independent directors and shall aim to maintain a majority of directors who are external to management.

Directors shall hold office for the term stipulated in the bylaws and may be re-elected once or several times.

Independent directors may not be re-elected or appointed for a new term with the same position when they have served as Company directors for twelve (12) consecutive years from the date of their first appointment.

Under no circumstance shall the provisions of the preceding paragraphs limit the power of the Company's general shareholders' meeting or, as the case may be, of the Board of Directors, to re-elect or appoint a specific candidate for director, and this shall only affect him/her being referred to as an independent director.

Likewise, article 16 of the Board of Directors Regulations regulates the Appointments and Remuneration Committee and its functions:

The mission of the Appointments and Remuneration Committee includes:

a) Assessing the necessary competences, knowledge and experience on the Board and, consequently, defining the functions and aptitudes required from the candidates that must cover each vacancy, and assessing the time and dedication needed so that they can effectively perform their duties.

b) Setting a representation objective for the gender less represented on the board of directors and preparing guidelines on how to achieve this objective.

c) Submitting proposals to the Board of Directors for independent directors to be appointed by co-optation or to be submitted to the decision of the general shareholders' meeting, as well as proposals for the re-election or removal of said directors.

d) Reporting the proposals for the remaining directors to be appointed by co-optation or to be submitted to the decision of the general shareholders' meeting, as well as proposals for their re-election or removal by the general shareholders' meeting.

e) Providing information about proposals for appointing and dismissing senior management and principal conditions of their contracts.

f) Reviewing and organising the succession procedure for the Chairman of the Board of Directors and the top executive and, as the case may be, submitting proposals to the Board of Directors to ensure that such succession is handled in an ordered and planned manner.

The removal of directors is governed by the following articles of the Regulations of the Board of Directors:

Article 30. Removal of directors.

Directors shall serve at the pleasure of the Board of Directors and if the Board considers it appropriate, they shall tender their resignations in the following cases:

a) When they become subject to any of the disqualifications or prohibitions set down in law.

b) When their remaining on the Board could jeopardise the Company's interests or when the reasons for which they were appointed no longer apply.

c) Directors representing a controlling shareholder shall tender their resignations when the shareholder they represent sells a substantial part of its stake.

The Board of Directors may not propose the removal of independent directors before the end of their term of office, unless the Board considers there is due cause following a report to such effect from the Appointments and Remuneration Committee.

When a director steps down before the end of their term of office, whether by resigning or for any other reason, they must explain the reasons for their departure in a letter to be sent to all other members of the Company's Board of Directors.

The departure shall be reported to the CNMV (National Securities Market Commission) as a relevant event, and the reason for the departure shall be reported in the annual corporate governance report.

Article 31. Directors' Duties after Separation

After leaving upon completion of the period for which they were elected or for any other reason, the directors may not serve at any entity competing with the Company and its corporate group for a period of two years unless the Board of Directors grants dispensation from this requirement or shortens its term.

C.1.17 Explain to what degree the self- assessment has led to significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments:

As a result of the assessments made during recent years, the Board of Directors has included the following measures:

Drafting of an annual meeting calendar of the Board and the different committees to improve planning of the directors and to be able to facilitate their commitment and attendance to the meetings, in addition to the annual plan it includes visits to one of the Group centres, to be able to deepen in specific aspects of their activity and particular environment and, where applicable, promote continuous training in the knowledge of the activity of the Group of companies of which the Company is the mother company.

Likewise, following the assessment process of the 2018 financial year, in terms of observations and improvement plans, it has been noted, as regards the Board of Directors:

1. That the Board continue with the effort of dedicating the necessary time to analysing the long-term strategy so that the session devoted to the strategic plan is monographic.
2. To consider increasing the number of women on the Board, and the international profile of the directors when incorporating new members.
3. Efforts should be made to continue making progress in anticipating, when possible, the distribution of documentation to be discussed at meetings.

Describe the assessment process and the areas assessed by the board of directors, assisted, where applicable, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to assessment.

Description of the assessment process and assessed areas

In compliance with article 18 of Board Regulations, headed by the Appointments and Remuneration Committee or by the Lead independent Director, in the case of the Chairman, and coordinated by the Secretary of the Board, the Board makes an annual assessment of the Board itself and all its Committees, analysing, amongst other factors, a number of formal and relevant aspects of the activity of each one, in addition to the content of the meetings, access to business knowledge, information on factors that are required in order to carry out their duties, the presence of directors at the meetings of the Board and the various Committees, the quality of the debates and decision making, the performance of the directors and Chairmen of each of the committees and the Board itself, the qualification of the directors and the Board Secretary, the quality in the achievement of objectives.

Suggestions are also requested, together with the inclusion of any comment that may help improve the performance of each one.

Each Director and the members of the Committees make their own individual analysis in accordance with guidelines and provide the results to the Secretary of the Board anonymously. After consolidating the results that are obtained, the Secretary gives them to the Board or to each of the Committees, where applicable, for internal debate and to resolve, where applicable, on the actions that help improve the operation and fulfilment of the functions of the Board and each Committee.

Additionally, the Board of Directors will perform the evaluation of the Chairman based on the report submitted by the Appointments and Remuneration Committee and headed by the Lead independent director.

After having carried out the 2016, 2017 and 2018 self-assessment process with the advice of an external consultant, the Company carried out the internal assessment of the Board, with the 2019 assessment process to be carried out with the advice of an external consultant, in accordance with the provisions of the Good Governance Code of listed companies (Recommendation 36).

C.1.18 For the years in which the assessment has been assisted by an external consultant, explain the business relationships that the consultant or any company of its group maintains with the company or any company of its group.

Not applicable.

C.1.19 Indicate the circumstances under which Directors are obliged to resign.

In accordance with the provisions of art. 26 of the Regulations of the Board, with regard to the duty to avoid conflicts of interest, the directors shall inform the company and, where appropriate, shall resign, in cases in which the credit and reputation of the Company may be damaged and, in particular, in criminal proceedings in which they may appear as defendants, informing of the progress of any such prosecution. In this event, the Board shall study the case. The progress of the case shall be monitored and, in view of the same, a decision shall be taken as to whether or not the Director should continue in office.

Furthermore, according to article 30 of the Board of Director Regulations, Directors will serve at the pleasure of the Board of Directors and if the Board considers it appropriate, they will tender their resignation in the following cases:

- a) When they become subject to any of the disqualifications or prohibitions set down in law.
- b) When their remaining on the Board could jeopardise the Company's interests or when the reasons for which they were appointed no longer apply.
- c) Directors representing a controlling shareholder shall tender their resignations when the shareholder they represent sells a substantial part of its stake.

C.1.20 Are reinforced qualified majorities required, other than the legal majorities, for some type of resolution?

Yes No

If applicable, describe the differences.

Description of the differences

C.1.12 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman of the Board of Directors.

Yes No

Description of the requirements

C.1.22 Indicate whether the bylaws or the Board Regulations establish an age limit for directors:

Yes No

	Age limit
Chairman	
CEO	
Director	

Remarks

C.1.23 Indicate whether the bylaws or the Board Regulations establish a limited term of office or other stricter requirements in addition to those legally provided for independent directors, other than that established by law:

Yes No

Additional requirements and/or maximum number of years holding position	
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C.1.24 Indicate whether the bylaws or the Board of Directors Regulations establish specific rules for proxy voting in the Board of Directors in favour of other directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it has established any limit regarding the categories that may be delegated beyond the limits stipulated by legislation. If so, briefly give details on such standards.

Article 17, paragraph four of the Board of Directors Regulation states that: Directors should attend any meetings that are held in person. However, the directors may grant a proxy to another director. Non-executive directors may only grant a proxy to another non-executive director.

C.1.25 Indicate the number of meetings the Board of Directors has held during the year. Where applicable, indicate how many times the Board has met without the Chairman in attendance. In calculating this number, proxies given with specific instructions will be counted as attendances.

Number of Board Meetings	12
Number of Board Meetings not attended by the Chairman	0

Remarks:

--

Indicate the number of meetings held by the coordinating director with the other directors that have not been attended or without representation by any executive directors:

Number Meetings	0
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Remarks:

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Indicate the number of meetings of the Board's different committees have held during the year:

Number of Executive Committee Meetings	5
Number of Audit Committee Meetings	11
Number of Appointments and Compensation Committee Meetings	9
Number of Appointments Committee Meetings	-
Number of Remuneration Committee Meetings	-
Number of _____ Committee Meetings	-

Remarks:

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C.1.26 Indicate the number of meetings held by the Board of Directors during the year and provide information about

member attendance:

Number of meetings attended by at least 80% of the directors in person	12
% of meetings attended in person of the total votes during the year	95.83%
Number of meetings attended by all the directors in person, or by proxy with specific instructions	12
% of votes issued, attended by all the directors in person and proxies with specific instructions, out of all votes during the year	100.00%

Remarks:

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C.1.27 Indicate whether the individual and consolidated financial statements presented for Board preparation are certified beforehand:

Yes No

Where applicable, identify the person(s) who has(have) certified the Company's individual and consolidated financial statements to be filed by the Board:

Name	Position
JOSÉ ANTONIO CANALES GARCÍA	GENERAL MANAGING DIRECTOR
CÉSAR ARRAIZA	CHIEF FINANCIAL OFFICER VISCOFAN GROUP
MARÍA DEL CARMEN PEÑA	CHIEF FINANCIAL OFFICER VISCOFAN S.A.

Remarks:

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C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements that it files from being presented to the General Meeting with a qualified auditors report.

To avoid any qualifications in the audit report on the financial statements prepared by the Board of Directors and submitted to the General Shareholders' Meeting, the Board has delegated this task to the Audit Committee, other functions, as provided in article 15 of the Board Regulations:

"D) In relation to the external auditor:

b) Ensuring that the accounts prepared by the Board of Directors are put before the General Shareholders Meeting without qualifications in the associated audit report."

For practical purposes, the Audit Committee will ensure compliance with the necessary mechanisms established to perform continuous control over the preparation of financial information at every level, from its start to its consolidation in the Viscofan Group companies.

Both the corporate financial department and the internal audit department have collaborated closely with the Audit Committee to establish, put in place and monitor the most appropriate controls for guaranteeing the truthfulness of the financial information to ensure that it gives a true and fair view of the Group's financial situation.

The internal audit department has also included the continuous review of said controls in its annual plan for various subsidiaries, where said review will apply to the financial departments and areas that also take part in preparing the information: operations, human resources, purchasing and commercial, etc.

Both the internal audit department and the corporate financial department have collaborated actively with the Audit Committee to coordinate and monitor the evolution of the control system, proposing corrective measures where necessary and verifying their effectiveness.

The Audit Committee, internal audit and corporate financial departments have also held informative and follow-up meetings with external auditors to give them the characteristics of the internal control system and its implantation in all the Group's companies and to involve them in their fulfilment and maintain bidirectional communication to allow better monitoring of the improvements that have been put in place. All with the aim of continuing to guarantee the operation of the Group's financial information with greater control at all levels.

Furthermore, the company has maintained a policy of pre-closing the year on 31 October in order to anticipate and correct any incidents that may have arisen during the year.

C.1.29 Is the company Secretary a director?

Yes No

Complete if the Secretary is not also a Director:

Name or corporate name of Secretary	Representative
JUAN MARIA ZUZA LANZ	

Remarks:

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C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

Article 15 of the Board of Directors Regulations, confers upon the Audit Committee the following duties relating to the external auditor:

D) In relation to the external auditor:

(e) Safeguarding the independence of the auditor, paying particular attention to any circumstances or issues that could jeopardise such independence, including that their remuneration does not compromise their quality or independence, and any others relating to the process of auditing the accounts:

(i) It shall be ensured that the Company publicly discloses to the CNMV (National Securities Market Commission), as a relevant event, any replacement of the auditor and includes a statement regarding any possible disagreement with the outgoing auditor and the details thereof. If the auditor resigns, then it shall explore the underlying causes.

ii) It shall likewise ensure that the Company and the auditor adhere to current regulations safeguarding the independence of auditors, and those governing the provision of non-auditing services and the limits on the concentration of the auditor's business.

iii) It shall establish a suitable relationship with the auditor to receive information on matters that may jeopardise the auditor's independence, so that it may be examined by the Committee, and any other matters related to the process of performing the audit, and, where necessary, authorise services that are not forbidden by the provisions of the current regulations.

(iv) It shall ensure that the external auditor has a yearly meeting with the Board of Directors in a plenary session, to inform it of the work undertaken and developments in the Company's risk and accounting positions.

v) Annually receiving from the auditors their statement of independence in relation to the related party or parties, in addition to a statement relating to additional services provided and the fees received by the external auditor or by the persons and entities related thereto, in accordance with the audit provisions set out in the regulations.

(vi) Each year, it shall issue, prior to the report on the auditing of the accounts, a report expressing its opinion on the independence of the auditor, containing the valuation of any additional services provided, considered on an individual basis and as a whole, in relation to the status of independence or to the rules governing the audit.

Article 5 of the Regulations of the Board of Directors includes the following powers among those reserved exclusively for the Board of Directors sitting in full session, in addition to those reserved for the Board by law:

g) Determining the policy on information to shareholders, markets and public opinion.

With regard to analysts and investment banks, the mechanisms envisaged under Article 37 of the Regulations of the Board of Directors, coupled with the company's commitment to monitoring applicable law, ensure that independence is upheld and that the information is made available to everyone at the same time and under the same conditions, thus ensuring equal access to such information. This article regulates the following:

Article 37 - Communications with shareholders and with the Securities Markets.

The Board shall ensure that accurate, reliable information is offered to the Company's shareholders and to the market with respect to any piece of information on the Company's activities, its earnings, shareholders with significant stakes, related-party transactions, shareholder agreements, treasury shares and any other information that must be disclosed pursuant to the law or the Bylaws, as well as any information deemed by the Board to be in the interest of the public.

The periodic financial information shall be homogeneous and reliable and, as appropriate, shall be submitted to the relevant committee.

The Board shall also immediately provide information to the public on:

- a) Relevant facts that could materially influence the formation of stock market prices.
- b) Substantial amendments to the Company governance rules.
- c) Treasury share policies that the Company may propose to carry out, exercising the authorisations conferred by the shareholders at the General Shareholders' Meeting.

To such end, the Board of Directors shall use all means at its disposal to keep the information on the Company's website up-to-date and to coordinate its content with the documents filed with and recorded at public registries.

The communication policy with shareholders, institutional investors and their representatives or assessors establishes that communication and dialogue with the shareholders and institutional investors and their representatives and assessors, and with the financial market in general, is based on the principles of equality, transparency and legality, to facilitate the information needed to ensure the exercising of their rights and immediate, truthful and non-discriminatory decision-making, ensuring accessibility to this information for all shareholders.

