



**REGULATIONS  
OF THE BOARD OF DIRECTORS**

Text approved by agreement of the Board of Directors of June 24, 2021.

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

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## REGULATIONS OF THE BOARD OF DIRECTORS

### Preamble.

Pursuant to the law and the Articles of Association (hereinafter “Articles of Association”), these Regulations contain measures to ensure the best management of the Viscofan SA Company (hereinafter “Viscofan” or “The company”). They set down the principles of action of the Board of Directors (hereinafter the “Board”, indistinctly) its organisational and operating rules, the rules of conduct of its directors and the overarching principles that should guide their actions.

The main principles essentially adopted by the Board of Viscofan for the governance of this Company are as follows:

- sustained maximisation of the Company's value
- efficiency,
- diligence,
- responsibility,
- transparency,
- loyalty,
- professionalism,
- confidentiality,
- faithfulness,
- independence.

These principles are to be enshrined herein in an open manner and they may be amended - insofar as this is not contrary to the law or the Articles of Association in force at that time - through a decision passed by the Company's Board of Directors in a plenary session.

They come into force when they are approved by the Board.

Those general principles are outlined in the articles that appear below, which constitute the regulations that shall, henceforth, govern the actions of the company's Board of Directors:

### CHAPTER I. Applicable regulations, amendments and interpretation of the Regulations.

#### Article 1. Applicable regulations.

By order of priority, the actions of the Board of Directors shall be subject to:

- a) The legal regulations applicable to it due to its corporate nature, due to it being a Company that is listed on the stock exchange and due to its scope of action.
- b) insofar as they are not contrary to the foregoing, its Articles of Association,
- c) these Regulations,
- d) the resolutions adopted by the Board, subject to the formalities provided for by law and the Articles of Association.

#### Article 2. Regulation Amendments.

these Regulations may be amended subject to a resolution adopted by the Board of Directors in accordance with the requirements of the law and the Articles of Association.

The proposed amendments shall be included in the notice for the meeting at which it is to be discussed and, where applicable, passed.

**Article 3. Interpretation of the Regulations.**

The Board of Directors shall be responsible for resolving any questions that may arise regarding the application of these Regulations, in accordance with the general interpretation criteria of the law and the spirit and purpose of the Articles of Association.

**CHAPTER II. The work performed by the Board of Directors.**

**Article 4. Function of the Board of Directors.**

The Board of Director's chief function is the approval of the strategy, the general supervision of all aspects of Viscofan and, where applicable, the businesses in its group of companies.

"The Board shall perform its functions with unity of purpose and independence of criteria, treating all shareholders the same and being guided by the Company's interest, i.e. the sustained maximisation of the economic value of the company.

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.

**Article 5. Non-delegable powers.**

In addition to those matters reserved solely for the Board by law, the following matters are the sole province of the Board of Directors sitting in plenary session:

- a) Preparing the annual accounts and presenting them to the General Shareholders' Meeting.
- b) Giving notice of the General Shareholders' Meeting and preparing the agenda and proposed resolutions.
- c) Any powers that the General Shareholders' Meeting has delegated to the Board of Directors, unless it has been expressly authorised by the former to sub-delegate them.
- d) The Company's general policies and strategies, and in particular:
  - i) The strategic or business plan, as well as management goals and annual budgets;
  - ii) Investment and financing policy;
  - iii) Definition of the structure of the group of companies;
  - iv) The corporate governance policy of the Company and of the group for which it is the parent company;
  - v) Sustainability policy;
  - vi) Director selection policy;
  - vii) Senior management remuneration for submission to the General Shareholders Meeting,
  - viii) Performance appraisal of the Board of Directors, its committees as well as the Company's chief executive Director.
  - ix) The financial and non-financial risk control and management policy, including tax risks, and the periodic monitoring of internal information and control systems;
  - x) The dividend policy, and the treasury stock policy and, especially, the limits thereto.

e) The following decisions:

i) At the proposal of the Company's Chief Executive Officer, the appointment and potential dismissal of senior managers and the indemnity clauses relating to this;

ii) Financial and non-financial information that the Company must release periodically as it is a listed company;

iii) Investments or operations of any kind which, owing to their value or special characteristics, are of a strategic nature or special fiscal risk unless their approval is the responsibility of by the General Shareholders' Meeting;

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

f) The approval of related-party transactions, in the terms provided by law, unless its approval corresponds to the General Shareholders Meeting.

