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**Framework report prepared by the Appointments, Remuneration and Sustainability Committee of Viscofan, S.A. regarding the ratification of appointment and re-election of directors approved on 16 February 2023. It has been endorsed by the Board of Directors on 28 February 2023.**

## **1. Introduction**

After the General Shareholders' Meeting of Viscofan S.A. ("Viscofan" or the "Company"), on 29 April 2022, in which the shareholders approved the appointment and re-election of seven directors (five independent, one executive and one "other external"; all of them with large majorities of between 97.1% and 99.2% of votes in favour), in the 2023 financial year, the term of office of Mr José Domingo de Ampuero y Osma, Executive Chairman of the Company, whose last appointment was made at the General Shareholders' Meeting of 12 April 2019. Furthermore, by resolution of the Board of Directors dated 23 June 2022, Mr Javier Fernández Alonso was appointed as director of the Company in substitution of Mr Juan March de la Lastra, in the same capacity as external proprietary director representing Corporación Financiera Alba, S.A., a significant shareholder of the Company; such appointment must be submitted for ratification and, if applicable, re-election by the shareholders at the General Shareholders' Meeting.

In this context, at the request of the Board of Directors, the Appointments, Remuneration and Sustainability Committee (the "Committee") and in compliance with its duty to report on proposals for ratification of appointment or re-election of executive and external non-independent directors, prepares this framework report to be submitted to the Board of Directors and made available to the shareholders at the General Shareholders' Meeting at which the proposals for the appointment of directors are submitted for approval, all in accordance with the terms of article 529 decies of the Corporate Enterprises Act, articles 8 and 14 of the Regulations of the Board of Directors and article 6 of the Regulations of the Committee itself.

In preparing this report (as well as the individual reports of each of the candidates whose appointment is submitted to the General Meeting for approval), the Committee has taken into account, in general terms, the Policy of Directors' Selection and Diversity within the Board of Directors, as well as the result of the analysis of the Board of Directors' own matrix of powers in the terms of the Recommendation 14 of the Good Governance Code of listed companies, that the candidates guarantee the necessary dedication to carry out their duties, the continuity of the business project and the directors' own performance evaluation during the time in their positions. In particular, none of the proposed directors exceed the Board limit at listed companies envisaged in the internal regulations and good governance recommendations. Without prejudice to the foregoing general considerations, the aspects relating to the re-election of Mr José Domingo de Ampuero y Osma, as executive director, and relating to the ratification of the appointment and, if applicable, the re-election of Mr Javier Fernández Alonso, as external proprietary director, are dealt with separately below.

## **2. Re-election of Mr José Domingo de Ampuero y Osma as executive director of the Company.**

The Board of Directors of Viscofan, S.A. currently comprises a Chairman of the Board of Directors, Mr José Domingo de Ampuero y Osma, who has executive duties and is, therefore, Chairman and executive director ("Chairman" or "Executive Chairman"), and a

Group Managing Director, Mr José Antonio Canales García, who is also an executive director.

The Chairman was appointed as a director of the Company on 27 February 2009 and, on 15 December 2009 and effective 1 January 2010, he was appointed Chairman of the Board of Directors with executive duties. Since then, he has held the position of Executive Chairman continuously (with re-elections in 2015 and 2019), with the renewal of his mandate to be submitted to the Ordinary General Shareholders' Meeting in 2023.

The Company also has a Succession Plan for the Chairman and Chief Executive Officer, which was updated by the Board of Directors in 2020 at the proposal of the Committee. In this update, the Committee was tasked with preparing a proposal for the planned succession of the Chairman, addressing, among other issues, the alternative of a non-executive Chairmanship model and the possible appointment of a Chief Executive Officer for the Group. In this context, the Committee has assessed the overall situation and needs of the Board of Directors and has analysed, in particular, the following relevant aspects for the issuance of this report:

### **2.1. Change from an Executive to a Non-Executive Chairmanship model. Transition and appointment of a Chief Executive Officer.**

After considering various forms and aspects of corporate governance structure and best practices in our environment, the Board of Directors of the Company has agreed to implement, at the proposal of the Committee, an orderly and planned handover programme in the executive functions of the Chairman, including the appointment of a Chief Executive Officer.

The Committee's conclusion to the Board of Directors is to establish a two-stage transition process to ensure both the stability of the company and the successful ongoing consolidation of the new model, consisting essentially of:

a) The proposal of the Board of Directors to the Ordinary General Shareholders' Meeting in 2023 for the re-election of Mr Ampuero as a director of the Company and, subject to such re-election, his continuation as the Executive Chairman of the Company until the end of the financial year, i.e. until the end of 2023.

b) At the end of 2023, the cessation and transfer of the Chairman's executive duties with the appointment as Chief Executive Officer of the Company of the current Managing Director, Mr José Antonio Canales García, both with effect from 1 January 2024.