C.1.31 Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes No

Outgoing auditor	Incoming auditor

Remarks:

--

If there has been any disagreement with the outgoing auditor, describe the content thereof:

Yes No

Explanation of the disagreements

C.1.32 Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees on the total fees charged to the company and/or its group:

Yes No

	Company	Group companies	Total
Amount of non-audit work (thousands of euros)			
Amount of non-audit work / Amount of audit work (in %)			

Remarks:

--

C.1.33 Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given to the shareholders in the General Shareholders' Meeting by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

Yes No

Explanation of the reasons

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the individual and/or consolidated financial statements for the company. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	2	2

	Individual	Consolidated
Number of years audited by current audit firm / number of years the company or its group have been audited (%)	7.14%	8.00%

Remarks:

--

C.1.35 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the governing bodies with sufficient time:

Yes No

Description of procedure
<p>This aspect is regulated by Article 19 of the Board of Directors Regulations. Right to Information</p> <p>The Board members will receive the information required to carry out their work in due time and detail with respect to the matters in question, unless there are urgent reasons for calling a meeting or under exceptional circumstances.</p> <p>The notice of meetings shall indicate the items on the agenda upon which the directors must arrive at a decision or resolution or, in urgent cases, the prior consent of the majority of those present shall be required.</p> <p>The directors may gather additional information when considered advisable.</p> <p>The request shall be channelled through the Secretary of the Board."</p>

C.1.36 Indicate and, if applicable detail, if the company has established rules that oblige the directors to report and, if applicable, resign in those events that can harm the credit and reputation of the company:

Yes No

If so, describe such rules:
It has been reported in point C.1.19 above

C.1.37 Indicate whether any member of the Board of Directors has informed the company of any legal suit or court proceedings against him or her for any of the offences listed in article 213 of the Corporate Enterprises Act:

Yes No

Name of the director	Criminal Case	Remarks

Indicate whether the Board of Directors has analysed the case. If so, explain the grounds for the decision taken as to whether or not the director should retain his/her directorship or, where applicable, describe the actions taken or planned to be taken by the Board of Directors on the date of this report.

Yes No

Decision/action taken	Substantiated explanation

C.1.38 Detail significant agreements reached by the Company that come into force, are amended or concluded in the event of a change in the control of the company stemming from a public takeover bid, and its effects.

No significant agreements have been made with these characteristics.

C.1.39 Individually identify in the case of directors and in aggregate terms for the other cases, and indicate in detail any agreements between the company and its directors, managers or employees that have guarantee or ring-fencing severance clauses for when such persons resign or are wrongfully dismissed or if the contractual relationship comes to an end due to a public takeover bid or other kinds of transactions.

Number of beneficiaries	2
Beneficiary type	Description of the agreement
JOSÉ ANTONIO CANALES GARCÍA. MANAGING DIRECTOR	Indemnity of two years' fixed salary for cases provided for in the remuneration policy, with two years of non-competition.
JOSÉ DOMINGO DE AMPUERO Y OSMA. CHAIRMAN	Indemnity of two years' fixed salary for cases provided for in the remuneration policy, with two years of non-competition.

Indicate whether, apart from the events provided for by the regulations, these contracts must be disclosed to and/or approved by the company or group governance bodies: If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General shareholders' meeting
Body that authorises the provisions	Yes	No

	Yes	NO
Is the General Meeting informed of the clauses?	X	

Remarks:

C.2 BOARD OF DIRECTORS COMMITTEES

C.2.1 Detail all the Board Committees, their members and the proportion of executive, nominee, independent and other external directors sitting on them:

Remarks:

The Board has created two committees in support of its functions: The Audit Committee and the Appointments and

Remuneration Committee

On 25 May 2018, the Delegated Committee in effect until that date was decommissioned as a result of there being two executive directors, the adaptation of the size of the Board to the recommendations of good Governance, together with a greater specialisation and assignment of functions to the Board Committees and the development of Board meetings and committees that have improved their Visibility of the Company, empowered to request the presence of senior management and other Group employees to inform at its meetings.

Therefore, by replacing its activity with that of the Board as a whole and of the Committees in the functions assigned to them, increased fieldwork and preparation of the topics to be discussed by the Group's senior management is also required.

Until its decommissioning in 2018, the Delegated Committee comprised three directors, the Chairman and the two Vice chairmen. The Delegated Committee met 5 times in 2018 and complied with its delegated board duty.

In the exercise of its duties it analysed the issues to be addressed by the Board of Directors and supervised the implementation at the Group's various subsidiaries of the strategy approved by the Board and, with the utmost transparency, submitted to the Board the proposals that arose so that the Board adopts the resolutions it considers appropriate. It also furnished all Board members with the minutes of its meetings.

The Executive Committee carried out strategic analysis to study potential growth, both organic and acquisition-led, and a variety of investment possibilities. During 2018, the Board purchased 100% of the share capital of Transform Pack Inc. and made the necessary investments to install new technology cellulose and fibrous capacity in Caseda (Spain) thanks to support from studies carried out by the Delegated Committee. The Committee also looked at the various products and families (collagen, cellulose, fibrous and plastic).

It has examined the progress of the corporate financial year, month by month, with regard to production and also with regard to the consolidated sales and results for the Group and each investee company.

They have participated in the meetings not only the members of the Committee and the Secretary, but also, occasionally, when required by the Committee, on time and participating exclusively in that relating to the issues in which they were asked to report, the Managing Director and other members of Senior Management.

AUDIT COMMITTEE

Name	Position	Category
IGNACIO MARCO-GARDOQUI IBAÑEZ	CHAIRMAN	Independent
JOSÉ MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	Independent
SANTIAGO DOMECQ BOHORQUEZ	DIRECTOR	Nominee
AGATHA ECHEVARRÍA CANALES	DIRECTOR	Other External
LAURA GONZÁLEZ-MOLERO	DIRECTOR	Independent

% Nominee Directors	20.00%
% Independent Directors	60.00%
% Other External Directors	20.00%

Remarks:

In accordance with the Relevant Event reported to the CNMV with registration number 266146 and dated 25 May 2018, a new composition of the Board derived from the re-election and appointment of Directors was established on said date, with the new composition of the Audit Committee being as stated above.

Explain the committee's duties including, if applicable, those in addition to the duties provided by law, and describe the procedure and organizational and operational rules and summarize the main actions taken during the year. Indicate the most important actions taken during the year for each of the duties, and how these duties (attributed by law, the bylaws or other corporate resolutions) were put into practice.

The Audit Committee is regulated by article 15 of the Board Regulations and article 33, section 1 of the Bylaws.

Below is an explanation about article 15 of the Board Regulations, regulating, in the broadest sense, its composition, the appointment and cessation of its members and their principal duties, calling meetings, and formulating and adopting resolutions.

Article 15 - Audit Committee

"There shall be an Audit Committee within the Board of Directors, which shall be composed of a minimum of three and a maximum of six members.

The Audit Committee shall be composed solely of non-executive directors appointed by the Board of Directors, the majority of whom must be independent directors, and its members shall be appointed by the Board of Directors, subject to the legal requirements and a report from the Appointments and Remuneration Committee, with due consideration given to the knowledge, skills and experience in accounting, auditing and risk management of its directors and, above all, its Chairman, and overall, the members of the Committee shall have relevant technical expertise in relation to the sector to which the audited entity belongs.

The members of the Committee shall automatically cease to sit on the Committee when they cease to sit as directors of the Company or at the discretion of the Board of Directors.

Audit Committee members shall appoint a Chairman, selected from the independent directors that form the Committee, who shall be replaced every four years; the Chairman may be re-elected one year after they cease to serve as Chairman.

The Audit Committee shall meet whenever convened by its Chairman, by decision of the Board of Directors, or at the request of the majority of its members.

The Audit Committee shall be quorate with the attendance in person or by proxy of the majority of its members.

Resolutions shall be adopted by simple majority vote of the members attending the meeting and the Chairman shall have the casting vote.

The Audit Committee shall have the power to request the presence of any member of the management team or any member of the Company's staff at its meetings, as well as the presence of the Company's independent auditors or any Company advisor whose presence is deemed advisable. All of the aforementioned shall be bound to cooperate and provide access to the information they have.

The Audit Committee shall report to the Board on the business it addresses and on all resolutions adopted at the Board meetings convened for such purpose, and shall provide all directors with the minutes of its meetings.

Notwithstanding other functions set out in the governing legislation, company by-laws or assigned to it by the Board of Directors, the Audit Committee's mission will include the following:

A) Reporting to the General Shareholders' Meeting regarding matters that fall within its remit and, in particular, regarding the result of the audit, explaining how this has helped to ensure the integrity of the financial information and the function that the Committee has performed in that process.

B) Proposing the appointment of the auditor to the Board of Directors, which shall then pass the matter on to the General Shareholders' Meeting in addition to the conditions of recruitment.

C) With respect to internal reporting and control systems

(a) Monitoring the efficiency of the Company's internal control, internal auditing and its risk management.

(b) Overseeing the process of preparing and presenting the compulsory financial information relating to the Company and its group, ensuring that the financial information internal control system (SCIIF) is correctly designed and that all legal requirements have been met, and defining an appropriate consolidation perimeter, taking into account, among other aspects, possible complex corporate structures, instrumental or special purpose entities, the correct application of accounting criteria and presenting recommendations or proposals to the administrative body, designed to safeguard their integrity.

(c) Overseeing the process devised by the senior management for instituting lawsuits, making assessments and reaching significant estimates, and the impact thereof on the financial statements.

(d) Reviewing, analysing and discussing the financial statements and other relevant financial information with the senior management team and the internal and external auditors so as to ensure that the information is reliable, understandable and relevant, and that the accounting standards used for the preceding year have been duly followed.

(e) Reviewing the internal control and risk management systems, including tax risks, so that the main risks can be correctly identified, managed and properly reported.

(f) Discussing with the auditor any significant shortcomings in the internal control system, detected during the audit, without undermining their independence. For such purposes, where appropriate, they may submit recommendations or proposals to the administrative body and respective period for their follow-up.

(g) Overseeing the internal auditing services, including in particular:

(i) Proposing the selection, appointment, re-election and removal of the head of internal auditing;

(ii) Approving the annual internal audit work plan, ensuring that their activity focuses primarily on the main risks the Company is exposed to; and receiving periodic information on the results of the work performed, including any incidents that may arise. Likewise, receiving an annual activities report and action plan to correct any deficiencies detected;

(iii) Ensuring the independence and efficiency of the internal audit function;

(iv) Proposing the budget for that service;

(v) Receiving periodic information on its activities, and;

(vi) Verifying that the senior management takes into account the conclusions and recommendations set forth in its reports.

D) In relation to the external auditor:

(a) Referring to the Board of Directors the proposals for selecting, appointing, re-electing and replacing the auditor, being responsible for the selection process, pursuant to the provisions of the current regulations and the terms of their recruitment, regularly gathering information from them about the audit plan and its implementation, and preserving their independence in the exercise of their duties.

(b) Ensuring that the accounts prepared by the Board are put before the General Shareholders' Meeting without reservations or qualifications in the audit report.

(c) Overseeing compliance with the audit agreement, collecting information on the audit plan and its implementation and ensuring that the opinion on the annual accounts and the main contents of the audit report are drawn up clearly and accurately.

(d) Monitoring the decisions of the senior management team regarding any adjustments recommended by the external auditor, and to hear and, where applicable, mediate any disagreements between both parties.

(e) Safeguarding the independence of the auditor, paying particular attention to any circumstances or issues that could jeopardise such independence, including that their remuneration does not compromise their quality or independence, and any others relating to the process of auditing the accounts:

(i) It shall be ensured that the Company publicly discloses to the CNMV (National Securities Market Commission), as a relevant event, any replacement of the auditor and includes a statement regarding any possible disagreement with the outgoing auditor and the details thereof. If the auditor resigns, then it shall explore the underlying causes.

ii) It shall likewise ensure that the Company and the auditor adhere to current regulations safeguarding the independence of auditors, and those governing the provision of non-auditing services and the limits on the concentration of the auditor's business.

iii) It shall establish a suitable relationship with the auditor to receive information on matters that may jeopardise the auditor's independence, so that it may be examined by the Committee, and any other matters related to the process of performing the audit, and, where necessary, authorise services that are not forbidden by the provisions of the current regulations.

(iv) It shall ensure that the external auditor has a yearly meeting with the Board of Directors in a plenary session, to inform it of the work undertaken and developments in the Company's risk and accounting positions.

(v) Each year, it shall receive from the auditors their statement of independence in relation to the related party or parties, in addition to a statement relating to additional services provided and the fees received by the external auditor or by the persons and entities related thereto, in accordance with the audit provisions set out in the regulations.

(vi) Each year, it shall issue, prior to the report on the auditing of the accounts, a report expressing its opinion on the independence of the auditor, containing the valuation of any additional services provided, considered on an individual basis and as a whole, in relation to the status of independence or to the rules governing the audit.

(f) Ensure that the group's auditor also assumes responsibility for the audits of all the group companies.

E) Reporting to the Board, prior to the latter making any respective decisions provided for in current regulations, in the Bylaws and in these Regulations, particularly with regards to:

(a) The periodic financial information that the Company must publicly disclose, ensuring that it is prepared in accordance with the same standards and practices as those used for the annual accounts and, for such purpose, weighing up the merits of conducting a limited audit of the external auditor.

(b) The creation or acquisition of interests in special purpose vehicles or those domiciled in countries or territories considered tax havens, plus any other similar transactions or operations which, owing to their complexity, might diminish the group's transparency.

(c) Any structural and corporate modification procedures that are planned by the Company and, specifically, their economic conditions and accounting impact and, where applicable, the proposed exchange ratio.

(d) The related-party transactions.

F) Being informed of and, where appropriate, responding to any initiatives, suggestions or complaints raised by shareholders in relation to the Committee's remit, as referred to the Committee by the Company's General Secretary.

G) Set up and supervise a mechanism enabling employees to communicate confidentially and, if deemed necessary, anonymously, their concerns regarding possible irregular and potentially significant practices within the company, particularly those relating to accounting, finances and auditing.

H) Monitoring compliance with internal codes of conduct and rules on corporate governance.

The duties of the Audit Committee shall be:

I) Periodically evaluating the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the interests of the company and catering, as appropriate, to the legitimate interests of remaining stakeholders.

J) Reviewing the Company's corporate social responsibility policy, ensuring that it is geared towards value creation.

K) Monitoring the corporate social responsibility strategy and practices and assessing their compliance.

L) Evaluating all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

M) Coordinating non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

N) Overseeing the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.

Ñ) Monitoring and evaluating the company's interaction with its various stakeholders."