The Board shall approve related-party transactions following a favourable report from the Audit Committee and without prejudice to the assumptions of delegation provided for in the Law. The Directors affected directly or indirectly, by carrying out the operation with a person linked to it, must refrain from taking part in the deliberation and voting on the resolution in question.

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

h) Determining the Company's tax strategy.

i) The organisational and operational duties of the Board and approving and amending these Regulations.

j) Delegating powers to any of its members pursuant to the provisions of the law and the Articles of Association, and revocation of such powers.

k) The appointment and dismissal of the external company's managing directors, and establishing the terms of their contract.

l) The appointment and dismissal of any managers who report directly to the Board or any of its members, and establishing the basic terms of their contracts, including their remuneration.

m) Resolutions relating to establishing the remuneration of the directors, within the framework of the Articles of Association, and any remuneration policies approved by the General Shareholders' Meeting.

n) Oversight of the effective running of any committees that have been established and monitoring of the performance of any delegated bodies and managers appointed by it.

o) Drafting any report that the law requires the administrative body to prepare, when the operation that is the subject of the report cannot be delegated.

p) Deciding on the contents of the Company's website.

q) Appointing directors should vacancies arise until such time as the next General Shareholders' Meeting is held, subject to a report by the Appointments Committee.

r) Accepting resignations tendered by Board members.

s) Authorisation of or exemption from the obligations arising from the duty of loyalty, pursuant to the provisions of these Regulations and any applicable legislation.

t) And any other powers conferred by the applicable legislation, the current Articles of Association or these Regulations.

### **CHAPTER III. Composition and mode of operation of the Board.**

#### **Article 6. Composition of the Board.**

The Board of Directors shall comprise the number of directors determined by the shareholders at the General Shareholders' Meeting within the limits set forth in the Articles of Association.

The Board shall propose a number to the General Shareholders' Meeting which, based on the changing circumstances of the Company, is the most appropriate to ensure due representativeness and effective functioning of the body.

#### **Article 7. Functioning of the Board**

The Board of Directors shall be convened by its Chair or the person acting on their behalf.

It may be convened by directors who represent at least one third of its members, indicating its agenda, to be held in the town/city of its registered office if, after making a request to the Chair, the latter has failed to convene it within a month without good reason.

The Lead Director may also request that the Board be convened and include new points on the agenda for a board meeting that has already be convened in accordance with the provisions of the Articles of Association.

The Board of Directors may also be held virtually, either by video or by telephone, provided that the participants have the necessary means for access, the Secretary recognized their identities and so includes it in the minutes.

The directors must attend any meetings that are held in person or by remote means in accordance with the provisions of the Law and these Regulations. Notwithstanding the foregoing, the directors may grant a proxy to another director. Non-executive directors may only grant a proxy to another non-executive director.

The Board of Directors shall be quorate when its meetings are attended in person or by proxy by the majority of its members.

Resolutions shall be adopted by an absolute majority vote of the directors attending the meeting and the Chair shall have the casting vote.

Resolutions may only be adopted through voting by ballot and with no meeting if none of the directors opposes such a procedure.

The permanent delegation of any of the Board's powers and the appointment of directors who are going to hold executive positions must be approved by the favourable vote of two thirds of the members of the Board.

The resolutions shall be recorded in the Company's minute book and must be signed by the Chair and the Secretary of the Board of Directors, as must the certificates that are issued for the resolutions that are adopted.

**Article 8. Appointment of directors.**

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 regarding aspects such as age, gender, disability, professional 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 women directors in such a number as to allow them to achieve a balanced presence of women and men.