The necessary resolutions shall be adopted after the mandatory reports provided for in the Corporate Enterprises Act and internal regulations, the dates indicated being merely tentative, subject to the circumstances and the final decision of the Board of Directors.\_

### **2.2. The continuity of Mr José Domingo de Ampuero y Osma as Chairman of the Board of Directors.**

The continuity of Mr Ampuero as Chairman of the Board of Directors, first with executive functions during 2023 to facilitate the transition of the model and as from 2024 as non-executive Chairman, is considered the most appropriate, as he has the skills, experience and commitment necessary to lead the efficient functioning of the Board of Directors and to perform the supervisory functions required of him.

Firstly, he has deep knowledge of the sector and the Company of which he has been a Director for almost 14 years and chief executive for more than 12; secondly, he has proved that he can successfully manage the business in complex circumstances, has led its international expansion and has consolidated the Viscofan Group as a world leader in the sector; finally, his experience as Chairman of the Board of Directors has provided him with perfect knowledge of the dynamics of the functioning of the governing body and the most appropriate organisation of the interrelation of the latter concerning the Management's functions.

In the latter regard, the very positive assessment of the work of the Chairman of the Board of Directors, and of his leadership, in the framework of the evaluation process carried out in recent years both with the assistance of an independent expert (evaluation for the 2019 and 2022 financial years) and when this evaluation process has been carried out internally, should be highlighted.

For all these reasons, it is considered that the essential value contributed by Mr Ampuero makes him the ideal person to be re-elected as a director, for a statutory period of four years, to lead the transition process towards the new model of separation of the positions of Chairman of the Board and Chief Executive and, finally, his subsequent continuity as Non-Executive Chairman of the Board of Directors.

With regard to the category of director, and in accordance with the foregoing, this Committee considers that Mr Ampuero, in accordance with the provisions of article 529 duodecies of the Corporate Enterprises Act, should be classified as an executive director during the period in which the transition process indicated above takes place, and then, once this has been completed and all executive functions have been transferred to the Chief Executive Officer, he should be classified as "other external".

### **3. Ratification of the appointment and re-election of Mr Javier Fernández Alonso as proprietary director of Corporación Financiera Alba, S.A.**

The appointment of Mr Javier Fernández Alonso, as stated above, was made by resolution of the Board of Directors on 23 June 2022, following a favourable report from the Committee, to fill the vacancy created by the resignation of Mr Juan March de la Lastra effective that same day, who had remained on the Board of Directors of Viscofan, S.A. as a proprietary director representing Corporación Financiera Alba, S.A. since his appointment by the General Shareholders' Meeting in 2015. As reported in the mandatory communication to the Comisión Nacional del Mercado de Valores dated 23 June 2022, Mr March's resignation was motivated by professional reasons linked to the assumption of new responsibilities that would prevent him from duly attending to his duties as a director. His position has been filled, at the request of Corporación Financiera Alba, S.A., by its General Manager, Mr Javier Fernández Alonso, who has extensive experience in business management and administration. In accordance with the Corporate Enterprises Act, such appointment by cooptation must be submitted for ratification by the General Shareholders' Meeting and, for the continuity of the director, for re-election for the statutory term of four years.

This Committee takes a positive view of the presence on the Board of Directors of a proprietary director of Corporación Financiera Alba, S.A., a significant shareholder with a long-term vocation that holds 14.29% of the share capital. The commitment of this shareholder to the Company, the defence of the social interest and sustainable, long-term creation of value continues in place and his involvement in these last four years in this regard has significantly increased. Moreover, the representativeness of the relevant shareholder in the Board of Directors is understood as a right in the Corporate Enterprises Act (Article 243) and is aligned with both international and domestic best practices of good governance, (Recommendation 16 of the Good Governance Code of listed companies).

Furthermore, the suitability of Mr Javier Fernández Alonso as a director of Viscofan is accredited by his training and experience both in senior management and executive management functions, as well as in the role of director in comparable listed and unlisted companies.

#### **4. Conclusion**

In conclusion of the foregoing, the most appropriate option for the needs of the Company and its Group has been to re-elect the current directors Mr José Domingo de Ampuero y Osma and Mr Javier Fernández Alonso for a new term of four (4) years and to provide a favourable report for the corresponding proposals for ratification of appointment and re-election to be submitted by the Board of Directors for approval by the General Shareholders' Meeting in 2023.

In short, the current structure of the composition of the Board of Directors is maintained, which has given satisfactory results in the creation of value for the shareholder and it is balanced in that:

(i) the percentage of executive directors, which is the necessary percentage, taking into account the complexity of the Viscofan group, with proprietary and independent directors making up the vast majority (Recommendation 15 of the Good Governance Code of Listed Companies)

(ii) adequate representation of proprietary shareholders.

Thus, the resulting composition meets the standards of good governance, particularly in terms of the number of directors, the appropriate balance of the Executive and External Directors (with the number of the former being the appropriate number, 2 Executive Directors of a total of 11), the majority of Independent External Directors (54.5% of Independent Directors) and their diversity.