Summary of its most important actions in 2018

The Audit Committee met eleven times in 2018, with the aim of following up on the issues summarised in the following sections. Eight of the meetings were attended by all the members of the Committee, and three of them were not attended by one of the members who delegated the Chairman with voting instructions on the items to be dealt with on the agenda.

The actions were as follows:

1. The person in charge of Internal Audit, the Chief Financial Officer, the Compliance Committee, the Ethics Committee and members of senior management whose presence has been requested by the Audit Committee to present aspects related to their areas in ten of the eleven meetings have also taken part in the meetings, limiting their presence to their respective interventions.
2. The presence of the external auditor, PwC, S.L. was also required in four of the meetings held for the purpose of reporting the schedule of actions, the most relevant aspects detected during the preliminary phase of the pre-closure review carried out as usual on 31 October and the final annual closure of 2018, which allow PwC and the Committee to identify and anticipate the external audit work as well as the issues that, due to their uniqueness or accounting impact, require a special mention or record in the Company's Annual Accounts.
3. As part of the assessment of the Board of Directors and the Committees arising from it, the quality and functioning of the Audit Committee was assessed, with a highly satisfactory result.
4. As in previous years, the Audit Committee has reviewed and analysed the financial statements of Viscofan S.A. and its Group prior to their presentation to the Board and communication to the CNMV and the securities markets, contained in the annual, half-yearly and quarterly reports, to confirm that this information is reliable, understandable and relevant and that accounting criteria consistent with the previous annual closing have been followed, for which it has had the necessary support from the group's senior management, especially from the areas in charge of the Consolidation and Financial functions, as well as from the external auditors and the Group's Internal Audit Department.
5. The Committee has reviewed the internal control systems set up by the Group, the results of the Internal Audit activity and the risk management systems, including fiscal systems.
6. The Audit Committee has continued to supervise the monitoring of the crime prevention system within the Group and has promoted the implementation of additional measures to control and supervise the compliance system. It has supervised the control activities carried out by both the Investment Committee and the Credit Risk Committee.

7. The Audit Committee has established the appropriate relations with the external auditor, PwC, S.L. which informed of the development of their activity to reasonably ensure that the accounts prepared by the Board are presented without qualifications in the audit report
8. With regard to the functions performed by the Group's Internal Audit Department, of which it reports functionally to the Audit Committee, the Committee analysed and approved the 2018 work plan drawn up by this Department, regularly monitored its execution and was directly informed of any incidents in its development.
9. In accordance with the Group's tax strategy, the Committee has supervised the monitoring of the principles and good practices included in the strategy, including the recommendations of the Code of Good Tax Practices, prior to their consideration by the Board of Directors.
10. During 2018, the Audit Committee reviewed the Annual Corporate Governance Report as a step prior to its approval by the Board of Directors, taking into account the recommendations of the CNMV; and in relation to Directive 2014/95/EU and its implementing regulations in Spain on non-financial information, the Committee oversaw compliance with the corporate social responsibility policy and coordinated the process of reporting non-financial information and diversity within the management report.

Identify the Directors who has been appointed on the basis of knowledge and experience of accounting or auditing, or both and state the date on which they were appointed as Chairman.

Names of directors with experience	IGNACIO MARCO-GARDOQUI IBÁÑEZ
Date that the chairman was appointed to his position	21-04-2016

Remarks:

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APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
JAIME REAL DE ASUA Y ARTECHE	CHAIRMAN	Independent
JOSÉ MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	Independent
JUAN MARCH DE LA LASTRA	DIRECTOR	Nominee
NESTOR BASTERRA LARROUDÉ	DIRECTOR	Other External

% Nominee Directors	25.00%
% Independent Directors	50.00%
% Other External Directors	25.00%

Remarks:

In accordance with the Relevant Event reported to the CNMV with registration number 266146 and dated 25 May 2018, a new composition of the Board has been established as of that date derived from the re-election and appointment of Directors, with the new composition of the Appointments and Remuneration Committee as detailed above.

Explain the committee's duties including, if applicable, those in addition to the duties provided by law, and describe the procedure and organizational and operational rules and summarize the main actions taken during the year. Indicate the most important actions taken during the year for each of the duties, and how these duties (attributed by law, the bylaws or other corporate resolutions) were put into practice.

The Appointments and Remuneration Committee is regulated in article 33, paragraph 2 of the bylaws and in article 16 of the Regulations of the Board, which identically regulate its composition, the method for the electing and removal of its members and their main functions.

Below is the content referring to the Regulations of the Board as they are more comprehensive and complete in terms of the

functions, procedures, rules of organisation and operation of the Appointments and Remuneration Committee. Article 16 establishes the following:

The Appointments and Remuneration Committee or Committees will be formed by a minimum of three and a maximum of six members and will be composed exclusively of non-executive directors appointed by the Board of Directors, two of which, at least, must be independent directors.

The members thereof shall be appointed ensuring that they have the right balance of knowledge, skills and experience for the functions they are called on to discharge and they shall automatically step down when they cease to serve as Company directors or at the discretion of the Board of Directors.

The Chairman shall be appointed from among the independent directors who form part of the Committee or, as the case may be, from each Committee.

The Appointments and Remuneration Committee or Committees will inform the Board of the matters dealt with and of the resolutions adopted and will send all the directors the minutes of their meetings.

It shall be the Appointment Committee's mission to:

- a) Assess the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to efficiently perform their duties.
- b) To establish a representation goal for the least-represented gender on the Board of Directors and develop guidelines on how to reach such objectives.
- c) To raise all proposals for nomination of Independent Directors to the Board of Directors for their appointment by co-option or by submission to decision of the Annual General Shareholders' Meeting, as well as all proposals for the re-election or removal of said Directors.
- d) To report all proposals for appointment of the remaining Directors to the Board of Directors for their appointment by co-option or by submission to decision of the Annual General Shareholders' Meeting, as well as all proposals for their re-election or removal by the Annual General Shareholders' Meeting.
- e) To report on proposals for the appointment or removal of senior managers together with the key terms of their contracts.
- f) To assess and organise the succession of the Chairman of the Board of Directors and of the Company's top executive and, as the case may be, make proposals to the Board of Directors for such succession to occur in a seamless and orderly fashion.

The Appointments Committee shall consult with the Chairman of the Board of Directors and the top executive of the Company, especially on matters relating to executive directors.

Any director may request that the Appointments Committee consider any potential candidates who they believe to be suitable to cover vacancies on the Board.

The purpose of the Remuneration Committee shall be as follows:

- a) Proposing a policy to the Board of Directors for the remuneration of directors and senior management, as well as individual remuneration and other contractual conditions corresponding to executive directors, and overseeing adherence to this policy.
- b) Proposing to the Board of Directors the standard conditions for senior management contracts.
- c) Monitoring compliance with the remuneration policy set by the Company.
- d) Periodically reviewing the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensuring that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the Company.
- e) Ensuring that conflicts of interest do not undermine the independence of any external advice received by the Committee.
- f) To verify information regarding remuneration of directors and senior managers provided in various corporate documents, including the annual report on remuneration of directors.

The Remuneration Committee shall consult with the Company's Chairman and top executive, especially on matters relating to executive directors and senior managers.

Summary of its most important actions

The Committee met nine times in 2018, and when it has deemed pertinent, it has required the presence of the executive Directors and members of senior management. It should be noted that after the last general shareholders' meeting held on 25 May 2018, the Lead independent Director joined as a Committee member.

The actions were as follows:

1. The Committee has complied with all the functions that are inherent to it, both by regulation, and those set out in the Company's Bylaws and the Board of Directors Regulations, and it has carried out actions related to the recommendations for compliance with the principles of good corporate governance.

2. During the year, the Committee reviewed the rating of the Directors as well as the confirmation of the non-existence of any situations of conflict of interest. It has also carried out the assessment of the Board of Directors and its Committees, as well as that of the Executive Chairman, led by the coordinating Director under the terms set forth in the internal regulations of the Company.
3. In terms of remuneration, in 2018, the Committee worked on the preparation and proposal of a new remuneration policy for Directors with the assistance of external consultant Willis Towers Watson, which submitted it to the Board of Directors which then submitted it to the General Shareholders' Meeting, being approved by the Board of Directors held on 25 May 2018. In addition, the Committee determined the individual remuneration for each Director for 2018 and prepared the proposal for the 2017 Remuneration Report that the Board of Directors presented to the General Shareholders' Meeting in 2018 for its consultative vote, and which was supported by the majority of the shareholders (>95% of the votes). The Committee also fulfilled its functions in relation to the remuneration for senior management and its application, including its annual variable remuneration proposal.
4. As a final point, the succession plan of the Chairman, CEO and Senior Management was reviewed in 2018.

C.2.2 Complete the following table on the number of female directors on the various board committees at the end of the past four years.

	Number of female directors							
	Year 2018		Year 2017		Year 2016		Year 2015	
	Number	%	Number	%	Number	%	Number	%
Delegate Committee	N/A	N/A	1	33.33%	1	33.33%	1	33.33%
Audit Committee	2	40.00%	0	0%	0	0%	0	0%
Appointments and remuneration committee	0	0%	0	0%	0	0%	0	0%

Remarks:

On 25 May 2018, the Company's General Shareholders' Meeting approved the amendment of the Corporate Bylaws. Among others, article 13 was amended (is now article 12) when the Delegate Committee or Executive Committee was decommissioned.

C.2.3 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

Committee name
AUDIT COMMITTEE

Short description

It is regulated in article 33 of the Company Bylaws, registered in the Mercantile Registry and published on the company's website in the form of a consolidated text, including all the provisions in force.

It is also regulated in article 15 of the Board of Directors Regulations that is available on the Company's website and has been communicated to the CNMV and is registered in the Mercantile Registry.

The Committee drafts an annual report of activities whose summary is included in point C.2.1.

A summary of said report is presented annually at the General Shareholders' Meeting.

The Committee also produces a report on auditor independence and a report on related-party transactions, which are made available to shareholders.

<p>Committee name APPOINTMENTS AND REMUNERATION COMMITTEE</p> <p>Short description It is regulated in article 33 of the Company Bylaws, registered in the Mercantile Registry and published on the company's website in the form of a consolidated text, including all the provisions in force.</p> <p>It is also regulated in article 16 of the Board of Directors Regulations that is available on the Company's website and has been communicated to the CNMV and is registered in the Mercantile Registry.</p> <p>The current text has been transcribed in point C.2.1 above.</p> <p>The Committee drafts an annual report of activities whose summary is included in point C.2.1</p> <p>In turn, the Committee chairman presented a summary of the annual activity report to the General Shareholders' Meeting.</p>

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain, if applicable, the procedures and competent bodies for approving related-party or intragroup transactions.

<p>The following decisions are to be made by the Board of Directors, as one of the subjects of exclusive knowledge included in art. 5 of its Regulations:</p> <p>f) Transactions which the company conducts with directors, significant shareholders, shareholders with Board representation or other persons related thereto ("related-party transactions").</p> <p>However, the Board's authorisation shall not be required for related-party transactions that simultaneously meet the following three conditions:</p> <p>1st. They are governed by standard agreements applied across the board to a large number of clients; 2nd. That they be executed at prices or rates that are laid down generally by a party acting as supplier of the goods or service in question; 3rd. The amount thereof is no more than 1% of the Company's annual revenue.</p> <p>The Board shall approve related-party transactions following a favourable report from the Audit Committee. Any directors who are involved, or who represent/are associated with the shareholders involved, must refrain from taking part in the deliberation and voting on the resolution in question.</p> <p>Likewise, pursuant to article 529 (3) Section 2. Non-delegable powers of the Board of Directors of the Corporate Enterprises Act: "Under urgent circumstances for which due justification is provided, the decisions corresponding to the previous matters may be adopted by the delegated bodies or persons, which must be ratified by the Board of Directors held after the adoption of the decision."</p>

D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders.

Name or corporate the significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousands of Euros)
Corporación Financiera Alba S.A.	Viscofan S.A.	Contractual	Financing agreements: loans	5,000
Corporación Financiera Alba S.A.	Viscofan S.A.	Contractual	Financing agreements: repayment of loans	-2,500
Corporación Financiera Alba S.A.	Viscofan S.A.	Contractual	Interest paid	38
Corporación Financiera Alba S.A.	Viscofan S.A.	Contractual	Exchange rate derivatives	24

Remarks:

Loans and exchange rate derivatives have been contracted with Banca March SA financial entity linked with Corporación Financiera Alba S.A. at 31st December 2018

D.3. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors.

Name or corporate name of director or senior manager	Name or corporate name of related party	Relationship	Nature of the transaction	Amount (thousands of Euros)

Remarks:

D.4 List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

Corporate name of the group company	Brief description of the transaction	Amount (In thousands €)

Remarks:

D.5 List the significant transactions carried out between the company or group of companies and with other related parties that have not been informed in the previous sections.

Corporate name of the related party	Brief description of the transaction	Amount (In thousands €)

Remarks:

D.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

Article 24 of the Regulations of the Board regarding the duty of loyalty, establishes the obligation for Company directors to comply with the duties imposed by laws and bylaws with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company.

In compliance with the duty of loyalty, company directors will exercise their powers exclusively for the purposes for which they were conferred, perform their duties under the principle of personal responsibility with freedom of discretion or judgement and regardless of instructions from and associations with third parties.

The duty to avoid conflicts of interest is regulated in **Article 26 of the Board of Directors' Regulations**. It declares that:

The directors shall adopt the measures required to avoid any conflict with the interests of the Company and with their duties

towards the company and its group of companies, and they shall be obliged to inform the Board, prior to occurrence or as soon as they are aware of the existence thereof, with the obligation to immediately resign should said conflict persist or should their presence on the Board be contrary to the company's interests.

Directors shall refrain from discussing and voting on matters in which they have either a direct or indirect interest, even through related parties, except in the resolutions or decisions affecting their capacity as members of the Board, such as their appointment for or removal from positions within the Board.

Likewise, the directors shall refrain from conducting transactions with the company, except for ordinary transactions, of little importance, made in standard conditions for customers.

Any conflicts of interest involving the directors shall be included in the annual corporate governance report.

The directors shall inform the company and, where appropriate, shall resign, in cases in which the credit and reputation of the Company may be damaged and, in particular, if they appear in any criminal proceedings as defendants, informing of the progress of any such prosecution. In this event, the Board shall study the case. The progress of the case shall be monitored and, in view of the same, a decision shall be taken as to whether or not the Director should continue in office.

Directors cannot, either personally or through an intermediary, carry out activities or hold positions of any nature in businesses or companies that are currently or potentially competitors of Viscofan and its group of companies; neither may directors act as a representative or consultant to such businesses or companies or perform any other activity that puts them in conflict with the interests of the Company.