The proposals relating to the appointment or re-election of directors, within the limits set out in the Articles of Association, shall be made by the Appointments 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.

The directors shall hold their posts for the term set forth in the Articles of Association and may be re-elected one or more times.

Independent directors may not be re-elected or appointed for a new term of office in the same capacity 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.

Under no circumstances shall the provisions of the foregoing paragraphs limit the power of the Company's General Shareholders' Meeting or, where applicable, the Board of Directors to re-elect or appoint a specific candidate as a director and, where applicable, it shall only affect his/her possible classification as an independent director.

**Article 9. Categories of directors.**

Directors may be:

- executive: those who perform management duties within the company or group.
- non-executive: other directors, who may be independent, nominee or external, based on the definitions and requirements established by the regulations in force.

**CHAPTER IV. The Board of directors' positions**

The Board may appoint, from among the directors, a Chair, one or more Vice-Chairs, a Secretary and, if applicable, a Vice-Secretary (who do not need to be directors) of the Board of Directors, who shall also act as such at the General Shareholders' Meeting.

**Article 10. The Chair.**

The Chair of the Board of Directors shall be elected from its members, subject to a report by the Appointments and Remuneration Committee. Their term of office shall be the same as their term as a director.

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.



The Chair has ultimate responsibility for the effective operation of the Board of Directors.

Their powers are as follows:

- a) Convening and chairing the meetings of the Board of Directors, setting the agenda for the meetings and leading the discussions and deliberations.
- b) Preparing a schedule of dates and matters to be discussed and submitting them to the Board.
- 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) 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.
- g) Organising and coordinating the regular assessment of the Board and, where appropriate, its committees, the Company's Chief Executive Officer in the terms provided by law and this regulation.
- h) Approving and reviewing the refresher training programmes for directors.
- i) Any other powers that they are granted by the law and the Articles of Association.

Furthermore, the Chair shall be vested with powers that are subject to a prior resolution of the Board, or to ratification by the Board when the urgency of the matter makes it inadvisable to postpone the exercise of such powers subject to their approval.

**Article 11. The Lead Director.**

If the position of Chair of the Board and CEO of the company are vested in the same person, one of the independent directors shall be appointed as lead Director with the following duties:

- a) to request that a Board meeting be convened, or for new items to be added to the agenda;
- b) to coordinate and gather the non-executive directors and to voice their concerns;
- c) to head the Board's assessment of the performance of the Chair;
- d) to chair the Board of Directors in the absence of the Chair and Vice-Chairs, if any;
- e) to 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) to coordinate the Chair's succession plan.

**Article 12- The Vice-Chair.**

The Chair or Vice-Chairs of the Board of Directors shall be elected from its members, subject to a report by the Appointments and Remuneration Committee. Their term of office shall be the same as their term as a director.

The Vice-Chair of the Board shall stand in for the Chair in the event of illness, absence or death affecting the latter.

In such cases, and for as long as the circumstances in question subsist, the Vice-Chair shall be entitled to convene Board meetings and chair proceedings.

If several Vice-Chairs have been appointed they will be numerically ordered and the Vice President present with the lowest number will preside; In the absence of all the Vice-Presidents, the Director with the longest seniority in the position will preside and, if this is the same, the oldest.

**Article 13. Secretary.**

The appointment and dismissal of the Board's Secretary or, where appropriate, the Vice-Secretary, shall be approved by the Board in a plenary session, subject to a report by the Appointments and Remuneration Committee.

The Secretary of the Board or, where applicable, the Vice-Secretary, shall perform the following functions:

- a) Maintaining the Board of Directors' documentation, making a note in the minutes of everything that occurs in the meetings and certifying the content thereof and the resolutions adopted.
- b) Ensuring that the Board of Directors' actions comply with the applicable regulations, are in accordance with the Articles of Association and other internal rules and are informed by the recommendations on good corporate governance.
- c) Assisting the Chair to ensure that the Directors receive any relevant information to perform their duties, in good time and in a suitable format.
- d) Exercising any powers that the Board of Directors or, as appropriate, the General Shareholders' Meeting may see fit to grant them.

## **CHAPTER V. The Committees.**

### **Article 14. Board Committees.**

The Board of Directors 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 Law and on the provisions of the Articles of Association.

At least one Audit Committee and one or two separate Appointments and Remuneration Committees shall operate within the Board of Directors, as delegated by the Board of Directors. Powers relating to environmental, social, and corporate governance matters will be assigned to one of the Committees or to a new Sustainability Committee.

The Committees created within the Board shall meet when convened by the respective Chairmen, who shall do so themselves or at the proposal of their members, or when appropriate in accordance with legal or statutory provisions.

In any case, Committees must meet at least one a quarter, following the schedule of dates and matters established at the beginning of the year without prejudice to others than may arise during the year.

Each director may individually propose additional items on the agenda that were not initially foreseen.

The directors must personally attend the sessions of the committees of which they are members, either in person or online. However, the directors may delegate their representation to another director. Non-executive directors may only do so in other non-executive directors.

The corresponding minutes of the meetings held by all the Board Committees will be drawn up, and a copy will be sent to all the members of the Board of Directors.

Each Board Committees may approve their respective Regulations that regulate what is foreseen in the Law and in the current Regulations in relation to their powers, organization, and internal functioning.

### **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 or both, internal control and financial and non-financial risk management of its directors and, above all, its Chair, and overall, the members of the Committee shall have relevant technical expertise in relation to the sector to which the 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 Chair, selected from the independent directors that form the Committee, who shall be replaced every four years; the Chair may be re-elected one year after they cease to serve as Chair.

The Audit Committee shall meet whenever convened by its Chair, 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 Chair 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 applicable legislation, Articles of Association or those assigned to it by the Board of Directors, the Audit Committee's mission shall 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 and non-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 financial and non-financial risk management systems.

(b) Overseeing the process of preparing and presenting the compulsory financial and non-financial information relating to the Company and its group, ensuring that the financial information internal control system (FIICS) 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 rules and presenting recommendations or proposals to the Board of Directors, 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 and non-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 financial and non-financial 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 the internal audit area;

(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 and if the auditor has included in the audit report any qualification, the auditor have to issue its opinion and scope of such qualifications, which shall be explained by the Chairman of the Audit Committee at the General Shareholder's meeting.

(c) Overseeing compliance with the audit agreement and carry out an annual evaluation of the performance of the external auditor, 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 material 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) To encourage the Company's auditor to assume responsibility for the subsidiaries of the parent company.

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

(a) The periodic financial and non-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 regarding the scope of the functions of this Audit Committee.

G) Setting up and supervising 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 the effectiveness and operation of the compliance system

The duties of the Audit Committee shall be:

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

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

**Article 16. Appointments and Remuneration Committee.**

The Appointments and Remuneration Committee shall be composed of a minimum of three and a maximum of six members and it shall be composed solely of non-executive Directors appointed by the Board of Directors. At least two of them 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 Committee's Chair shall be selected from the independent directors who sit on the Committee.

The Appointments and Remuneration Committee shall report to the Board of Directors on the business it addresses and all resolutions it adopts, and it shall submit the minutes of its meetings to all directors.

The purpose of the Appointments and Remuneration Committee shall be as follows:

a) Evaluating the skills, knowledge and experience required by the Board and, as a result, defining the functions and abilities required from candidates who are to cover each vacant position and evaluating the amount of time and dedication required for the effective performance of their duties.

b) Setting a representation target for the least represented sex on the Board of Directors and preparing guidelines on how to achieve this target.

c) Providing the Board of Directors with proposals for appointing independent directors, for appointment by co-optation or submission for voting at the General Shareholders' Meeting. Submitting proposals for the re-election or removal of these directors.

d) Providing information on proposals for the appointment of all other directors for appointment by co-optation or submission for voting at 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 managers and the basic conditions of their contracts.

f) Reviewing and organising the succession procedure for the Chair of the Board of Directors and the Chief Executive Officer of the Company and submitting proposals to the Board of Directors to ensure that such succession is handled in an ordered and planned manner.