The duty to abstain is regulated by **Article 27 of the Board of Directors Regulations**. It states the following:

"Directors must not use the name of the Company or its related companies, or take advantage of their position to conduct transactions for themselves or related parties.

A director's duty to abstain implies not making personal use of the company's assets, including any confidential information received while fulfilling their role as a director and not making any investments or conducting any commercial transactions related to the fulfilment of said role, for their own gain or that of related third parties.

Directors shall abstain from trading - or suggesting that anyone else trades - in the securities of the Company or its related companies, regarding which they have inside information due to the position they hold.

The directors may not take advantage of the business opportunities of the company and its related companies, obtain advantages or remuneration from third parties, except for mere courtesy services in compliance with current internal regulations."

Moreover, both the duty of loyalty and the duty to avoid conflicts of interest extends to related persons, whose definition is established in **Article 28 of the Board of Directors Regulations. Related persons**.

The directors' duty of loyalty to avoid conflicts of interest and to abstain in his/her different facets also covers the activities carried out by persons related to him/her, in accordance with the definition covered in this regulation.

For the purposes of this regulation, the following will be deemed to be related-persons:

1. The spouse or spousal-equivalent of a Director.
2. The ascendants, descendants and siblings of a Director or of their spouse.
3. The spouses of the ascendants, descendants and siblings of a Director.
4. The companies in which the director directly or indirectly has or may have control, holds a management position or has a significant participation, or their own or through a third party.

Where a director is a legal entity, the following will be deemed to be related persons:

- 1) The shareholders who, in relation to the legal entity administrator, hold or may hold, directly or indirectly, the control, hold an executive post or who have a significant shareholding.
- 2) De jure or de facto administrators, official receivers, and those attorneys-in-fact with general powers of legal entity administrator.
- 3) Companies forming part of the same group, that constitute a decision-making unit due to the fact that one of them holds or has the power to hold, directly or indirectly, the control of the rest, or because said control corresponds to one or several natural persons acting together as one.
- 4) Those persons that, in accordance with the paragraph above, are related to the directors of the legal entity administrator.

Article 34 of the Board of Directors Regulations states the following regarding duties in relation to significant shareholders:

"Directors acting on behalf of major shareholders shall ensure that the aforesaid obligations of directors are extended to the shareholders, in addition to any legal obligations and those set out in the Articles of Incorporation.

Any transactions performed with these major shareholders shall be approved by the Board in a plenary session and must be included in the Company's annual report and in the annual corporate governance report and comply with the current legislation."

Lastly, **Article 36 of the Board of Directors Regulations**, regulating the use of voting by proxy, reads as follows:

Directors who have made public requests for representation may not exercise their voting rights pertaining to the represented shares in relation to the business on the agenda in which they have a conflict of interests and, in all cases, in relation to:

- a) Their appointment, ratification or removal as a director;
- b) The decision on whether to pursue derivative suits against the director in question;
- c) The approval or ratification of transactions with the company in relation to which the director has a conflict of interests.

Furthermore, the Viscofan Group Code of Conduct includes among its general ethical principles loyalty, in accordance with which directors, managers and employees of the Viscofan Group, as well as any person that develops his/her professional activity within the Viscofan Group, should act with loyalty in the permanent defence of the Group's interests and shall refrain in particular from carrying out any actions and operations, of whatever nature, that could mean a conflict between their personal interests and those of the Group, and even more so when those actions could be in the interest of competing companies. Likewise, among the action recommendations, the Code includes information regarding conflicts of interest:

"Viscofan Group employees shall notify the Regulatory Compliance Committee, or, where applicable, the Viscofan S.A. Board of Directors, regarding any economic, family or any other link that could give way to conflicts of interest because it could compromise their impartial action. In the event of a conflict of interests, employees shall be governed by the principles of independence and abstention, and, by virtue of these, shall refrain from performing operations in which conflicts of interest exist, unless under the strict authorisation of the Viscofan S.A. Board of Directors."

D.7 Is more than one group company listed in Spain?

Yes No

Identify the other listed companies in Spain and their relationship with the company:

Identity and relationship with other group listed companies

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the other listed company and other group companies.

Yes No

Business dealings between the parent and listed subsidiary, as well as between the subsidiary and other group companies

Indicate the mechanisms in place to resolve possible conflicts of interest between the other listed company and other group companies:

Mechanisms to resolve possible conflicts of interest

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Risk Control and Management System in place at the company, including tax risk.

The risk management system of the Viscofan Group is regulated by the Risk Control and Management Policy approved in 2017, whose purpose is to establish basic principles and the general framework of action for the control and management of risks of any nature that the Viscofan Group faces in order to identify, measure, prevent and mitigate their possible impact on its activity in case of occurrence.

The control and risk management policy establishes 3 basic principles:

Integration:

The control and risk management of the Viscofan Group must guarantee the preventive identification of the different risks that may affect its activity, integrating, coordinating and directing all the actions aimed at preventing and mitigating these risks through a system that involves all companies over which it has an effective control, reaching all employees, including senior management, and the Board of Directors of the Company.

The Company's control and risk management is based on a code of conduct that indicates the ethical principles and behaviour guidelines, supplemented by the internal operational policies, divided into: general policies, specific policies, and local policies. This risk management system and its policies are framed within the limits set forth in the regulations applicable to the activity of the Viscofan Group.

Continuity:

The risk control and management must be periodically reviewed and updated to adapt to the situation of the Viscofan Group at all times in a way that guarantees continual preventive identification over time and the adaptation of mitigating measures and information systems and control of the different risks that may affect the performance of this activity in a socio-economic, political and changing environment in its different geographical locations, as well as the composition of the Viscofan Group over time.

Transparency:

The control and risk management must guarantee reliable information to all the interest groups: shareholders, market, employees and the entire company, of the inherent risks to the Viscofan Group and the systems developed for their prevention and mitigation that contributes to the compliance of the growing requirements for information in different areas of the company's activity.

The general policy on control and risk management and their basic principles are materialised via an integral continuous control and risk management system, supported by different internal bodies that have different duties and responsibilities, and by a consistent process, at least, in the following actions:

- a) Identify the main strategic, operating, information and compliance risks, keeping in mind their capacity to negatively affect the creation of sustainable value and shared for their interest group on behalf of the Viscofan Group, and in accordance with their circumstances and the development of their activity within the Strategic Plan MORE TO BE 2016-2020.
- b) Fix a level of risk that is considered acceptable in accordance with the circumstances of the Viscofan Group at all times via the establishment of tolerances and adopt the means of measurement and control that allow for appropriately monitoring its evolution.
- c) Identify, implement and maintain an integrated control system in the internal regulations of the Viscofan Group identifying or, where applicable, approving the codes, policies and procedures aimed at mitigating the identified risks in case they materialise.
- d) Assess the suitability and efficiency of the control system and its application, as well as its compliance by all the Viscofan Group employees.
- e) Review and, where appropriate, adapt and improve the compliance system, determining specific action plans in the event that the occurrence of any of the main risks adversely affects the creation of long-term sustainable value.

Knowing the location of each risk in the inherent map (that is, without applying the preventive, mitigating and / or corrective measures) and in the residual map (once such measures are applied), as well as its tolerance to risk, requires a continuous dialogue with the stakeholders through the channels established by the company. This system allows the Organisation to assess the effectiveness of the mitigating measures adopted and focus on the risks that remain outside the comfort zone, adding corrective and preventive measures to reduce the impact and / or the likelihood of the risk occurring.

Corporate risk management is not a serial process, where each component only affects the next, rather it is a multidirectional and iterative process in which one component can influence any other. The Company's Risk Management System is monitored through various instances developed in point E.2. At this same point, the functions regulated specifically by the company are developed and attributed to the different bodies involved in risk management, which includes participation in the system for controlling and forecasting risks to staff from the investee companies (local level) and at corporate level.

The Global Risk Committee met four times in 2018 to update both the methodology of the Risk Management process and the composition of the risk map. In any case, there may be additional risks that are not identified and that could also negatively affect the attainment of the objectives of the Viscofan Group.

The organisation's risk map has been defined in accordance with the code of conduct, internal regulations and the MORE TO BE Strategic Plan covering 2016-2020, and is presented adopting the COSO reference framework, grouping existing risks in four categories:

1. Strategy,
2. Transactions,
3. Information,
4. Compliance.

The risks have been identified following the COSO reference framework, and are reflected in the Viscofan Group's risk map under qualitative and quantitative parameters. To summarise, the main risks are indicated that may affect the sustainability of the Viscofan Group and the achieving of the business objectives defined in the current strategic plan. MORE TO BE 2016-2020.

1. Strategic risks: Those risks that affect the objectives at a high level, aligned with the mission of the Viscofan Group. The company has identified the following specific risks, including the following within this category: Natural disasters, Country risk, Risks of the competitive environment and market of the sector (competitors, customers and substitute products), Reputational risk, Risk of ownership of the company, Obsolescence-innovation risk, Cybersecurity risk.

2. Information risks: Those risks that affect the reliability of information supplied and objectives regarding the availability of sufficient capital and resources to carry out the activity and achieve the financial objectives of the company. The company has identified the following specific risks, including the following within this category: Computer contingencies, integrity of the preparation of financial information, financing and lack of liquidity, exchange rate, interest rate, budget control, and pension plans.

3. Transaction risks: Those risks that affect the objectives related to efficient use of resources and continued long-term activity, including reputational risks. The company has identified the following specific risks, including the following within this category: Material damage, Business continuity, Energy market, Customer discontent, Transport risk, Raw material shortage, Civil liability, Dissemination of know-how, Human capital, Group cohesion, Food risk, Sabotage.

4. Compliance risks: Those risks that affect the objectives related to compliance with applicable laws and regulations, including internal regulations, as well as the protection of employees and society. The company has identified the following specific risks, including the following within the category: Environmental, Occupational accidents, Occupational safety and health, Development of the regulatory framework, Compliance with multinational food legislation, Compliance obligations arising from commercial relations, Corporate risk, GDPR risk, Taxation.

The identification and management of the Group's risks allows the internal regulation and the internal control over financial reporting system and the code of conduct that are implemented throughout the Group to be continuously updated.

E.2 Identify the bodies responsible for preparing and implementing the risk control and management system in place at the company, including tax risk.

Name of the Committee or Body: BOARD OF DIRECTORS

Description of duties:

In powers", the risk control and management policy and the periodic monitoring of internal information accordance with Art. 5 of the Company Board of Directors Regulations, relating to Exclusive and control systems constitute one of the matters that may only be heard and addressed by the Board of Directors when in full session.

Name of the committee or body: AUDIT COMMITTEE

Description of duties:

The Audit Committee, through its corresponding duties in relation to the information and internal control systems, is responsible for supervising the preparation and integrity of the financial information, for reviewing the correct design of the

SCIF, for complying with the regulatory requirements, and for the correct application of the accounting criteria.

In addition, it is a specific function of the Audit Committee to supervise the adequacy of the control policies and procedures implemented and to review the internal control and risk management systems, so that the main risks are identified, managed and appropriately disclosed.

Name of the Committee or Body: INTERNAL AUDIT

Description of duties:

The objectives of the Internal Audit Department include the identification and assessment of all types of risks that the Organisation may face, providing assurance on the degree of internal control and, as such, it is empowered to assess and evaluate the systems and procedures for controlling and mitigating all risks, and the methods used. It has a broad presence on specific risk Committees: Global Risk Committee, Credit Risk Committee and Investment Committee.

Name of the committee or body: REGULATORY COMPLIANCE COMMITTEE

Description of duties:

The Regulatory Compliance Committee includes among their duties that of supervising specific risks of the Company in relation with the criminal responsibility or any other regulation incompliance of it and assess, analyse, implement or improve and monitor a system of compliance aimed at avoiding the criminal responsibility on behalf of the Company.

Name of the committee or body: ETHICS COMMITTEE

Description of duties:

At the request of the state or of a third party, the Ethics Committee is responsible for initiating the investigation into events or practices that may imply a breach of the regulations in force in the Viscofan Group from which a risk situation may arise.

Name of the committee or body: GLOBAL RISKS COMMITTEE

Description of duties:

The Global Risk Committee is a collegiate body whose purpose is to assess the identification, analysis and review of the main risks that affect the organisation, evaluate possible exposures to said risks and formulate the recommendations and actions necessary to manage the risks within reasonable margins.

Name of the Committee or Body: CREDIT RISK COMMITTEE

Description of duties:

The Credit Risk Committee is established as a body to control and supervise the risks associated with the management of customer collections. The objective of this Committee is to delve into the prevention, monitoring and solution of the risks mentioned, via the creation and implementation of the instruments considered most appropriate at the time.

Name of the committee or body: INVESTMENT COMMITTEE

Description of duties:

The main purpose of the Investment Committee is to control and supervise compliance with the Investment Plan approved by the Board of Directors. To this end, it meets quarterly to periodically monitor the correct application of the approved investments and control the efficiency in the use of the Group's resources and investments.

Name of the Committee or Body: CYBERSECURITY COMMITTEE

Description of duties:

The Committee is responsible for defining the Group's strategic objectives for Cybersecurity, encouraging the secure management of information and guaranteeing our state of protection, as well as periodically supervising compliance with regulations, risk projects and situations and incidents.

Name of the Committee or Body: SENIOR MANAGEMENT

Description of duties:

Senior management is responsible for identifying and assessing the risks faced by the Group in the course of its activity and taking appropriate measures to prevent these risks from occurring or, if they do occur, to reduce or eliminate their impact. Therefore, senior management plays an essential role in the design and implementation of control mechanisms, as well as in promoting compliance throughout the organisation.

Name of the committee or body: EMPLOYEES

Description of duties:

The other Viscofan Group employees must comply with the measures implemented in the risk control and prevention systems and, where appropriate, report any behaviour that they consider may pose a risk to the Viscofan Group.

To facilitate the coordination and better identification of the risks and risk prevention and control actions, local managers have been appointed to coordinate with the competent bodies at corporate level.

E.3 Indicate the main risks, including tax risks, and to the extent that those derived from corruption (the latter being within the scope of Royal Decree Law 18/2017) that could affect the attainment of business objectives, are significant.