The Appointments Committee shall consult with the Chair of the Board of Directors and the Chief Executive Officer 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.

g) 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.

h) Proposing to the Board of Directors the standard conditions for senior management contracts.

i) Monitoring compliance with the remuneration policy set by the Company.

j) 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.

k) Ensuring that conflicts of interest do not undermine the independence of any external advice received by the Committee.

l) Verifying the information on director and senior managers' pay contained in corporate documents, including the annual directors' remuneration statement.

m) 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.

The Appointments and Remuneration Committee shall consult the Chairman and the CEO, especially when dealing with matters relating to executive directors and senior managers.

The provision of this article shall apply as appropriate in the event that the Board of Directors chooses to establish separately an Appointments Committee and a Remuneration Committee.

**Article 17. Sustainability Committee.**

The Board of Directors may create a Sustainability Committee or assign the powers and functions relating to environmental, social, and corporate governance matters to any of the Committees indicated in the preceding articles.

The Committee that assumes these powers and functions shall be formed by a minimum of three and a maximum of six members solely comprised of non-executive directors and at least two independent directors. The Committee's Chairman shall be selected from the independent directors who sit on the Committee. The committee that assumes these powers shall include in its name the word "Sustainability" or a similar expression.

In particular, the Commission is responsible for assuming the powers and functions related to environmental, social and corporate governance matters, in addition to others provided for in the Law and the Bylaws:

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

b) Monitoring the sustainability strategy and assessing their compliance.

c) Overseeing the strategy of communication of financial and non-financial information and relation with shareholders and investors, including small and medium-sized shareholders and proxy advisers.

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

**Article 18. Assessment of the Board and the Committees.**

Each year the Board of Directors shall evaluate:

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 Chair of the Board and the company's Chief Executive Officer, 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 Chairs of the committees.

e) the functioning and composition of the Board's committees based on a report drawn up by each Committee.

The Board must propose, based on the results of said evaluation, an action plan to correct any shortcomings detected.

**CHAPTER VI. Information and advice for directors.**

**Article 19. Right to information.**

The directors shall receive the necessary information to perform their work, in a timely manner and with the appropriate depth for the issues to be handled, unless there are urgent reasons for their exceptional meeting or assembling.

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.

The directors may gather additional information when considered advisable.

The request shall be channelled through the Secretary of the Board.

**Article 20. Right to external advice.**

Acting through the Chair, the directors may request the engagement of any such external advisors as deemed necessary for the proper performance of their work as directors.

The Board, sitting in a plenary session, is entitled to adopt any resolutions as to whether or not such external advisory services shall be engaged, and if so, what person or entity shall provide them. The Board shall also address any possible limitations on the chosen advisor's access to the company's confidential information, and shall likewise approve, where applicable, the relevant expense entry.

**Article 21. Guidance for directors.**

When new directors are appointed, they shall be provided with the prevailing Articles of Association at the time of their appointment, with a copy of these Regulations - duly up-to-date-, and with information



to allow them to familiarise themselves with the Company and its environment.

Additionally, when the circumstances so advise, the directors shall also be offered refresher training programs.

## **CHAPTER VII. Duties of the directors.**

### **Article 22. Duties of the directors.**

The Company's directors shall have a duty of loyalty to the Company; a duty to diligently fulfil their duties, attending and participating in meetings and gathering the necessary information to fulfil their obligations; a duty of secrecy regarding the deliberations and information received while fulfilling their functions; and a duty of passivity, refraining from making personal use of the confidential information received while fulfilling their functions, and refraining from any investments or commercial transactions that may arise in relation to the exercise of their duties as a director.

Furthermore, they must devote sufficient time to effectively perform their duties.

### **Article 23. Duty of diligence.**

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 Articles of Association 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.

Directors shall be deemed to have acted with the due diligence of a prudent businessperson when they have acted in good faith, without personal interest, subordinating his particular interest to the interest of the company with sufficient information and in accordance with the appropriate decision-making procedure.

Directors must diligently keep themselves informed of the Company's performance, for which purpose they may gather any information that they consider necessary to perform their functions and it shall be understood that every member of the Board of Directors has provided the necessary information for the preparation of the annual accounts, before they are performed, unless otherwise stated on the record.

Company directors may not sit on more than three boards of directors of listed companies, in addition to the Board of Viscofan, S.A.

Directors shall inform the Appointments and Remuneration Committee of any other professional duties that could interfere with the levels of dedication required of them.

Furthermore, each director must perform any specific duties with which they are entrusted by the Board of Directors, which reasonably fall within their remit as a director.

### **Article 24. Duty of loyalty.**

The directors must fulfil the duties imposed by the law and the Articles of Association with the loyalty of a faithful representative, acting in good faith and in the best interests of the Company.

To fulfil their duty of loyalty, the Company directors shall only exercise their powers for the purpose for

which they were granted. They shall perform their duties according to the principle of personal responsibility with freedom of opinion or judgement and independently with regard to third-party relations and instructions.

**Article 25. Duty of secrecy.**

The directors must keep secret the information, data, reports or background information to which they have had access in the performance of their duties.

The duty of secrecy shall persist after they have ceased to hold office, for whatever reason, and they may only be removed from office by resolution of the Board in a plenary session.

**Article 26. Duty to avoid conflicts of interest.**

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, in the terms provided by law, 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 in the terms provided by law.

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

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.

**Article 27. Duty to abstain.**

The 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.

Directors must not take advantage of the business opportunities of the Company and its related companies, obtain benefits or remuneration from third parties, excluding gifts given as a mere courtesy, pursuant to the current internal rules.

**Article 28. Related parties**

The director's duty of loyalty, of avoiding conflicts of interest and duty to abstain in their various facets, also covers those activities performed by related parties, based on the definition set forth in Law.

**Article 29. Dispensation.**

The Company may dispense with the restrictions regarding the directors' duties that are included in these Regulations, pursuant to the provisions of the applicable legislation.

**CHAPTER VIII. Removal 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.

Directors must inform the Board of Directors of any situations affecting them, related or not to their performance in the Company and, in particular, of any criminal proceedings in which they are under investigation, as well as of the progress of the proceedings.

When the Board has been informed of or has become aware of any of the situations indicated in the preceding paragraph, it shall examine the case as soon as possible and, in view of the specific circumstances, shall decide, following a report from the Appointments and Remuneration Committee, whether or not to adopt any measure, such as the opening of an internal investigation, or request the resignation of the director or propose his/her removal. All of this shall be reported, in a reasoned manner, in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which shall be recorded in the minutes.

When a director ceases to hold office before the end of his term of office, whether due to resignation or otherwise, he/her shall sufficiently explain the reasons for his resignation in a letter to be sent to all members of the Board or, in the case of non-executive directors, his views on the reasons for the resignation to the General Meeting, without prejudice to disclosure in the Annual Corporate Governance Report.

**Article 31. Directors' obligations after their removal.**

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.

## **CHAPTER IX. Remuneration.**

### **Article 32. Remuneration of the directors.**

The remuneration of directors shall be set forth in the Articles of Association, in the Regulation of the Board of Directors and in the remuneration policy approved by the General shareholders meeting and shall be distributed as laid down therein, at the proposal of the Appointment and Remuneration Committee.