The inherent risks identified with the highest level of criticality (greater expected impact and greater probability of occurrence) before corrective measures are:

- Competitive environment of the sector. Competitors: The strategies of our competitors could affect our position and, as a result, the attainment of our objectives, in particular, a decrease in price and greater commercial efforts in certain markets.
- Cybersecurity: A cyber-attack is a malicious action that aims to damage the availability of assets, data confidentiality or the integrity of an organisation's information. The risk of an attack is a growing issue, due to the increase in Viscofan's visibility in recent years as sector leader and example of best industry practices, due to greater mobility of our human teams and due to the opening up of our industrial environment to the Internet (remote access to entities and persons outside Viscofan). An organisation aware of the risk existing inside and outside its perimeter will minimise the probability of being attacked.
- Exchange rate: This is associated with the fluctuation of one currency with respect to another, implying that variations in the value of the currency entail variations in the valuation of total wealth. Especially due to the fluctuation of the Euro against the US \$ given the long exposure that the Viscofan Group has to the North American currency, with the percentage of income received in US \$ being higher than the costs.
- Environmental issues: Industrial processes involve the use of natural resources, and although the Group is fully aware of its responsibility with respect to the environment, our production processes could involuntarily affect or damage our immediate environment.
- Budget control: The budget process requires several assumptions to set budgets and objectives. Errors, or simply variations beyond the expected tolerances, could affect the development of the corresponding operational and financial plans.
- Competitive environment of substitute products: The Group progresses its processes and products in line with meeting its strategic objectives, just as our competitors progress with theirs. As a result of this progression, our competitors could obtain products that replace our current products in terms of quality and/or price.
- Customer discontent: Customer satisfaction is the basis for the continuity, stability and loyalty of relationships. It is mainly linked to product quality and to customer-orientation and services provided. Shortfalls in any of these aspects could result in us losing a customer.
- Group cohesion: The internationalisation and dispersion of the productive centres could affect the communication and interaction of the people who work in them with respect to the rest of the organisation. Likewise, the variety of cultures and countries in which the Group operates is a daily challenge when establishing operational and commercial practices consistent with such diversity.
- Environment and tax compliance: The multinational presence and the high number of commercial transactions and financial operations are subject to tax regulations and legislation in different countries that may detract or generate new resources for the Group.
- Reputation: Sustainability and creation of value is closely linked to the impact of our business activity, the results obtained and the adaptation to the expectations of our stakeholders and the environment in which they are developed.
- Lack of raw materials: The Viscofan Group needs to acquire certain specific raw materials in multiple locations, which means that our production process may be affected in case of shortages and/or lack of quality of such items. The strategies of our suppliers could also affect our production process

E.4 Identify if the company has risk tolerance levels, including tax risk.

The company has a risk map that rates quantitatively and qualitatively to define a level of tolerance for the risk identified. As a result, the accepted risk is supported by the defined strategy and is reviewed by the different risk committees.

Before establishing the preventive and corrective measures for each of the identified risks, the company and the different bodies that have been attributed said functions, as described above, deliberate on the probability of each risk occurring, the consequences of the different scenarios if they do occur, and the impact that said occurrence could have on the Group, on its activity and on its financial statements, as well as its ability to recover in each case.

This information is used to determine the criticality to adapt the prevention, mitigation and correction measures to be implemented.

There are key risk indicators (KRIs) defined for each risk, the results of which are periodically compared against their tolerance thresholds to refine the risk response strategies based on the observed results.

E.5 Identify any risks, including tax risk, which have occurred during the year.

Risk is inherent to the business activity, and although the company's diversification, both geographically (commercial and productive), as well as its product range, is a measure in itself that mitigates the risks identified in the risk map, the global nature assumes that there are adverse circumstances that occur during the year that hinder the attainment of the objectives established in the yearly budget.

In this context, some of the risks that have occurred with a more significant impact are indicated below:

1) Risks occurring during the year: Financial risk. Exchange rate

Circumstances responsible for this occurrence

In 2018, the exchange market faced a large volatility due to macroeconomic changes, economic and monetary policies carried out by competent authorities in different countries. In this regard, several of the currencies in which the Group operates have experienced a large fluctuation, notably the US dollar and the Brazilian real, and not just in average terms; the volatility between maximum and minimum exchange rates has been very pronounced this year and has had a significant impact on the performance of profit and loss and negative exchange differences.

Operation of control systems

Viscofan is attentive to the opportunities for contracting exchange rate hedges with the intention of covering transaction flows between different currencies when circumstances dictate. Over the last few years, the company has strengthened the treasury team and has contracted out reporting systems in order to improve the hedging capacity to minimise risk. However, the volatility of the currencies is also driving up the cost of the hedges.

2) Risks occurring during the year: Strategic risk. Competitive environment of the sector. Competitors.

Circumstances responsible for this occurrence

Over the course of the year, Viscofan has followed an active policy of increasing prices within its product catalogue to adapt sale prices to the cost environment. In some markets, particularly the Asian and Chinese markets, the difference in price compared to other alternatives has affected the expected sales volumes, despite allowing for a more sustainable price and cost environment.

Operation of control systems

Monitoring tasks have been carried out in this market, maintaining disciplined commercial policies that do not harm the financial objectives of profitability. Specific projects have been reinforced by expanding the portfolio of products that seek to improve service levels, quality and productivity that suppose increased protection of market share in adverse scenarios.

3) Risks occurring during the year: Transaction risk. Raw Materials

Circumstances responsible for this occurrence

Increase in the prices of energy, caustic soda and glycerine

Operation of control systems

Viscofan continues to improve the approval process for new suppliers and the search for alternatives in different geographic locations, which contributes to reducing the impact of the lack of raw materials. In the field of energy, Viscofan has also hedged prices to allow greater visibility of the cost structure and ensure supplies. Furthermore, with the aim of reducing its impact on the Group's profitability, commercial activity has focused on adapting sales prices to balance competitiveness and profitability in this new cost environment.

E.6 Explain the response and supervision plans for the main risks of the company, including tax risks, and the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise

The Group's risk response and supervision plans reduce the impact of a risk, the probability of occurrence, or both. Therefore, the inherent risk map becomes a residual risk map, which shows the significance of the risks once the prevention, mitigation or correction measures have been taken on the detected risks. Specifically, and in reference to the Group's most significant risks, such plans and actions consist of:

- Competitive environment of the sector. Competitors: Product prices have been revised to reflect the conditions observed in the raw materials market, comparing our rates comparatively with respect to competitors and reinforcing both our confidentiality protocols and the protection of our production processes and intellectual property.
- Cybersecurity: Procedures and tools that better mitigate the risk of being victim to a cyber-attack have been deployed, beginning with the creation of the Cybersecurity Committee, providing its corresponding organisation and action plan, maintaining and improving the business recovery plans in case of incidence, including the separation of networks, support for access regulation or penetration tests and updating policies, including the access control policy.
- Exchange rate: The Group remains attentive to business opportunities and the hedging of exchange rates available in each of the currencies in which it works, refusing to carry out these types of transactions in a speculative manner, and hiring additional expert knowledge for better decision making.
- Environmental issues: Now that the policy has been approved and implemented, the Group is continuing with its strategic certifications plan, which are essential for its activity, such as ISO 50,001, ISO 14,001 or OSHAS 18,001. Additionally, specific projects have been established where management and / or supervision improvement activities are required due to well-regulated business circumstances, and finally, contracting policies that cover us for unplanned circumstances.
- Budget control: Further investment has been made in the team in charge of this function, improving the information systems, establishing new multiannual planning and intensifying the continuous monitoring of the process and its results.
- Competitive environment of substitute products: True to its vocation of leadership, the Group continues to invest in areas that allow it to obtain a competitive advantage over its suppliers in both quality and price, while also intensifying Market observation so as to learn about innovations that the Market has to offer in advance.
- Customer discontent: Customer care and follow-up protocols are continuously improved, such as satisfaction surveys, the visiting procedure, the follow-up of complaints, and encouraging all the areas that at one time or another have contact with customers to work together as a team.
- Group cohesion: The Group encourages the establishment of international multicultural projects, the implementation of cohesion activities, both professional and by areas, the creation of high-performance teams, exchanges between centres to learn about and disseminate best practices, etc.
- Environment and tax compliance: The international presence of the Group means that it operates under tax systems with different obligations, schedules and standards, which is why it has invested in tools that allow us to better understand the peculiarities of the countries in which we operate so as to be able to reasonably comply with our tax obligations.
- Reputation: The news and responses from different stakeholders on relevant aspects are monitored in order to identify areas where there is a greater dispersion between expectations and results, as well as compliance with the code of conduct and the policies that have been implemented.
- Lack of raw materials: The Group continues with its supplier diversification policy, which allows for alternative sources of supply for each material, and collaborates intensively with suppliers with whom we are developing initiatives or processes in the same line as mentioned above.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (SCIIF)

Describe the mechanisms comprising the risk management and control systems for financial reporting (SCIIF) in the entity.

F.1 The entity's control environment

Give information, describing the key features of at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii) its supervision.

Article 5 of the Board Regulations includes among the powers of exclusive knowledge of the Board of Directors as a whole:

"viii) The control and risk management policy, and the periodic monitoring of internal information and control systems".

Furthermore, article 15 of the Viscofan Board of Directors Regulations lists the functions of the Audit Committee in relation to internal information and control systems.

Among these functions, the Committee has assigned the following supervision and review functions:

"Overseeing the process of preparing and ensuring the integrity of the financial information relating to the company and its group, ensuring that the financial information internal control system (SCIIF) is correctly designed and that all legal requirements have been met, and defining an appropriate consolidation perimeter, taking into account, among other aspects, possible complex corporate structures, instrumental or special purpose entities, the correct application of accounting criteria".

The Audit Committee was created in 1999 and its composition and activity have progressively adapted to the recommendations of the Code of Corporate Good Governance. It currently comprises five members, three of them independent directors, the fourth a nominee director and the fifth an external director. In 2018, the Committee met on eleven occasions, four of which with external auditors. Whenever considered appropriate, it has required the presence of members of the management team and the internal audit department.

The Committee carries out the tasks assigned to it, as established in the applicable regulations and those set out in the Company By-Laws and in the Board of Directors Regulations. By way of example, it presented a report to the General Shareholders Meeting on the Committee's activities.

The Committee oversees, analyses and reports on the activities performed by the Internal Audit department, the financial information preparation process, the interim financial statements, the projected cash flow statement prior to the approval of the interim dividend distribution, in addition to the Financial Reporting Internal Control System. The latter is subject to a continuous improvement process and was reviewed by PwC in 2018. The Committee has also supervised the progress made in the compliance system.

In its relations with the external auditor and as one of its duties, the Committee has ensured that the annual accounts are presented with no reservations or qualifications, and that the independence of the auditor is guaranteed.

Finally, it informed the Board of Directors of all its activities and submitted all the minutes of its meetings to the Directors, as well as information on the risk map and tax matters.

For its part, the general duties of the Internal Audit Department include the review and evaluation of the risk control and mitigation systems and procedures for all risks, as well as the methodologies used.

Specifically, with regard to the control of the financial information, it examines and assesses the reliability of the financial information, from an accounting and management point of view, checking that it is complete and correct. It also reviews the procedures for record purposes and proposes corrective measures, which are reported to the Audit Committee and to the Corporate Finance Division.

Furthermore, the Internal Audit Department reports the results of all the auditing, inspection and consulting activities to the Audit Committee and keeps it informed of the same, and, where appropriate, the Directors concerned are also informed.

For its part, according to the Policy on Internal Control of the Viscofan Group's Financial Information, the Corporate Finance Division is responsible for carrying out:

- The design, start-up and dissemination of the financial information internal control system (hereinafter,

SCIIF).

- The definition, review and dissemination of the accounting policies and procedures to be applied, aiming to guarantee uniformity in the processes and in the accounting information.
- The definition of the process of preparation of the financial information and identification of risks that may affect its reliability.
- Identification of the control activities to be carried out to mitigate risks and the supervision of their appropriate performance both at local and corporate level.
- Supervision of the appropriate design and use of the financial information systems. And of the Financial Departments of each of the companies in the Group.
- Compliance with the common accounting principles and policies.
- Dissemination of the SCIIF among the local organisation, identifying those responsible for the execution of each control activity.
- Coordination of the work of the other local departments so that the local financial information is prepared in accordance with the objectives set.
- Performance of the control activities allocated to the department, and supervision of the activities that correspond to the rest of the departments (sales, purchasing, production, warehouse, maintenance, etc.).

Finally, all other Group Departments are to cooperate in the dissemination of the SCIIF within their area of responsibility. As such, each Department shall be responsible for applying the controls corresponding to their area and for coordinating with the other departments in applying the SCIIF. Corporate departments will be responsible for supervising and correcting the weaknesses identified by the Internal Audit Department under their duty to supervise the system.

F.1.2 Whether, especially in the process of drawing up the financial information, the following elements exist:

- Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity.

The General Management and the Corporate Human Resources Division are responsible for the design and review of the organisational structure and for the definition of the lines of responsibility and authority, and the appropriate distribution of tasks and roles.

The Corporate Human Resources Division has procedures for updating corporate-level organisational structures and those of each of the Group subsidiaries. Dissemination is via the corporate Human Resources Management platform and the corporate intranet, with the current organisation charts of each company and any major changes being managed and published on the latter.

Financial Management has organisational structure charts with the composition of the financial departments of each subsidiary company, as well as information about the tasks performed by different members of these departments. Each team has a person responsible for the SCIIF at local level, responsible for disseminating it to the rest of the departments involved, checking that each one of them carries out the checks allocated and regularly reporting on the operation of the system.

The aim of all of this is to guarantee that the internal control principles are suitably disseminated within the organisation, contributing to improved quality of control over financial information.

- Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

The body that approves the Code of Conduct is the Board of Directors, at the proposal of the Regulatory Compliance Committee. The code affects the Boards of Directors, Senior Management and the rest of the Group's employees in their daily professional performance, regarding the relations and interactions they have with all their stakeholders.

The Code of Conduct in force in the Viscofan Group was approved by the Board of Directors at its meeting held on 29 February 2012. The principles of the Code of Conduct include regulatory compliance, integrity, responsibility, transparency

and confidentiality. Furthermore, it also includes the criteria to be taken into account by employees who participate in the preparation of financial information, previously regulated in the Policies that are in force.

Specifically, the Group has implemented a Policy on the Internal Control of Financial Information, with the specific aim of establishing the guidelines necessary to guarantee appropriate preparation and subsequent dissemination of financial information, which establishes the principles that should govern it and describes the roles and responsibilities of each one of the Departments, financial or otherwise, both at Group level and at local level.

The Human Resources Department is responsible for the "Induction Procedure", by which each new employee receives a copy of the Code of Conduct and the policies coming within the compliance system. These establish the conduct guidelines required in order to ensure that Group personnel act correctly, regardless of the country or department in which they are to work. Lastly, each employee formally confirms their knowledge and understanding of these policies.

Additionally, each of the Group companies has a Local Compliance Supervisor appointed by the Board of Directors who is in charge of monitoring the Group's Compliance System and ensuring all local employees, technicians and managers receive the necessary training.

This compliance system has been widely disseminated and is available to employees on the Group Intranet.