The Board of Directors and the Appointment and Remuneration Committee shall adopt the necessary measures to ensure that the annual report, the annual remuneration of the Board of Director report and the annual corporate governance report make reference to the individual remuneration of directors in the terms provided in the applicable Regulations, this shall always include:

- a) The breakdown of the remuneration, by items:
  - i. Attendance allowances or other fixed remuneration for directors;
  - ii. Additional remuneration for the Chair or members of any of the Board's committees;
  - iii. Any remuneration by way of profit sharing or bonuses, and the reasons why these were paid;
  - iv. Contributions on the director's behalf to defined contribution pension plans; or the increase of the director's consolidated rights, in the case of contributions to defined benefit plans;
  - v. Any compensation agreed or paid in the case of termination of their duties;
  - vi. Remuneration received as a board member of other companies in the group;
  - vii. Remuneration for the senior management duties of executive directors;
  - viii. Any form of remuneration other than the above, regardless of its nature or the Company of the group paying it, particularly when deemed a related-party transaction or when its omission distorts the true and fair view of the total remuneration received by the director.
  
- b) A breakdown of any shares, options on shares or any other instrument making reference to the share security given to directors, detailing:
  - i. The number of shares or options granted during the year, and the terms for exercising them;
  - ii. The number of options exercised during the year, indicating the number of shares allocated and the option price;
  - iii. The number of outstanding options at the year-end, indicating their price, date and other exercise requirements;
  - iv. Any change during the year in the terms for exercising options already granted.
  
- c) Information on the relationship, in that year, between the remuneration received by executive directors and the profits or other measures of performance of the company.

### **Article 33. Use of company assets.**

Directors must not use the company's shares or take advantage of their position within it to obtain a financial benefit, unless they have paid a suitable consideration or it is necessary for them to perform their duties as a director.

## **CHAPTER X. External relations.**

### **Article 34. Duties regarding major 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.

**Article 35. Duties regarding the General Shareholders' Meeting.**

The Board of Directors shall adopt any such measures it deems appropriate to ensure that the General Shareholders' Meeting exercises the functions attributed to it. At the time the notice of meeting is published, the company shall make available to shareholders documentation on all items to be addressed at the General Shareholders' Meeting, as included on the agenda. This documentation shall be available in hard copy from the Company's registered office and in digital format from the Company's website, and shall describe if so agreed, the manner of telematic attendance at the General meeting. The Company shall send such information to interested shareholders at no cost.

It shall also set up an Electronic Shareholders' Forum on the Company's website. This forum shall be duly available to individual shareholders and to any voluntary associations that may be set up and is intended to facilitate communication and dialogue ahead of the General Shareholders' Meeting.

Furthermore, up to fifteen days prior to the scheduled date for the General Shareholders' Meeting, and during the meeting itself, shareholders may ask directors for information or further clarifications, and may likewise pose questions on the information provided, as well as any other information accessible to the public and provided by the Company since the date of the last General Shareholders' Meeting. Company directors shall provide such information immediately or in writing, unless such disclosure could harm the Company's interests.

**Article 36. Use of proxy voting.**

If the Board of Directors or any of its members request representation for themselves or for another individual and, in general, when the request is made in public, the document describing the power granted must contain or have attached the agenda, as well as the applications for instructions to exercise the right to vote and the indication of how the proxy is to vote, if no precise instructions are given.

Any granting of proxy received by the Board of Directors or any of its members shall be executed in full accordance with the instructions received accordingly and the minutes shall record the exercise and identification of the voting instructions received when they include a vote against the Board's proposals, in order to protect the rights that may correspond to the shareholder who is delegating voting power, where applicable.

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.

**Article 37. Communications with shareholders and with the Stock Market.**

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 Articles of Association, 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 through the CNMV inside information and relevant information in the terms provided in law.

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.

**Article 38. Publication of these Regulations.**

Notification of these Regulations and its modifications shall be given to the CNMV (National Securities Market Commission) and they shall be registered in the Companies Register.

Furthermore, to ensure that shareholders are able to access the information, these Regulations and its modifications shall be the subject of a report to the General Shareholders' Meeting that is held after they are approved or modified and it shall be added to the Company's website.

**CHAPTER XI. Final provision.**

**Article 39. Entry into force.**

These Regulations shall come into force on the date on which they are approved by the Board of Directors of Viscofan, S.A.

Tajonar, 24 de Junio de 2021