In 2018, the policies approved in December 2017 on Data Protection, Control and Risk Management, Human Rights and the local Travel policy were incorporated into the compliance site. The Compliance system was strengthened with the development of an IT Security policy in 2018. An anti-corruption policy was also drafted, which was approved by the Board in 2019, and a revision of the Purchasing policy is pending approval.

- Whistle-blowing channel, to allow financial and accounting irregularities to be communicated to the Audit Committee, as well as possible non-compliance with the code of conduct and irregular activities in the organization, reporting where applicable if this is confidential in nature.

Article 15 of the Board of Directors Regulations allocates the following role to the Audit Committee: "Set up and supervise a mechanism enabling employees to communicate confidentially and, if deemed necessary, anonymously, their concerns regarding possible irregular and potentially significant practices within the company, particularly those relating to accounting, finances and auditing."

For such purpose, a whistle-blowing channel was implemented and is operational, as a virtual space for Group employees to discuss matters associated with compliance with the Code of Conduct and, generally, with all of the Viscofan Group's compliance systems, especially when there are signs of non-compliance.

This whistle-blowing channel makes it possible to establish a suitable channel to facilitate reporting to the Audit Committee of any financial and accounting irregularities, guaranteeing the confidentiality of communications.

The Audit Committee has delegated the creation and management of this whistle-blowing channel to the Ethics Committee, whose main objective is to manage the communications received via the Whistle-Blowing Channel and to analyse any practices that may be considered as non-compliances. The Ethics Committee reports directly to the Audit Committee.

- Periodic training and refresher courses for employees involved in preparing and revising the financial information, and in SCIIF assessment, covering at least accounting standards, audit, internal control and risk management.

The aim of the Viscofan Group Training Policy is to guarantee that Group employees have all the knowledge and skills necessary for optimum execution of the duties assigned to them, improving or updating their performance.

Concerning one of the principles of this Policy, namely, planning, and in accordance with the responsibilities described therein, each year the Annual Training Plan is prepared, in which the managers of each department take part. Together with Human Resources Management, they identify training opportunities and the programmes to be carried out during the year.

In the case of the personnel involved in the preparation and review of the financial information for specific training intended to cover the specific needs of each individual or, if applicable, a department, the external training actions for the review of standards and accounting procedures are combined with internal training, mainly concentrated on the dissemination of policies and procedures and on the execution of the internal controls included in the SCIIF.

To improve performance, in 2018 they attended seminars and courses organised by EY on the treatment of financial derivatives, on the new accounting developments and on the updates of the accounting regulations.

F.2 Financial reporting risk assessment

Provide information on, at least, the following:

F.2.1 What are the key features of the risk identification process, including error and fraud risks, with respect to:

- Whether the process exists and is documented.

The two areas most directly involved in the identification of risks that could affect the drafting of financial information are the Corporate Finance Division and the Internal Audit Division. In their daily activities, permanent communication is encouraged between these two departments to analyse how the SCIIF is working and identify risk areas for which additional controls should be incorporated into the system.

Subsequently, every quarter, the Internal Audit Division informs the Audit Committee of the main incidents identified in the period, together with a risk assessment based on quantitative criteria and/or qualitative criteria and the monitoring carried out on the corrective actions established in previous periods.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), whether the information is updated and with what frequency.

In each process and sub-process that affects the preparation of financial information, the Group identifies the risks that may materialise taking the following information into account:

- Description of the existing control objectives to meet the business targets defined by the Company and guarantee the reliability of the financial information.
- Possibility of the occurrence of an error risk, according to its impact on the financial statements, being categorised as follows:

- ✓ Validity: All transactions generated in the period are valid.
- ✓ Integrity: All transactions have been recorded correctly.
- ✓ Registry: All transactions have been accurately entered into the accounts.
- ✓ Cut-off: All transactions recorded represent economic events that occurred during the period in question; transactions are recorded in the corresponding period.
- ✓ Assessment: Assets and liabilities are correctly valued (they appropriately reflect the existing circumstances of the business and its financial conditions).
- ✓ Presentation: The financial statements are appropriately presented and disclosed.

At the meetings discussed above, a conclusion may be reached as to the need or not to modify the existing risk map, following an analysis of the information complied.

- The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

In accordance with the Board of Directors Regulations, the Board shall be exclusively responsible for defining the structure of the corporate group. In turn, the Audit Committee shall oversee the appropriate scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures and special purpose vehicles.

The Viscofan Group Accounting Policy Manual determines that the responsibility of keeping the scope of consolidation duly updated lies with the Consolidation Area, which forms part of the Corporate Finance Division. Corporate operations that could affect the scope are reported appropriately by the General Management and Legal Divisions.

The Audit Committee is informed about structural and corporative modification operations that are planned for its analysis and report to the Board of Directors regarding its economic conditions and accounting impact.

Independently of the fact the Group can grow either via acquisitions or organic growth, the Group's corporate strategy is to maintain as simple a structure as possible, in order to facilitate control of the business, from both an operational and a financial and accounting perspective.

In this way, except for the company Nanopack Technology y Packaging, S.L., the Parent company of the Group, that is Viscofan S.A., wholly owns the Group companies, either directly or indirectly and, in this latter case, the shareholding is always through other companies in the Group. In the case of Nanopack S.A., the Group has a 90.57% shareholding in Nanopack Technology y Packaging S.L.

In 2018, Vector Europe NV activity was transferred to Vector Belgium and Vector UK was liquidated on 10 April, confirmed by Companies House.

The preliminary steps that needed to be taken to liquidate the company that Supralon had in Liechtenstein, and which was incorporated into the Viscofan perimeter in the acquisition of the Supralon Group in November 2017, were also carried out in 2018. Specifically, the activity carried out by the company has been transferred to other subsidiaries of the group, the rental contract for the office and other relevant contracts have been cancelled and the employment relationship of the majority of employees has been terminated. As such, the company is expected to be fully liquidated during the first half of 2019.

TransformPack was acquired in January 2018, which is a company that develops added value products in Canada. In November 2018, Globus Group Pty Ltd was acquired in Australia, Globus Group New Zealand Limited and JUPITER PTY Ltd, which distribute casings in Oceania, so as to be closer to our customers and improve our service.

In addition, it is the exclusive knowledge of the Board of Directors in full to create or acquire interests in special purpose vehicles or institutions registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

According to article 15 of these same Regulations, the Audit Committee is responsible for informing the Board, prior to it making the corresponding decisions in this area.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax-related, reputational, environmental, etc.) insofar as they impact the financial statements.

Periodically, the Audit Committee evaluates the situation of the main risks that affect the Group and the extent to which they affect its financial statements, in accordance with the description given in section E of the Annual Corporate Governance Report. For said purpose, it is supported by the Global Risks Committee, set up at the Audit Committee's proposal and representing the Group's General Management and its main divisions (Production, Financial, Legal and Commercial). Internal Audit is involved in the Risk Management process as an enabler and coordinator.

Specifically, risk management extends to the following risk categories, in accordance with the COSO internal control framework implemented in Viscofan:

1. Strategy,
2. Operations,
3. Information,
4. Compliance.

The risks derived from the integrity of the financial information are included in the aforementioned Information Risks category. Both the Risk Management process and the four categories are described in Section E of this report.

The Risk Management practices were updated in 2018, in line with international best practices in order to achieve a better alignment between objectives, risks and controls.

- Which of the entity's governance bodies supervises the process.

Article 15 of the Viscofan Board of Directors Regulations assigns the Audit Committee the role of monitoring the risk management carried out by the Group.

"Reviewing the internal control and risk management systems, including tax risks, so that the main risks can be correctly identified, managed and properly reported."

In addition, all departments of the organisation, including the Internal Audit Department, collaborate with the Audit Committee through the Global Risk Committee, continuously identifying and assessing the risks faced by the organisation.

F.3 Control activities

Provide information, indicating the main characteristics, about the existence of at least the following:

F.3.1 Procedures for review and authorisation of the financial information and the description of the SCIIF, to be published on the securities markets, indicating who is responsible for it, and the documentation describing the activity flows and controls (including those concerning risk of fraud) for the different types of transactions that may materially impact the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgements, estimates, valuations and projections.

The procedures existing in the Viscofan Group define the activities and controls to be carried out in the process of drafting the financial information, distinguishing the following stages until its dissemination:

- Recording of daily operations by each local department involved, including the book closing for each subsidiary.
- Carryover of financial information for consolidation.
- Consolidation of the information.
- Validation and approval of the financial information.
- Publication and dissemination of the information.

In accordance with what is set forth in the Policy on the Internal Control of Financial Information, the Corporate Finance Division is responsible for the design, start-up and dissemination of the SCIIF, and for the accounting policies and procedures to be applied, the definition of the process of preparation of the financial information and the control activities for mitigating possible risk. To do this, it receives support from the Internal Audit Division, which in its task of overseeing the comprehensive nature of the accounting and management information issued, both internally and externally, cooperates in assessing the SCIIF.

To do so, based on the documentation describing the flows that affect the different departments (purchasing, billing, salaries, banks and cash, etc.), the risk areas are identified and the internal controls to be carried out are proposed.

On the other hand, based on the balance sheet and profit and loss accounts, the most significant accounts are identified, analysing, by means of the controls implemented or establishing new controls if considered necessary, the coverage percentage, in order to guarantee the reliability of the information published.

In this way, adding the two approximations by process and by items in the income statement and profit and loss account, the aim is to guarantee that the controls in place cover the most significant risk areas.

To facilitate the internal control a tool has been developed on Viscofan's intranet to implement the SCIIF controls, enabling the management of master control data according to subsidiary (executor, supervisor, frequency, etc.), the management of execution and supervision flows for each control, the storage of evidence of each control and access to controls and evidence from Corporate Finance and Internal Audits.

In the course of 2018, ongoing progress has been made in the preparation of documents describing the objectives of each control, the improvement and uniformity of evidence provided by the various subsidiaries and the inclusion of new controls, especially in the IT processes. The use of the GRC modules for Risk Management and Audit Management has also been extended.

At local level, each subsidiary has a person responsible for the SCIIF, who coordinates the launch, execution and supervision of the monthly controls.

When the local financial information has been generated, in accordance with the Reporting Validation and Analysis Procedure, each company should carry out the additional controls established in this Procedure, with the participation of at least two people: on the one hand, the person responsible for book closing at local level and, on the other hand, the person responsible for validating this closing, who is usually the Company finance manager or the person responsible for the commercial subsidiary.

The procedure for validation of the financial information reported by each subsidiary makes it possible to check that the data received for consolidation is consistent with that existing in the local systems and is standardised in accordance with the corporate accounting plan in force. The computer application used for consolidation has basic controls incorporated to flag any inconsistency in the

information reported.

Those responsible for the accounts inform about changes to the financial statements of their subsidiary, transmitting the most relevant accounts with details of the calculations made.

The consolidated information is reviewed by the General Management, the Corporate Finance Division and the Investor Relations and Communication Division. This review takes place before the information is sent to the Board of Directors for final approval.

The Audit Committee intervenes in the supervision of the Company's regular financial information, filling the roles assigned to it in the Board of Directors Regulations.

"Overseeing the process devised by senior management for instituting lawsuits, making assessments and reaching significant estimates, and the impact thereof on the financial statements. Reviewing, analysing and discussing the financial statements and other relevant financial information with the senior management team and the internal and external auditors so as to ensure that the information is reliable, understandable and relevant, and that the accounting standards used for the preceding year have been duly followed."

This involvement from the Audit Committee extends to permanently monitoring account auditing, holding regular meetings with the external auditor to directly supervise the result of the process after both pre-closing and definitive closing of the annual accounts. All this complies with the following roles allocated by the Board Regulations (art. 15. D) to the Audit Committee in relation to the external auditor:

- (b) Ensuring that the accounts prepared by the Board of Directors are put before the General Shareholders Meeting without qualifications in the associated audit report.
- (c) Overseeing compliance with the audit agreement, collecting information on the audit plan and its execution and ensuring that the opinion on the annual accounts and the main contents of the audit report are drawn up clearly and accurately.

The Committee pays special attention to proposals for improving internal control, the quality of the opinions and estimates and the accounting criteria applied in the Group.

F.3.2 Internal control procedures and policies for information systems (among others, access security, change control, their operation, operational continuity and segregation of functions) that support the relevant processes in the entity with respect to the drawing up and publication of the financial information.

The main standards and procedures existing in the Viscofan Group in relation to the control of computer systems are contained in the following manuals and policies, available on the Group intranet, which regulate the use of computer systems and networks and their control and management:

- Computer systems and networks user manual
- Authorisation policy on computer access and profiles
- Password policy
- Computer systems and networks management policy.

These manuals develop the following aspects:

- The control systems should record and limit access to all Group computer systems and networks, establishing at least the creation of a username for each authorised user and the need for a password associated with it in accordance with Password Policy.
- Management of access to any computer system or network shall comply with the provisions of Authorisation policy on computer access and profiles. Thus, the person responsible for managing profiles and access should keep a record that justifies the authorisation of each action or modification of profiles and each access made.
- Maintenance of the computer systems and networks should include periodic measures that guarantee the copying and the possibility of backup and recovery of the data and information contained in the different Viscofan Group computer systems and networks in each case. Access to these copying and backup resources or mechanisms should be limited, protecting their content in all cases and establishing mechanisms for safekeeping and custody that guarantee their security.
- Any development or modification made by the computer departments to the Viscofan Group computer systems and networks shall be carried out with as much coordination as possible, requesting the authorisations necessary for its implementation or for performing any test process and, in any case, establishing at least the same measures in terms of security and limitation of access to the data.
- The security policy, change management, maintenance and handling of incidents should guarantee rapid recovery of the

Viscofan Group computer systems and networks in the event of any contingency that could have an impact on their availability.

The main infrastructure of the Group is located in a main Data Processing Centre (CPD). In a second CPD the secondary infrastructure is housed to ensure the continuity of the service in case of disaster.

The Viscofan Group has a Disaster Recovery Plan, coming within the framework of processes and procedures, and which will serve to guide and support the teams during an incident. This will enable the teams to respond in a way which is as most efficient and controlled as possible, minimising the impact on users, in order to return to operational service as soon as possible.

F.3.3 Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the evaluation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.

The Viscofan Group entrusts actuarial calculations of labour costs and the calculation of the Company Tax for certain Group companies to independent third-party experts. In addition to PPA (Purchase Price Allocation) processes when acquiring new businesses.

In any case, the criterion is maintained of working only with prestigious institutions, and the valuations received are reviewed by the financial departments involved.

In line with the evolution of technology, housing and maintenance services are contracted for the Group's main data centres, as well as plans that ensure business continuity in the event of computer incidents. Outsourced services are periodically monitored by checking the critical management indicators. A validation service has been implemented for cloud services offered by software companies for the access and use of their applications.

F.4 Information and communication

Provide information, indicating the main characteristics, about the existence of at least the following:

F.4.1 A specific function in charge of defining and keeping the accounting policies updated (accounting policy department or area) and dealing with queries or conflicts stemming from their interpretation, ensuring fluent communication with those in charge of operations in the organization, and an up-to-date manual of accounting policies, communicated to the units through which the entity operates.

The responsibility for defining, updating and disseminating the accounting policies and procedures to be applied to guarantee standardisation of processes and accounting information lies with the Corporate Finance Division, in accordance with the Policy on the Internal Control of Financial Information.

The manuals are disseminated through the document libraries on the corporate Intranet and are available to the financial teams. Contact between corporate and local levels is continuous, and lines of communication are maintained for resolving any queries and conflicts derived from their interpretation.

In addition, regular account coordination meetings are held to transmit accounting policies, provide training in the performance of the controls included in the SCIIF and check standardisation in the preparation of the information reported by each subsidiary.

F.4.2 Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on SCIIF.

In accordance with the Policy on the Internal Control of the Financial Information, the Group Financial Department is responsible for supervising the appropriate design and use of the financial computer systems.

For these purposes, the Corporate Finance Division has organised selection, set-up, implementation and training into a single reporting tool for consolidation for all Viscofan Group companies.

The data from the local applications are integrated into the consolidation system following a single corporate accounting procedure, the Corporate Accounting Plan. The Corporate Finance Division is responsible for reviewing the equivalence between the accounting plans from each subsidiary and the Corporate Accounting Plan in order to guarantee the standardisation of the information received.

As an additional control measure, the controlling team ensures that at year-end, the accounting balances of the consolidation system

coincide with the accounting balances of the financial modules of each subsidiary to ensure that the origin and destination information is the same.

The content of the information reported includes both the financial statements and most of the information necessary for preparing the tables and notes for the Annual Report of the company and subsidiaries, the first draft of which is prepared directly in this system.

F.5. Supervising the system's operation

Provide information, indicating the main characteristics, about at least the following:

F.5.1 The SCIIF supervision activities carried out by the Audit Committee and whether the entity has an internal audit function whose powers include providing support to the Audit Committee in its task of supervising the internal control system, including the SCIIF. Likewise, give information on the scope of the SCIIF assessment carried out during the year and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan listing the possible corrective measures, and whether its impact on the financial reporting has been considered.

In accordance with the Board of Directors Regulations, article 15 point C), in relation to the information and internal control systems, the Audit Committee is responsible for: g) "Overseeing the internal auditing services, including in particular:

- (i) proposing the selection, appointment, re-election and cessation of the Internal Audit Manager;
- (ii) Approving the annual internal audit work plan, ensuring that their activity focuses primarily on the main risks the Company is exposed to; and receiving periodic information on the results of the work performed, including any incidents that may arise. Likewise, receiving an annual activities report and action plan to correct any deficiencies detected;
- (iii) Ensuring the independence and efficiency of the internal audit function;
- (iv) Proposing the budget for this same internal function;
- (v) Receiving periodic information on its activities, and;
- (vi) Verifying that senior management takes into account the conclusions and recommendations set forth in its reports".

The Viscofan Group has an Internal Audit Division, which reports functionally to the Audit Committee.

The objectives set forth in the Internal Audit Bylaws are:

1. Guaranteeing there is a suitable and adequate risk control system;
2. Assisting the Board of Directors or the corresponding delegated body in the objective fulfilment of their responsibilities, offering support to the Group Management and the Organisation in the improvement and consolidation of the internal control system, procedures applied and control activities;
3. Checking that, through the standardised and efficient application of the policies and procedures in the internal control system, risks are appropriately managed, facilitating the achievement of the strategic objectives of the Viscofan Group;
4. Reviewing and checking that the Organisation's processes are appropriate and complied according to approved policies and procedures;
5. Identifying and assessing all types of risks faced by the Organisation;
6. Overseeing the comprehensiveness of the accounting and management information issued, both internally and externally, i.e., it should be complete and correct;
7. Overseeing compliance with the law

The Internal Audit Department works under pluriannual plans, generally for three years, approved by the Audit Committee.

In compliance with the duties set forth in its Bylaws, the Internal Audit Division carries out the following reporting work:

"It communicates with the Audit Committee and also, where applicable, the Divisions involved, keeping them informed about the results of all audit, investigation and consultancy activities. It also periodically reports to the Audit Committee on the application of the audit plans and other relevant activities; Drafts and subsequently deals with the supervisors of the assessed Divisions, if applicable, the results of the job prior to the final issuing of the reports; Drafts the degree of implementation and efficiency of the recommendations by virtue of the reports issued, and reports on this subject to the Audit Committee".

The Audit Committee holds regular meetings at which it coordinates the actions of the Internal Audit Division, prepares the action plans, reports on and monitors the progress of each of these plans and analyses the level of implementation of the recommendations that have arisen as a result of its actions.

During the financial year of 2018, the Internal Audit work plan specifically focussed on:

- Participation in the **Investment Committee**, overseeing its activity.

In 2018, the Investment Committee held four meetings, coinciding with the quarterly financial closures.

Investments are strictly monitored at all subsidiaries. A report is issued every month and emailed to the Committee members, making it possible to ensure that any possible deviations are quickly detected and the appropriate actions can be taken.

- Participation in the **Credit Risk Committee**, overseeing its activity, particularly with regard to credit risk coverage levels and the principal accounts receivable.

The Credit Risk Committee met in 2018 on four occasions.

The key objective of the Credit Risk Committee is to report on the taking out of credit insurance, compliance with established procedures and the added risk involved in selling to some countries. Furthermore, a detailed analysis is made of the total exposure of customers, particularly those with the largest amounts of matured debt.

Monitoring conducted by the Committee has made it possible to keep the amount of the debt covered compared to last year. During 2018, the default rate was maintained at a level considered satisfactory by the organisation.

- Participation in the **Global Risk Committee** previously described, performing the reassessment and the redefinition of some risks of the Risk Map already existing (defined in 2016 based on the new strategic plan for the period from 2016-2020, MORE TO BE), performing a redefinition of all the KRIs associated to each of these risks and performing, also, a monitoring of the values of these KRIs.

The Committee has met four times throughout this year.

- The quarterly assessment of the SCIF, reviewing the controls made and the quality of the evidence provided, establishing appropriate corrective measures in accordance with their materiality. Specifically, every quarterly closure is accompanied by a review of the most important controls, submitting the findings report to the Audit Committee prior to the approval of the financial information to be published.
- The review of different processes in various national and international subsidiaries in compliance with the annual Audit Plan approved for 2018.
- The monitoring of the implementation of the recommendations arising from the reviews of the different processes audited in the past. To do so, it has a monitoring tool of the Internal Audit recommendations, with the creation of reports for Senior Management, and this application was added to the organisation's corporate systems in 2018.

The activity of the Internal Audit Department is considered to be satisfactory, mainly thanks to the high implementation rate for the improvements and recommendations made in order to correct the incidents detected.

The Audit Department prepares reports on its actions, reflecting the incidents detected during the work execution and suggestions for improvement. These reports are initially discussed with the heads of the subsidiaries or departments involved.

Once the reports have been discussed with the heads and the measures to be adopted have been established, the report is sent to the Audit Committee. Those incidents identified and which could affect the financial reporting, are quantified, where applicable, and reported to the Corporate Financial Department and also to the Local Financial Departments affects, so that they may be corrected.

F.5.2 Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information on whether there is an action plan to try to correct or mitigate the weaknesses observed.

. In addition to the roles of the Internal Audit Division described in the previous point, the Board of Directors Regulations authorise the Audit Committee to request the presence of the external auditors whenever they consider it appropriate:

“The Audit Committee shall be empowered to request the presence of any member of the Management team or any member of the

Company's staff at its meetings, as well as the presence of the Company's independent auditors or any Company advisor whose presence is deemed advisable. All of the aforementioned shall be bound to cooperate and facilitate access to the information they have."

In practice, the Audit Committee holds a minimum of three annual meetings with the external auditors, one of which coincides with the pre-audit carried out at the end of October each year and the other two with the year-end audit.

At these meetings, the auditors report any weaknesses in internal control that may have been detected in the audit process and that affect the internal control system. The Committee monitors them during the year, in coordination with the Internal Audit Division and the Corporate Finance Division, to identify and implement, where applicable, any measures that may be deemed advisable.

F.6 Other relevant information

We do not consider it necessary to disclose any other information that has not been already described in the above sections.

F.7 External audit report

Provide information about the following:

F.7.1 Whether the SCIIF information disclosed to the markets has been submitted by the external auditor, in which case the entity must attach the corresponding report as an annex. Otherwise, explain the reasons why it was not.

SCIIF information has been submitted for review by our external auditors PwC, in accordance with the Professional Action Guidelines and the Audit Report form concerning SCIIF-related information on listed companies as established in the circular No.7/2015 of the CNMV from 22 December 2015.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Good Governance Code of listed companies.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

1. The Bylaws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.

Compliant

Explain

2. When a dominant and a subsidiary company are both listed, they should provide detailed disclosure on:

a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Compliant

Partially compliant

Explain

Not applicable

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous annual general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation and any alternative procedures followed in its stead.

Compliant

Partially compliant

Explain

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant

Partially compliant

Explain

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant

Partially compliant

Explain

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

a) Report on auditor independence.

- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
- c) Audit committee report on third-party transactions.
- d) Report on corporate social responsibility policy.

Compliant

Partially compliant

Explain

The Company's Management Report includes an analysis of the corporate social responsibility policy, it is included in the Non-Financial Statement section. This report is published on the Company website at the time of convening the general shareholders' meeting.

7. The company should broadcast its general meetings live on the corporate website.

Compliant

Explain

The Company considers that transmitting the General Shareholders' Meeting live on the website in a smaller company is not the most appropriate measure to facilitate shareholders' participation in the General Shareholder's Meeting, which is confirmed by the high number of shareholders who are physically present at the meeting or who attend remotely using the methods enabled for such purpose, so the company prefers to allocate the resources that would be allocated to this transmission to encouraging participation through the means enabled, by way of the attendance bonus and providing shareholders with as much information as possible by making available a large amount of information that is relative to the meeting at the time it is convened.

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant

Partially compliant

Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant

Partially compliant Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant

Partially compliant

Explain

Not applicable

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Compliant

Partially compliant

Explain

Not applicable

12. The board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant

Partially compliant

Explain

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Compliant

Explain

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that the appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The appointments committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant

Partially compliant

Explain

15. Nominee and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Compliant

Partially compliant

Explain

16. The percentage of nominee directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant

Explain

17. Independent directors should be at least half of all directors.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of the total number of directors.

Compliant

Explain X

The company considers that it complies with recommendation 17 in accordance with the principle of proportionality among shareholder participation and representation in the board of directors, according to which, the relationship between nominee directors and independent directors must reflect the relationship between the percentage of capital represented in the board of directors by the nominee directors and the rest of the capital. In the Code of Good Governance of the listed companies published by the CNMV, it specifically indicates that this proportional principle is not, however, an exact mathematic rule, but rather an approximate rule whose objective is to ensure that the independent directors have a sufficient weight in the board of directors and that no significant shareholder exercises a disproportionate influence in relation to their participation in the capital.

In this text it also clarifies that in certain situations it is considered that this percentage could be excessive and it is recommended to mitigate the application of this rule respect to those that however, do not have an elevated capitalisation considering as a reference those companies not included in the IBEX-35 index to those that would become excessively onerous the compliance of this rule, however respect to the companies in whose share ownership shareholders have presence that individually or together with others maintain an elevated percentage of its capital. For these cases it is recommended a percentage of, at least, one third.

In this sense, it is worth noting that in accordance with the principle of the standard, the inclusion in the Ibx can be used as a reference, but not as a mathematic demand, given that considering the inclusion in a reference index defined by a private institution that could be reviewed every quarter should not have been the principle of complying with or explaining for which the companies are governed their long-term corporate governance, but a reference. In this sense, the law and the code indicate as a quantitative objective criterion an elevated capitalisation and Viscofan is not included as a reference in the funds that they invest in companies of high capitalisation both in the national market and foreign investors, which are considered high capitalisation given a versatile capitalisation greater than 10 billion euros.

It is worth remembering that the criteria of including in the Ibx index are not exclusively of capitalisation, but that also influence the liquidity of the value, having companies with capitalisation greater than Viscofan that is not included in this index. However, despite all these considerations, and including even though a foreign decision to the Company, outside the scope of their control that could have as a purpose modifying the monitoring of the recommendations within the same fiscal year without the possibility of doing nothing to the respect, as in this case, the Code of good governance of the companies listed approved by Agreement of the Board of the National Stock Market Committee (CNMV) on 18 February 2015, establishes that the inclusion in the IBEX is the determining criteria regardless of the data objective of capitalisation, and in this sense, the Company does not follow the recommendation that the independent directors represent half of the board even considers that for its capitalisation should fulfil the recommendation that the number of independent directors must represent, at last, a third of the total directors. The Company fulfils this recommendation.

Moreover, the Company considers that the special characteristics of its activity and industrial sector, in which a high degree of specialisation and specific knowledge in areas are required that are not at the scope of persons outside this sector, making it suitable to ensure that the Board maintains sufficient presence of directors with a lot of experience that can guarantee an appropriate development of the Board's duties, especially in relation to the company's strategy and a continuity in that knowledge.

The temporary limitation of the independent directors does not allow guaranteeing this continued presence and the Company considers that it must combine both needs, above all to the view of the requirement for the companies that do not have a high capitalisation in accordance with the generally accepted criteria.

**18. Companies should disclose the following director particulars on their websites and keep them regularly updated:
Background and professional experience.**

- a. Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- b. Statement of the director class to which they belong, in the case of nominee directors indicating the shareholder they represent or have links with.
- c. Dates of their first appointment as a director and subsequent re-elections.
- d. Shares held in the company, and any options on the same.

Compliant X

Partially compliant

Explain

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of nominee directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a nominee directorship.

Compliant

Partially compliant

Explain

Not applicable X

20. Nominee directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the latter's number should be reduced accordingly.

Compliant X

Partially compliant

Explain

Not applicable

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant X

Explain

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant X

Partially compliant

Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes relevant or reiterated decisions about which a director has expressed serious reservations then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation should also apply to the secretary of the board of directors, whether a director or otherwise.

Compliant X

Partially compliant

Explain

Not applicable

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board of directors. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the annual corporate governance report.

Compliant

Partially compliant

Explain

Not applicable X

25. The appointments committee should ensure that non-executive directors have enough time to properly perform their duties.

The Board of Directors' Regulations should establish the maximum number of boards of directors that its directors may sit on.

Compliant

Partially compliant

Explain

26. The board of directors should meet with the necessary frequency to properly perform its functions and, at least, eight times a year, in accordance with a calendar and agendas set at the beginning of the year, to which each director may individually propose the addition of other items.

Compliant

Partially compliant

Explain

27. Director absences should be kept to the bare minimum and quantified in the annual corporate governance report. And, when necessary, they should delegate with instructions.

Compliant

Partially compliant

Explain

28. When directors or the secretary express concern about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, the person expressing them can request that they be recorded in the minute book.

Compliant

Partially compliant

Explain

Not applicable

29. The company should establish suitable channels for directors to obtain the advice and guidance they need to carry out their duties including, if required by the circumstances, external assistance at the company's expense.

Compliant

Partially compliant

Explain

30. Regardless of the knowledge required of the directors for exercising their duties, the companies should also offer directors refresher programmes when circumstances so advise.

Compliant

Explain

Not applicable

31. The agenda should clearly indicate those points on which the board of directors has to adopt a decision or agreement so that the directors may study or gather, in advance, the information required to make such decisions.

When, exceptionally, in urgent cases, the chairman wants to submit decisions or agreements that are not on the agenda to the board of directors for approval, prior and express consent will be required from the majority of directors present, which will be duly recorded in the minutes.

Compliant

Partially compliant

Explain

32. Directors shall be regularly informed of any changes in shareholdings and of the opinion of significant shareholders, investors and credit rating agencies as regards the company and its group.

Compliant

Partially compliant

Explain

33. The chairman, as the party responsible for the efficient operation of the board of directors, besides exercising duties that are attributed to him or her by law and the bylaws, should draw up and submit a calendar and agenda to the board of directors; organise and coordinate the regular evaluation of the board and also, where applicable, of the company's chief executive officer; be responsible for managing the board and its effective operation; ensure that sufficient time is spent on the discussion of strategic matters, and agree on and review refresher programmes for each director, when circumstances so advise.

Compliant

Partially compliant

Explain

34. When there is a coordinating director, the bylaws or board of directors' regulations should attribute to him or her, besides the powers corresponding by law, the following duties: presiding over the board of directors in the absence of the chairman and the vice chairmen, if there are any; echoing the concerns of the non-executive directors; maintaining contact with investors and shareholders to learn their points of view for the purpose of forming an opinion regarding their concerns, in particular, in relation to the company's corporate governance; and coordinating the plan for the succession of the chairman.

Compliant Partially compliant Explain Not applicable

35. The secretary of the board of directors should especially ensure that the board of directors take the good governance recommendations contained in this good governance code into account when they are applicable to the company.

Compliant Explain

36. The board of directors, in plenary session, should evaluate and adopt, where applicable, an action plan once a year to correct deficiencies detected with regard to:

- a. The quality and efficiency of the operation of the board of directors.
- b. The operation and composition of its committees.
- c. Diversity in the composition and powers of the board of directors.
- d. The performance of their duties by the chairman of the board of directors and by the company's chief executive officer.
- e. The performance and contribution of each director, paying special attention to the managers of the board's different committees.

The evaluation of the different committees will be based on the reports they submit to the board of directors and the latter will be evaluated based on the report submitted by the appointments committee.

Every three years, the board of directors shall be assisted in carrying out an assessment by an independent external consultant, whose independence will be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintains with the company or any group company must be listed in the annual corporate governance report.

The process and areas evaluated will be described in the annual corporate governance report.

Compliant Partially compliant Explain

37. When the company has an executive committee, the breakdown of its members by director category should be similar to that of the board of directors itself. The secretary of the board should also act as secretary to the executive committee.

Compliant Partially compliant Explain Not applicable

38. The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all members of the board of directors should receive a copy of the executive committee's minutes.

Compliant Partially compliant Explain Not applicable

39. The members of the audit committee and, especially, its chairman should be appointed bearing in mind their knowledge and experience in accounting, auditing or risk management, and most of those members should be independent directors.

Compliant Partially compliant Explain

40. Under the supervision of the audit committee, there should be a unit that assumes the internal audit function and ensures the proper operation of internal reporting and control systems and that reports to the non-executive chairman of the board or of the audit committee.

Compliant Partially compliant Explain

41. The head of the unit that assumes the internal audit function should present an annual work programme to the audit committee; directly report any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant X

Partially compliant Explain

Not applicable

42. Besides those set out in law, the following duties correspond to the audit committee:

1. With respect to internal control and reporting systems:

- a) To monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, check for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.
- b) To strive for the independence of the unit that assumes the internal auditing function; propose the selection, appointment, re-election and removal of the person responsible for the internal auditing services; propose the budget for such service; approve the focus and work plan to ensure the activity is primarily focused on relevant risks for the company; receive regular information on its activities; and verify that senior management takes into consideration the conclusions and recommendations of its reports.
- c) To establish and supervise a mechanism whereby staff can report, confidentially and, if possible and necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2. With respect of the external auditor:

- a) To investigate the issues giving rise to the resignation of any external auditor.
- b) To ensure that the remuneration of the external auditor for his work does not compromise its quality or its independence.
- c) To oversee that the company reports, as a relevant event, to the Spanish Securities Market Commission (CNMV) the change of auditor and accompanies it with a declaration on the eventual existence of disagreements with the outgoing auditor and, if any, the content thereof.
- d) To ensure that the external auditor maintains an annual meeting with the board of directors, in plenary session, to inform it regarding the work performed and the financial position of and risks faced by the company.
- e) To ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on the independence of the auditors;

Compliant X

Partially compliant

Explain

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant X

Partially compliant

Explain

44. The audit committee should be informed of any transactions that would implement structural and corporate changes that the company aims to make for their analysis and a preliminary report to the board of directors on their economic conditions and their accounting impact and, especially, where applicable, on the proposed exchange ratio.

Compliant X

Partially compliant

Explain

Not applicable

45. Control and risk management policy should specify at least:

- a. The different types of risk, financial and non-financial, (inter alia, operational, technological, legal, social, environmental, political and reputational) that the company is exposed to, including among financial or

economic risks, contingent liabilities and other risks not on the balance sheet.

- b. The determination of the risk level the company sees as acceptable.
- c. Measures in place to mitigate the impact of risk events should they occur.
- d. The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Compliant

Partially compliant

Explain

46. Under the direct supervision of the audit committee or, where applicable, of a specialist committee of the board of directors, there should be an internal risk control and management function exercised by one of the company's internal units or departments that has expressly been entrusted with the following duties:

- a. Ensure the proper operation of the risk control and management systems and, in particular, ensure that all important risks that affect the company are appropriately identified, managed and quantified.
- b. Actively participate in the preparation of risk strategy and in the major decisions about how to manage it.
- c. Ensure that the risk control and management systems appropriately mitigate risk as part of the policy defined by the board of directors.

Compliant

Partially compliant

Explain

47. The members of the appointments and remuneration committee—or the appointments committee and the remuneration committee, if they are separate—should be appointed ensuring that they have the appropriate knowledge, aptitude and experience for the functions that they are called upon to perform and the majority of those members should be independent directors.

Compliant

Partially compliant

Explain

48. Large cap companies should have a separate appointments committee and remuneration committee.

Compliant

Explain

Not applicable

The composition and operation of the company is carried out according to the best practices and considering Viscofan as a medium capitalisation company according to the commonly accepted international standards and the company's corporate governance trajectory. The Company considers that its current size and that of the Board of Directors do not justify the separation of the committees, which would also entail the allocation of more resources to the Board of Directors to remunerate the members that form part of said committees.

49. The nomination committee should consult with the chairman of the board of directors and the company's chief executive officer, especially on matters relating to executive directors.

Any board member should be able to suggest directorship candidates to the appointments committee for its consideration.

Compliant

Partially compliant

Explain

50. The remuneration committee should exercise its functions independently and, besides the functions attributed to it by law, should also have the following duties:

- a. To propose the standard conditions for senior officer employment contracts to the board of directors.
- b. To check compliance with the remuneration policy set by the company.
- c. To regularly review the remuneration policy applied to directors and senior management, including systems of remuneration in shares and its application, and also guarantee that their individual remuneration is proportionate to that paid to the other company directors and senior management.
- d. To ensure that any potential conflicts of interest do not threaten the independence of any external advising provided to the committee.
- e. To verify information regarding remuneration of directors and senior executives provided in various corporate documents, including the annual report on remuneration of directors.

Compliant

Partially compliant

Explain

51. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to Executive Directors and senior officers.

Compliant

Partially compliant

Explain

52. The rules for the composition and operation of the supervision and control committees should be in the board of directors' regulations and should be consistent with those applicable to the committees that are applicable by law in accordance with the above recommendations, including:

- a. They should be exclusively comprised of non-executive directors, and the majority should be independent directors.
- b. They should be chaired by independent directors.
- c. The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
- d. They may engage external advice, when they feel it necessary for the discharge of their functions.
- e. Minutes should be taken of their meetings and should be available to all directors.

Compliant

Partially compliant

Explain

Not applicable

53. One or several committees of the board of directors should be responsible for supervising compliance with the corporate governance rules, with internal codes of conduct and with the corporate social responsibility policy; these may be the audit committee, the appointments committee, the corporate social responsibility committee, if there is one, or a specialist committee that the board of directors, exercising its powers of self-organisation, decides to create for the purpose, which will have the following specific minimum duties:

- a. Supervision of compliance with the internal codes of conduct and the company's corporate governance rules.
- b. Supervision of the communications strategy and relationships with shareholders and investors, including small and medium shareholders.
- c. Regular assessment of the suitability of the company's corporate governance system, so that it complies with its mission of promoting social interest and takes into account, as applicable, the legitimate interests of the other stakeholders.
- d. Review of the company's corporate social responsibility policy, ensuring it is aimed at creating value.
- e. Monitoring the corporate social responsibility strategy and practices and assess compliance therewith.
- f. Supervision and assessment of the engagement processes for different interest groups.
- g. Assessment of all aspects related to the company's non-financial risks – including operating, technological, legal, social, environmental, political and reputational risks.
- h. Coordinating the process for reporting non-financial and diversity information, in accordance with applicable regulations and international benchmark standards.

Compliant

Partially compliant

Explain

54. The corporate social responsibility policy should include the principles or commitments that the company assumes voluntarily in its relationship with the different stakeholders and should identify at least:

- a. The goals of the corporate social responsibility policy and the development of support instruments.
- b. Corporate strategy relating to sustainability, the environment and social matters.
- c. Specific practices in matters relating to: shareholders, employees, clients, providers, social matters, environment, diversity, tax obligations, respect for human rights and prevention of illegal conduct.
- d. The methods or systems for monitoring the results of applying the specific practices indicated in the previous letter, the associated risk and management of the same.
- e. Mechanisms for supervising non-financial risk, ethics, and business conduct.
- f. Channels of communication, participation and dialogue with stakeholders.
- g. Responsible communication practices that prevent manipulation of information and protect integrity and honour.

Compliant Partially compliant Explain

55. The company should report, in a separate document or in the management report, on matters relating to corporate social responsibility, using any of the internationally accepted methodologies.

Compliant Partially compliant Explain

56. The remuneration of the directors should be as necessary to attract and retain directors of the desired profile and to remunerate the dedication, qualification and responsibility that the role requires, but not so high that it compromise the non-executive director criteria of independence.

Compliant Explain

57. Remuneration linked to the company's performance and personal effort, and also remuneration comprising the granting shares, share options or rights to shares, or other share-based instruments and long-term savings systems such as pension plans, retirement schemes or other social benefit systems should be confined to executive directors.

The granting shares may be contemplated as remuneration for non-executive directors when they are obliged to retain them until the end of their tenure. The above will not be applicable to shares that the director has to sell to satisfy costs related to their acquisition.

Compliant Partially compliant Explain

58. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not only the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

And, in particular, with regard to the variable components of the remuneration:

- a. They should be related to pre-determined and measurable performance criteria and those criteria should consider the risk assumed to obtain a result.
- b. They should promote the sustainability of the company and include non-financial criteria that should be appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its risk control and management policies.
- c. They should be based on balance between compliance with objectives in the short, medium and long term, which allow performance to be remunerated for continued effort over a long enough period of time for their contribution to the creation of sustainable value to be appreciated, so that the elements for measuring this performance do not only revolve around specific, occasional or special events.

Compliant Partially compliant Explain Not applicable

59. Payment of a relevant part of the variable components of the remuneration should be a deferred for a sufficient minimum period to check that previously established performance conditions have been met.

Compliant Partially compliant Explain Not applicable

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant Partially compliant Explain Not applicable

61. A relevant percentage of the variable remuneration of executive directors should be linked to the granting shares or share-based financial instruments.

Compliant Partially compliant Explain Not applicable

The current remuneration policy contemplates the possibility of granting shares, however, in the application of the 2018 variable remuneration of the executive directors, it will be paid in cash. This policy also includes annual short-term remuneration and long-term three-year remuneration, both based on a combination of parameters that encourage both the attainment of annual results and the success of the multi-year strategic plan, all aligned with the interests of the shareholders, since both take into account, among others, the performance of the value of the share and the shareholder's remuneration via dividend as part of their parameters.

Moreover, executive directors who have been company directors have acquired shares in the stock market voluntarily and in a personal

capacity over the years. As a result of these acquisitions in the market, both the Chairman and the CEO have shares with a value greater than two years of fixed salary earned in their position as executives.

62. Once the shares or options or rights to actions corresponding to the remuneration systems have been attributed, the directors may not transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, nor may they exercise the options or rights until, at least, three years after they were attributed.

The above will not be applicable to shares that the director has to sell to satisfy costs related to their acquisition.

Compliant

Partially compliant

Explain

Not applicable

63. Contractual agreements should include a clause that allows the company to claim a refund of variable components of remuneration when the payment was not adapted to performance conditions or when they were paid based on data which later proved to be incorrect.

Compliant

Partially compliant

Explain

Not applicable

64. Payments for termination of contract should not exceed a set amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to check that the director has complied with the previously established performance criteria.

Compliant

Partially compliant

Explain

Not applicable

H. OTHER INFORMATION OF INTEREST

1. If you consider that there is any relevant aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.
2. You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable identify the code and date of adoption. In particular, please mention whether it has adhered to the Code of Good Tax Practices, of 20 July 2010.

This annual corporate governance report was adopted by the company's Board of Directors at its meeting held on: **28 February 2019**

List whether any directors voted against or abstained from voting on the approval of this Report.

YES:

NO: x

Name or corporate name of the director who has not voted in favour of the approval of this report	Reasons (against, abstained, did not attend)	Explain the reasons

Remarks: